



UK Government
Investments

Post Office Limited Quarterly Shareholder Meeting

Tuesday 16th February 2021

11am - 12.30pm, Microsoft Teams Meeting

UKGI:	Tom Cooper (TC) Jamie Carter (JC) Alex Cole (AIC) Annie Carpenter (AnC) Meet Desai (MD) Ramona Jones (RJ) Siv Rajeswaran (SR) Joshua Scott (JS)
POL:	Alisdair Cameron (AC) Nick Read (NR) Dan Zinner (DZ)
BEIS:	Carl Creswell (CC), Chair Eleanor Brooks (EB) Beth White (BW)

Minutes

1. Introduction and actions update, (11am – 11.05am)

CC opened meeting and introduced attendees.

NR commented on the two outstanding action points. With respect to the action point for POL to consider controls for HSS and develop a proposal for BEIS to consider, NR noted that this will be addressed later in the QSM when the HSS is discussed, specifically where POL are getting to quantification, compound interest, average interest and where is POL is getting to with the Minister and his announcement in the House later in the month.

With respect to the action point for the request from POL for BEIS support in their efforts to work with DWP on the cost-effective closure of POCA, NR proposed that this can be closed as POL have come to the conclusion that there is not a great deal to be done with respect to DWP around POCA positioning at the moment. CC agreed that he was happy for this to be closed, noting that BEIS have been doing some work with DWP around the definition proposals and that DWP are in a comfortable position with respect to the proposals.

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3. **Governance (11.25am – 11.35am)**

TP commented that the POL Board has been one of the most hardworking boards that he has been associated with, having chaired around 60 board meetings in the last year.

TP noted that over the coming months the Board will see quite significant changes, with the onboarding of the first batch of postmaster NEDs joining the Board in April, as well as the terms of Carla Stent, Ken McCall expiring in January, and the term of Tim himself is expiring September 2022.

TP commented that one of things that is worth serious consideration is potentially extending Carla Stent's term as chair of the Audit and Risk Committee for a third term as she has done an excellent job chairing that committee and it would help POL greatly to have a degree of continuity there. Notwithstanding a potential extension of Karla's term, POL have set in place a process to recruit potentially two new NEDs, having selected the search firm and assembling a panel to carry out the interview, with a focus on securing high calibre and well qualified candidates.

With respect to POL's commercial performance over the last year, TP commented that he believed POL had done a good job responding to the challenges on the COVID 19

pandemic as well as successfully securing the sale of the Telco business in an uncertain business climate, and which will allow POL more clarity to focus on its core commercial operations going forward.

TP noted that POL's focus over the immediate term will be on its response to the Inquiry, commenting and himself and Nick Read have a strong determination to have as good an inquiry as possible. Whilst noting that there will be hurdles and setbacks along the way and POL will be in the press a lot, he noted that if POL works hard, and makes sure and explains that POL have in place all of the measures that should follow on from the GLO judgment, and gets all of that right, then POL can at least minimize any potential damage that might occur.

TP also noted that notwithstanding the noise in the press, POL will continue to engage with its most critical stakeholders, that being the customers and postmasters, in a very proactive and engaged way and demonstrating to them the enormous work that is being done to effect significant positive cultural change within POL. He noted that POL has a great deal of confidence that these core relationships will remain robust in the face of the inquiry.

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and the historic shortfall scheme had created a certain amount of discomfort amongst POL colleagues who were worried about wrongful trading and the implications of POL not being solvent. However, he noted that those worries have, for the most part, been put to rest and POL is in a place now where it can continue to operate in the current environment, but this has it has been not without its challenges.

On Carla Stent's extension, CC encouraged TP to put forward his case for Carla's reappointment to the SoS, emphasising the arguments around continuity and stability

On the Inquiry, CC agreed with the approach that POL try to get as much in place as it possibly can so that POL can point to that and then see it reflected in the final report, and then use that to mitigate any inevitable negative press criticism. CC noted that the way that the Inquiry has been set up, this has somewhat neutralized the day to day press criticism currently, but this will be expected to change come around May, when hearings resume.

NR queried whether there is a sense that the Inquiry Secretariat may be overloaded by the information being provided to them by POL, noting that the very large information drops that POL is making on a regular basis.

TC queried whether the Secretariat is adequately resourced and has the right expertise in place to make judgments on whether the systems and processes within POL are fit for purpose.

CC commented that the Secretariat is working to plan, which was to get things launched and then to up their capacity to do the analytical work that was required, and they will be bringing in more resource in the coming weeks, and that they have the budget to gather additional specialist independent resource if required. CC noted that the secretariat shouldn't be underestimated, and his sense was that they have a robust plan in place to deal with matters as the arise in the coming weeks and months.

On the Inquiry, TC noted that POL needs to have reasonably quickly a comprehensive plan in place that the Board has signed off on that can be made available to an Inquiry

and say that this is what POL are doing post GLO in terms of a remediation work. Secondly, he noted that the distinction needs to be made clear between what is in POL's control and what is not. For instance, matters like dispute processes, communications with postmasters, and training are entirely within POL's control whereas matters such as dealing with Horizon and Fujitsu are not within the company's control. Therefore, part of the story that will be needed to get across is the constraints that the Fujitsu relationship has put on POL in terms of being able to do the things that POL would want to do, and that there is of an audit trail to create around that to be able to demonstrate that if things haven't happened but should have happened, it was not for a lack of trying on POL's part but because third parties have not played ball.

NR and DZ commented on the pieces of work done by KPMG and Deloitte, which will give the Inquiry an effective overview and detail on what POL are doing with Horizon, what POL are doing in terms of operational and cultural change, and that this will be effectively the remediation plan. NR noted that these works were not commissioned simply in relation to meeting the needs of the Inquiry but were crafted so that it plays a significant and meaningful role in bringing about real day to day changes to the cultural and operational elements of the business.

With respect to TC's comment with respect to the narrative around third parties being constraints to POL's strategy, AC caveated that POL must be careful how it deals with Fujitsu as being perceived to throw them under the bus in the Inquiry would pose challenges in their relationship with POL, which will continue on for at least the next four years.

AI noted that the inquiry will draw significant media attention to several issues of commercial significance to POL such HSS Provisions, contingent liability for post criminal cases, going concern issues, government support, litigation funding, and all associated risks and uncertainties.

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Postmasters (11.50am - 12.10pm)

CC gave an update on discussions between BEIS Officials and Ministers on the Branch Definition work. It was noted that the discussions went down very well, but a couple of points were raised by Ministers including the risk of undercutting other postmasters, and the importance of ensuring that consultations take into account the impact on the vulnerable.

DZ talked to the Postmaster Consultation slides, noting that they have gotten Postmaster feedback primarily around remuneration, systems and communications. There are now feedback sessions between postmasters and POL senior management

to understand how to get down to the next level of detail. The engagement sessions will flesh out what these insights actually mean and understand what improvements could look like. POL will also run co creation workshops with the postmasters with the senior leadership group, facilitated by quadrangle, so that POL can really nail down what they can do in the short to medium term, not over promise and under deliver.

TC noted that there was substantial Postmaster Feedback on issues around the Inquiry and cultural change and queried how POL will evidence that it has made positive cultural changes as well as measure progress going forward.

DZ explained that this is a core focus of the co-creation workshops with the postmasters with the senior leadership group, and whilst this remains very much a work in progress, the direction of travel is clear.

TC queried whether the survey adequately accounted for the lag in reporting whereby the postmasters may not have reported on the most recent changes at POL. DZ commented that the focus right now is on leading indicators but that these will become lagging indicators later. TC commented that it should be ensured that the surveys capture not just what Postmasters aspire to, but also what they are currently thinking.

6. **Commercial (12.10pm– 12.25pm)**

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CC noted a lot of progress was being made in the determination of an appropriate interest rate. CC noted that Treasury had tested officials quite a bit both on the points regarding the funding provisions as well as the appropriate interest rate, and noted that it was important to reassure Treasury that POL were not opting for the most swift payment route and setting unhealthy precedents, and allowing delivery timetable to drive through something that would cause some inconsistencies between treatment of interest for that group and a treatment for other things.

TC queried the handling issues around Criminal Convictions, particularly around dealing with inevitable questions around the setting up of the compensation scheme. NR agreed that a conversation around this needs to happen soon and that POL will set this up.

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7. **AOB (12.25pm - close)**

CC closed the meeting and thanked attendees for their time.