



POST OFFICE LIMITED BOARD MEETING
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MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON TUESDAY 26 MAY 2020 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ BY CONFERENCE CALL AT 11:00 AM¹

Present:	Tim Parker	Chairman (TP)
	Nick Read	Group Chief Executive Officer (NR)
	Ken McCall	Senior Independent Director (KM)
	Tom Cooper	Non-Executive Director (TC)
	Carla Stent	Non-Executive Director (CS)
	Zarin Patel	Non-Executive Director (ZP)
	Lisa Harrington	Non-Executive Director (LH)
	Alisdair Cameron	Group Chief Finance Officer (AC)
In attendance:	Veronica Branton	Group Company Secretary (VB)
	Max Jacobi	Head of Financial Performance and Analysis (MJ) (Item 5.)
	Dan Zinner	Group Chief Strategy and Transformation Officer (DZ) (Items 5. & 7.)
	Owen Woodley	Group Chief Commercial Officer (OW) (Items 6. & 7.)
	Chrysanthy Pispinis	Director, Post Office Money (CP) (Item 7.)
	Jonathan Allen	Digital Briefing session from AWS (JA)
	Jeff Smyth	Interim Chief Information Officer (JS) (Digital briefing session)
	Julie Thomas	Operations Director (JT) (Item 8.)
	Ben Foat	Group General Counsel (BF) (Item 8.)
	Zoe Brauer	Head of Legal, Retail (ZB) (Item 8.)
	Catherine Emanuel	Herbert Smith Freehills (CE) (Item 8.)
	Alan Watts	Herbert Smith Freehills (AW) (Item 8.)

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 meetings (08th April 2020, 17th April 2020, 27th April 2020 and 14th May 2020) including Status Report

The Board **APPROVED** the minutes of the Board meetings held on 08th April, 17th April, 27th April and 14th May 2020.

The Board **NOTED** progress with the completion of actions as shown on the action log. The majority of actions were to close but where they remained open we needed to confirm dates for coming back to Board.

3. Committee updates (verbal)

3.1 ARC

Carla Stent reported that the ARC had approved the Internal Audit Plan and Charter at its meeting on 19 May 2020. The Terms of Reference review had been completed and the Committee evaluation report discussed. The Committee was encouraged by the good response to Covid-19 and had noted the risks as we moved from the crisis phase into the recovery stage. Branch Hub had gone live and the majority of Postmasters should have registered by the end of June 2020. The Committee had considered our approach to situations where we were required to provide evidence to support law enforcement and Ben Foat would be undertaking further work on this to reflect a number of points raised by the Committee. The ARC had agreed that the top 145 contracts should be reviewed and the

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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balance of 1,500 should be renewed in the normal course of business. Exceptions to compliant procurement processes would be coming to the Board for approval.

Performance and current issues

4. CEO Report

Nick Read introduced his report and highlighted how we had been dealing with the Covid-19 situation and were planning to move to the recovery phase. We felt that our relationship with Postmasters was continuing to improve with 5,800 now registered on Branch Hub which provided a better mechanism for staying in touch and providing support. There had been week-on-week improvements in the network, including opening hours and the number of branches open. Our assumption was that the travel market would start to reopen in the next couple of months. There had been green shoots in insurance trading. Bills Payments stood at 60% of normal trading volumes while Telco remained flat. The Verify volumes continued to rise, linked to the uptake in Universal Credit. We would be entering a more complicated phase as we moved to return to office work. A survey was going to be sent to employees to gauge concerns and to help inform how we should roll out the return to some office working. We did not envisage a rapid return to the office and certainly not before July 2020.

In our strategy paper we had tried to bring together Purpose, Strategy and Growth outputs with the NEO work programmes and the overlay of Covid-19 and the litigation position.

A number of initiatives had been pursued to support our vulnerable customers.

John Manzoni was remaining in government to support the digital identity agenda and we would be having conversations with his team in June 2020.

Nick Read had been speaking with John Ashworth, the former CEO of Collect+ about Bills Payments and how the Payzone network could be used which would link into our strategy discussions and how we should define a Post Office.

The approach to Postmaster remuneration during the Covid-19 crisis appeared to have been right, with no big major reaction to the approach we were proposing for June 2020. There had been fairly limited calls on the hardship scheme so far. Nevertheless, there was a challenging industrial relations position ahead of us with difficult conversations required with the unions and criticism anticipated with the resumption of DMB franchising.

Discussions with the Royal Mail Group (RMG) continued but had been slower than anticipated over the last two weeks. RMG would nevertheless want to use their results notifications in mid-June 2020 to announce a new deal with Post Office.

The quarterly Shareholder meeting had taken place on 30th April 2020 and subsequent meetings with the Minister at which the "good bank/ bad bank" idea had been noted. We did not yet have a date for the reconvened BEIS Select Committee on Horizon issues.

There had been an erroneous story in the Sunday Mirror about a Post Office re-branding spend for which we had sought a correction. The Radio 4 Series on the "Great Post Office Trial" had started on 25 May 2020 but had not included any issues of which we had been unaware. We were anticipating a busy week especially if the Minister made his statement in relation to a public inquiry on Post Office and the Horizon issues.

A number of points were raised, including:

- Zarin Patel asked whether we were concerned about the health of our partners, noting the revenue [REDACTED] IRRELEVANT [REDACTED] during the Covid-19 crisis. Nick Read reported that the CEO of WHSmith had requested a meeting last week. The company had raised an additional [REDACTED] IRRELEVANT [REDACTED] at the start of crisis and their Post Office customer satisfaction scores had improved. We had carried out some contingency planning around partners, especially in relation to McColls, although their position had improved
- Tom Cooper reported that the terms of reference (ToR) for the Post Office inquiry were likely to cover, 1) a) Has Post Office learnt lessons from the case and the judgments. b) Are there processes in place to make sure this does not happen again 2) Have Postmasters been able to tell their side of the story on the case. The ToR would have to be approved by the Cabinet Office but were likely to be issued this week. There could be a further inquiry if this review was principally future focussed.



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- Ken McCall asked about the functionality of Branch Hub and whether any reconciliations went through this system. It was reported that Branch Hub was largely a communications tool at the moment and was driving down call centre volumes. KM noted that it was an excellent development and that it would be helpful to understand all of the operational developments as we moved forward. NR agreed that the executive could bring Branch Hub and how it was going to be used back to the Board and show how it will drive greater efficiency
- Tom Cooper asked about the pay review situation and discussions with the CWU. NR reported that we had our quarterly meeting with CWU on 9 June 2020 and they were aware that we were suspending the pay review as we worked through the implications of Covid-19. There were likely to be some difficult conversations but most people would understand that this was not the right time to make pay rises, while individual organisations needed to be able to justify the decisions they made on bonuses. Al Cameron noted that front line staff were paid more than the market rate but that we had supported honouring the frontline bonuses and there was a distinction between an operational incentive and a bonus.

NR

5. Financial Performance Report

The Chairman welcomed Dan Zinner and Max Jacobi to the meeting. Al Cameron introduced the report, noting that our trading position was recovering quicker than anticipated although there was minimal business in Foreign Exchange and Travel while FRES was assuming a budget of zero at year end. We had made a successful start to cost reductions and the security headroom position had been positive at the end of P1. We would be seeking an extension of the May 2020 waiver to June 2020 for the BEIS/ [IRRELEVANT] if we moved to next day payments. That timetable was likely to be tied to the PCI compliance work. We had submitted a [IRRELEVANT] on security headroom and in respect of branch numbers. A number of conditions applied to the waiver but we had sought to increase the Change spend limit from [IRRELEVANT] to build in redundancy payments. When we had remodelled the 2020/21 budget to include redundancy and DMB franchising costs following the decisions at the Board meeting on 14 May 2020 but we had run up against security headroom problems again so had only included a budget of [IRRELEVANT] for DMBs for the meantime, recognising the Board's wish to accelerate were this possible.

We knew that it would be imperative to put in place the right incentives for the banks to want to sign up to Banking Framework 3.

A number of questions were raised, including:

- Tim Parker asked whether Post Office's trading position had been less severely affected than many other types of business? Al Cameron confirmed that this was the case and that the trends were picking up week-by-week though we expected Travel to have a much longer recovery period. Enabling banks to move more business to us would be critical to the success of Banking Framework 3
- Ken McCall asked for confirmation that we had 52 people in group marketing. This was confirmed. We were reducing the overall marketing budget and had reduced discretionary spend significantly but had not made any redundancies yet as these costs had not been built into the plan and we needed to assess where the capabilities lay. KM noted that we needed to look at the ratios but also be sure that there was correct categorisation as the overhead numbers seemed to be out of kilter. AC agreed that was the case and that over the medium term we were proposing that our overhead numbers drop to around 1,600 FTE. We were considering the timings of our announcements on redundancies with the aim of completing a significant tranche by the end of the calendar year. However, this would not be an approach of cutting across the board because we needed to put in place automation to facilitate some of the reductions. Tim Parker noted that it was also worth looking at where information and reporting was adding value versus those things we could do without which equally applied to marketing spend
- Lisa Harrington noted that we needed to understand our IT capability needs clearly. AC concurred as this was the biggest area of non-staff costs outside agent remuneration and the hardest area for us to find comparators which was why we had avoided including overly ambitious targets for IT spend reductions. IT salaries were also a challenge
- Carla Stent asked why the trading profit figure in the 2020/21 budget had moved down from [IRRELEVANT] Al Cameron reported that a few upward changes had been made including how bonuses were provisioned



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- Tim Parker asked whether our revenue was likely to decline significantly with Banking Framework 3. Al Cameron thought that possible or that revenue would be comparable but that we would have to deliver more. TP suggested that this needed to be factored into our understanding of network requirements. Tom Cooper noted that we had recognised that we would need to make cost reductions when putting Banking Framework 2 in place and we might need to think differently about structure to give banks some certainty about their costs as cash demands reduced or offer the service on a regulated basis. We also needed to know how many branches banks wanted us to deliver to
- Carla Stent asked what measures we needed to consider to make Banking Framework 3 attractive to the banks. Nick Read reported that we had a number of meetings set up at a senior level with the banks over the next few weeks to explore this, and with HM Treasury on what strategic role we could play as a cash utility. Natalie Ceeney, Independent Chair, Access to Cash Review, thought we needed to independently broker Banking Framework 3 to understand the banks' needs fully.

Strategy and updates

6. Telecoms

The Chairman welcomed Owen Woodley and Meredith Sharples to the meeting.

Owen Woodley introduced the paper. Negotiations on the request for proposals (RFP) had continued until 25 May 2020 because of the condition precedent clause and the lawyers wanting to be sure that we had mitigated the risk of commercial misrepresentation if we signed the RFP and did not proceed with its implementation. However, it was noted that we had been clear with TalkTalk throughout the process that we wanted to proceed with a sale. If we did not sell, we would proceed with the RFP. Meredith Sharples reported that we had worked on the assumption that a sale would go ahead while the contract with Fujitsu was in operation.

A number of points were raised, including:

- Tom Cooper sought confirmation that the draft budget for 2020/21 did not include provision for the RFP implementation costs and this was confirmed. TC advised that this was a short window in which to sell the business and that BEIS and HM Treasury could find these timelines difficult to accommodate. Cooperation would also be needed from Fujitsu to make the timetable viable
- Carla Stent noted that the Fujitsu relationship had been raised at the ARC on 19 May 2020 and that Jeff Smyth, CIO, would be preparing a paper for the Board on this issue. The Fujitsu CEO had recently indicated that they would like to explore a structured early exit agreement. A principles document was being drawn up over the next 2 to 3 weeks
- Lisa Harrington asked whether FirstSource was UK based and Meredith Sharples confirmed that it was. LH was surprised by the PJT advice that the telecoms business was operating largely as usual and thought this opinion might need to be tested as well as working timings back from the February 2021 break given how restricted a timeframe this was. LH also noted that it was unusual for the client to pay for the transition costs. MS explained that the distinction was that we were asking TalkTalk for a fully managed service. The cost of the switch should be minimal as the customers were already on the TalkTalk network. LH asked whether we had considered the impact on our own teams of managing two contractors and whether we had the capability to do this. MS reported that we would be employing two contract managers in the team. The Board noted the need to start the sale process as soon as feasible.

The Board APPROVED

- the Telecoms Request For Proposal (RFP) contract key terms
- submission to the Shareholder of the RFP contract key terms for approval
- delegated authority to the CEO and Chief Commercial Officer to proceed to contract signature with TalkTalk and FirstSource once shareholder approval had been received
- ~~irrelevant~~ of additional spend in relation to the sales process, subject to sign-off of the business case by the executive's Investment Committee.

Digital briefing session from AWS

Jonathan Allen provided a presentation to the Board on cloud migration.



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7. Strategy & Vision Update

Nick Read explained that the purpose of the paper was to provide clarity on how the Purpose, Strategy and Growth work (PSG), NEO and the post-Covid and litigation cost worlds fitted together. The funding requirements, how these could be achieved and the issues that needed to be resolved were being worked through for discussion at the July strategy sessions. We were setting out a strategic framework for a highly effective franchise business.

Dan Zinner explained that we wanted to confirm with the Board that these were the right questions and areas of focus, discuss the purpose and vision and note the challenges of capacity and capability.

The historical position, market challenges and our core response to this had been considered by the Board through the PSG outputs in January 2020. These outputs were still valid but Covid-19 had accelerated the challenges and reinforced our purpose as a commercial business which also had a social purpose, while the litigation position had further constrained our funding envelope. NEO included six areas of strategic focus and the questions which needed to be addressed for each work programme.

The strategic framework was designed to align views on where and how our energy and resources should be focussed. It was split into the three areas: Re-setting and fixing the past; Building the Foundations for POL; and, Creating a self-sustaining future commercial business.

The draft purpose was "nobody gets left behind" and to support this it was proposed that the specific access criteria included having Mails and Bills Payments at every post office but no prescribed network numbers. It also meant forging the right relationships with Postmasters with the right contracts. Addressing network issues through franchising DMBs, strengthening IT, right-sizing the business and making sure that the commercial drivers, such as the shape of the Banking Framework and the product sets, were right. The paper included a table with the topics for Board discussion in June and July (regular Board and Strategy sessions) and September 2020.

The Chairman noted that the paper was a useful advance on the last Board discussion but the core structure was the same so it would be helpful to focus on the main issues and establish which the Board saw as uncontentious and which required further consideration and debate.

The Board discussed the issues in turn:

Purpose – it was noted that this was an internal purpose, rather than a marketing strapline. However, the consensus was that the purpose should not be a negative statement and needed to be more progressive and inspirational. We also needed to remember our SME audience. We were the most accessible network in the UK with branches and services across the country. Nick Read noted that there were political drivers for "levelling up" and we needed to fuse the political will for this with our social purpose and commercial and SME market

Resolving the past – the Board was supportive of this approach. Tom Cooper noted that this was not just an issue for government, it was also about making the organisation fit for purpose for the future.

This was agreed but linked into the relationship, representation and contract with Postmasters
Fit for purpose network – we had the option to close the DMBs which would provoke a union reaction and be unpopular with some MPs and parts of the media. We had to be clear as a Board that we should be developing a franchise business and moving away from managing DMBs. Al Cameron noted that we might nevertheless want the flexibility to run a post office in certain circumstances, such as putting our staff in a community store if that was required to keep it running. The Board supported closing the DMB network and accelerating as fast as funding allowed. Tom Cooper noted that key questions for the network included space requirements, automation and how we delivered the changes required in a cost-effective way. Nick Read noted that having DMB staff also increased our central costs but we would need to navigate the opposition to closure carefully

Right-sizing the business – the Board supported this approach strategically and noted that it was intertwined with the shape of the network. Lisa Harrington noted that we had to be pragmatic about our ability to attract the right talent given the limitations within which we operated and would need to think about re-training. Zarin Patel thought we needed to address what we saw as the purpose of the corporate centre and what we wanted it to deliver. Were we trying to deliver the same functions as now at a lower cost or something different? Nick Read explained that we did not have internal capability across all functions currently and were operating as a hybrid of outsourced and internally run. Carla Stent reflected that we needed to think about the key enablers such as IT because patching up the existing model would not work so it would be helpful to understand our options for delivering these changes. Ken McCall noted that there were around 480 field based employees and it



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would be helpful to understand what they did now and what they would be doing in the future. Al Cameron observed that our corporate clients were our most important customers but our relationship managers were often fairly junior staff and we did not have a high standard of contract management in place currently. That would need to change. In addition, the Senior management team was spread too thinly and their remit needed to be simplified to provide the right focus in the right areas. Tim Parker noted that where investment was needed there may be some difficult choices. We needed a fundamental change in the culture of the organisation and the Board was supportive of a major reduction in the staff costs for the organisation

Network strategy – we had to meet the current Shareholder requirements until and unless different targets were agreed. Fundamental questions included whether there should be a target number of branches and product targets (our proposal was that Mails and Bills Payments services should be offered in all branches). Tom Cooper thought that the strategy could be broken down in a different way: a) the network we want to run commercially b) the network that would have to be paid for by the tax payer. Making these positions plain provided a clearer choice for Ministers. Tim Parker agreed that we needed to make clear our service obligation to Government. If Government wanted us to keep open more branches they could be given a menu of options such as offering cash but TP was concerned that we were trying to present ourselves as a social purpose organisation that therefore should be supported by the state, rather than a commercial organisation that provided some services which delivered a social purpose. TC noted that the deal with the Royal Mail Group would drive certain obligations and we would also have to operate some branches which were unprofitable to be attractive to clients. Al Cameron commented that there could be more Post Office outlets providing PUDO through the Payzone network which would give us more flexibility. From a commercial perspective we would not offer cash at every Post Office. Dan Zinner noted that we wanted to have a narrow universal offering of Mails and Bills Payments Services but have the flexibility to add on cash to deliver a social purpose where this was required. The requirement for the universal provision of a wide range of services added to our costs substantially. It would also help us to attract Postmasters if we could offer them a menu of services to choose from. TC noted that the social obligation was primarily connected to the provision of cash rather than mails which was driven by the RMG obligation² but that BEIS understood that cash requirements were changing. Lisa Harrington observed that Post Office's uniqueness was our network scale and we needed to make sure that we had the right partners. Dan Zinner noted that we were investigating being able to offer different pricing structures which would be important for the services we wanted to offer. TP noted that we would need to have a reasoned discussion about managing a sensible network of a suitable scale. Even a reduced network would be much larger compared with others and we could not retain uncommercial branches which were not funded to deliver particular services. The Board would need to see a clear set of options for the network in June 2020, including what happened to costs as you added or retracted services or reduced branch numbers. Al Cameron noted that there would inevitably be elements of the strategy we adopted now that turned out to be wrong in some respects or needed to be adjusted in a few years' time. For this reason it would be preferable to move away from a fixed set of rules and build in flexibility to be able to adapt to changing circumstances. It was agreed that this also needed to be part of the RMG contract discussions. TC reported that the BEIS view was that a public consultation was likely to be required to change the access criteria. The response to proposals to reduce branch numbers was likely to be less adverse if we could show that the access criteria that would still be met. Preparatory work was needed to get answers to questions Ministers were likely to be asked on the impact of removing some of the SGEIs. DZ noted that we would make sure this was addressed in the June and July Board sessions on the network

Cash supply chain – we needed to review the cash supply chain from a cost perspective, which to some extent tied into the size of the network. We could write a flexible contract on delivery numbers with an external supplier. We were reasonably efficient in how we operated the service now but were reviewing potential efficiencies and outsourcing again. Outsourcing would not be uncontroversial but if we retained the current redundancy provisions would be less contentious. Ken McCall noted that should be following the principle of consolidating the cash supply into the network on one platform

Fujitsu/ Horizon– we needed to assess our options. There were opportunities for transformation but we were circumscribed by costs of doing so. The work supported by McKinsey on exit strategies had begun and Lisa Harrington was participating in a deep dive to look at these. Nick Read reported that

² It was explained that a branch network number was not included in the contract with RMG but the requirement linked to RMG being able to deliver its Universal Service Obligation.



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we were holding discussion with Fujitsu and there were no arguments against looking at these options. Tim Parker suggested that in structuring our IT for the future, one of the ways of making our franchise more attractive was to have a simple, bolt-on IT component and that a key part of the strategy had to be making us one of the simplest franchises of which to be part. Lisa Harrington noted that there were options which entailed a business model change not just an IT change. Dan Zinner noted that we also wanted to hold Fujitsu to account for the work they needed to deliver under the contract

Cash Market – Tim Parker noted a substantial piece of work was needed to define the Banking Framework 3 proposition for the banks. It had to be attractive to both parties as we remained the largest remaining player in a declining market for cash. Tom Cooper noted that we had to maximise the benefits of being part of this market because it was not a market we could exit because of our social purpose. Carla Stent thought that we needed to be able to help the banks solve some of the problems they faced

Financial Services - Tom Cooper noted that our plans for Financial Services (FS) were not prominent in the strategy. Nick Read explained that the main focus here was on cash and banking and included the foreign exchange debit card. TC asked what we were trying to offer customers in the FS space and what a coherent FS strategy would look like for Post Office. NR reported that Travel was a key element. We had renegotiated the deal with the Bank of Ireland (BoI) but were unclear what that relationship was going to be in longer term. We had included FRES for prioritisation but not the question of the wider BoI relationship but we knew that they were losing money on their deal with Post Office currently. We would be reverting to the Board with options for insurance, potentially for divestment. TC noted that Post Office was trusted for the savings accounts it offered. Owen Woodley explained that we could not envisage there being a partner in the current environment that could make a profit through offering a savings account via Post Office

Mails and Pick Up and Drop Off (PUDO) market – Ken McCall noted that he would favour pursuing the development of a PUDO strategy as we had the network scale and facilities to operate in this market and aim to be the PUDO operator with the largest market share in UK. This was a growth option for us. Amazon would be one of the major players in this market so understanding the partnering opportunities would be useful

Financial model/ financial projections– it was noted that the financial model would take shape as some of the other decisions were reached. However, all of the strategic elements would need to be brought together in a set of financial projections. Tim Parker noted that while we had strategic intent we were lacking the numbers and it would be important to define the value in areas such as the Mails strategy. Al Cameron reported that we would bring these numbers to the July Board meeting and align this with the Government spending process. We were likely to need conversations with HM Treasury as well as BEIS. Tom Cooper suggested that it might be necessary to work with the figures following the discussions at the Board Meeting on 14 May 2020 and have a separate conversation about the longer term requirements. AC noted that we would work as fast as possible to enable these conversations to take place and were working with our current view of the post 14th May 2020 figures which would have to be adjusted as the strategy is firmed up. TP thought the Board would need to see the financial results we could achieve once all of the savings and other strategies had been agreed, absent the PUDO and Travel strategy, but including running the network in a different way.

The Chairman summarised the conclusions of the discussion:

- Post Office was a commercial business with a social purpose
- We wanted to remove the management of historical litigation decisions (GLO and Starling) from the present day business
- We wanted to reset our relationship with Postmasters with a fair contract that involved them as part of a fully franchised network
- We would right-size the business as fast as possible
- We would explore our subsidiary element options for FRES and Post Office Insurance
- We would investigate the FRES and travel opportunities further
- We would investigate options for outsourcing supply chain
- We wanted to exit the Fujitsu contract fully or partially
- We would remain in cash and wanted to understand the network requirements to do this and achieve a successful outcome for Banking Framework 3
- Our scope to develop profitably in the digital identity market remained in question

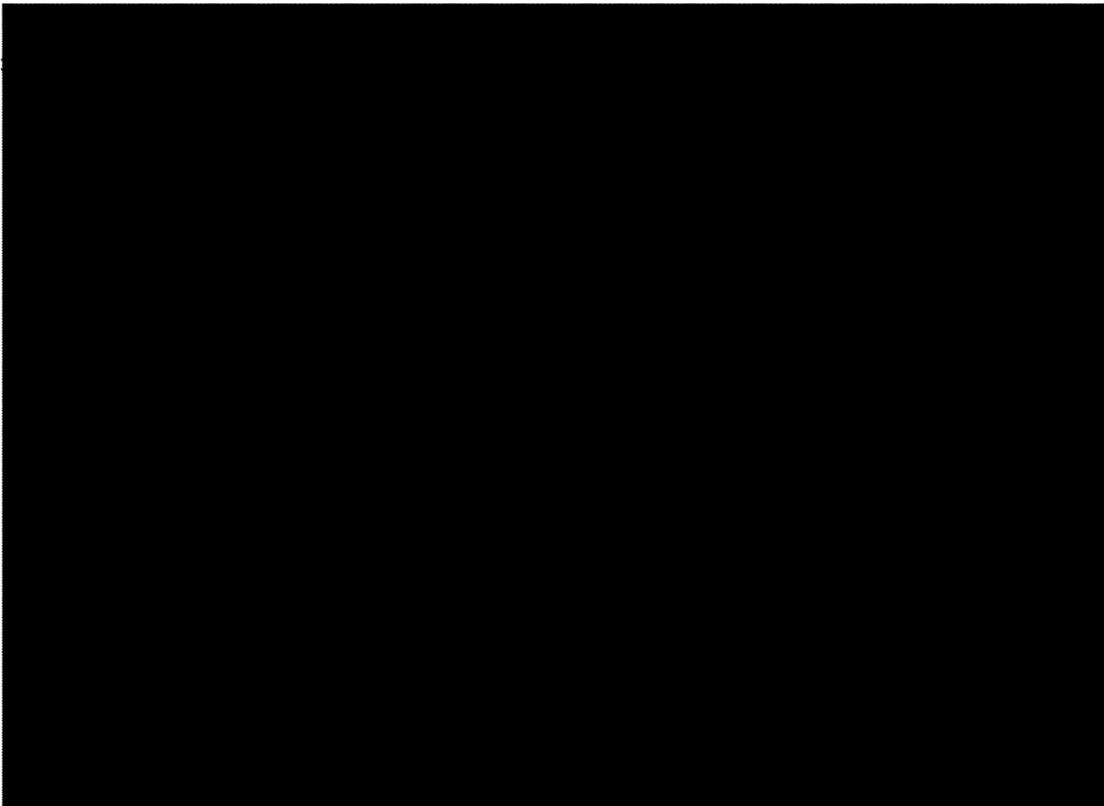


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- We wanted to operate a smaller network that cost less but many questions still had to be addressed to enable these proposals to be delineated
- Further discussions would be needed on funding requirements
- We needed to rule out more and focus on a few core elements.

The Board **NOTED** the paper.

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8.2 Postmaster Contracts and Policies

Julie Thomas introduced the report which provided an update on operational improvements and on the work on Postmaster contracts, which the Board had asked to see in more detail. JT explained that the work on contracts had a number of parts:

- what we had done with new Postmaster contracts to align these with the findings of the Common Issues judgment. This had entailed codification to update the relevant clauses
- how the judgment had impacted the contract of existing Postmasters. For these contracts we wanted to issue a restatement but this used legal language so we had been discussing the idea of having a Support Charter with the NFSP, which would set out in lay language what the judgment meant
- the position with circa 600 Postmasters who did not have contractual obligations in place.



- work on policies which had been redrafted to comply with the judgments.

It was noted that the documents were GDPR compliant.

JT noted that Norton Rose were producing a report which was assessing whether there were any gaps between the work we had done to seek to comply with the Common Issues judgment and the findings in the judgment. This report would be shared with the Board.



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A number of points were raised, including:

- Zarin Patel asked about the status of the Support Charter. Julie Thomas reported that the Support Charter was intended to be a public document
- Ken McCall asked whether we had defined what constituted “adequate training”. KM thought that we needed to set out Post Office’s commitment to specifics like the number of days’ training provided, drawing on best practice principles. JT confirmed that we intended to include that sort of information in the Charter. KM also noted that the wording used such as the description of the Horizon system as “reasonably fit for purpose” was not helpful. JT explained that we had used Justice Fraser’s words from the judgments but wanted to bring to life in the Support Charter the actions we had taken to address the findings. We had, for example, been transparent about where bugs had been identified in the system and communicated the issue and the fix to Postmasters
- it was noted that the contract re-statement would need to use Justice Fraser’s wording. Ben Foat explained that we would issue the contract re-statement to make sure we complied with the judgments. In due course we would also look at modernising, automating and improving the contracts. Ken McCall asked how we could ensure that our operational processes satisfied the requirements of the judgments. [REDACTED]
- Tom Cooper suggested that we take more time to consider the contracts and the underpinning policies. There were a number of fundamental issues that needed to be addressed and the contracts and policies also needed to be operable for the business
- Ken McCall noted that we needed to be able to show what we had in place to properly investigate any losses now and what we proposed to do in the future. Carla Stent noted that we needed to be able to confirm how we complied with all of the points that had to be addressed.

The Board **AGREED** that a revised paper should be produced building in the points raised by the Board; this could be added to the agenda for one of the CCRC Board calls. Any further points should be sent to Julie Thomas.

All

9. Approvals

9.1 PCI-DSS Compliance Business Case

Carla Stent noted that the funding request had increased the original budget spend by 84%. We needed to be clear on our costings and numbers. Other Board Directors concurred with this view and it was noted that successful change spend management was one of the key performance measures. Zarin Patel noted that there were a number of risks associated with the project and we needed to build in contingency and assurance to project costs. It was felt that there were lessons to be learnt and we should revisit these as the project came to a close.

The Board **RESOLVED** to **APPROVE** additional funding of [RELEVANT] for the PCI DSS Compliance programme, taking total expenditure to [RELEVANT]

9.2 Procurement exceptions

The Board discussed **Appendix 2 – CCS Panel for Management Consulting** where retrospective approval was sought for a variation to the appointment process for a CCS Panel for Management Consulting. This had been approved by GE in February 2020 but it was felt that as consulting engagements would flow through this arrangement approval should be sought from the Board. Tom Cooper reported that a number of questions had been raised in relation to this by the UKGI procurement experts and it was **AGREED** that Al Cameron would discuss these points with Tom Cooper and bring back the proposal to the next Board meeting.

AC/TC

The Board **APPROVED**:

- the revised approval process for procurement risk exceptions, under which all proposed Procurement Risk Exceptions would be submitted for Board approval *prior* to being entered into, irrespective of value and/or legal risk but with delegated authority granted to GE for emergency Covid 19 procurement activity which fell under PCR Regulation C32.2.c. In addition, a quarterly report would be provided to Board on all planned Procurement Pipeline activity which would include planned route to market, projects at risk of exception and key dependencies.
- the risk exceptions as set out in the following appendices:
Appendix 1 - PREN 11 – GLO Stamps Review



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Retrospective approval of an award of a new statement of work under the MSA to KPMG (n.b. the figure included in the paper had been corrected from to [IRRELEVANT]). The Board also **DELEGATED AUTHORITY** for future low value [IRRELEVANT] work required to support GLO activity where speed was imperative and/or panel firms were conflicted out

Appendix 3 - Common Digital Platform

Approval to proceed to extend an existing extension option, beyond the period of compliance.

Noting and governance items

10.1 Health & Safety Report

Al Cameron reported that we were discussing the risks around branches operating as the lockdown restrictions began to lift.

The Board **NOTED** the Health & Safety Report.

10.2 Sealings

The Board **APPROVED** the affixing of the Common Seal of the Company to the documents set out against items number 1931 to 1954 inclusive in the seal register.

10.3 Future Meeting Dates

The future meeting dates were **NOTED**.

10.4 Forward Agenda

This included the items set out in the Strategy & Vision Update paper, including the shape of the July Strategy sessions.

The forward agenda was **NOTED**.

11. Any other Business

There being no other business the Chairman declared the meeting closed at 16.00 hrs.

12. Date of next scheduled meeting

Additional meeting arranged for 30 June 2020. Next scheduled meetings 28 & 29 July 2020.

Tim Parker

26/08/2020 12:20

CHAIRMAN

06/08/2020

DATE

Voting Results for Board Minutes - 26.05.2020

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	26/08/2020 12:20