



## POST OFFICE LIMITED BOARD REPORT

<b>Title:</b>	Board and Committee Evaluations 2012/22	<b>Meeting Date:</b>	29 <sup>th</sup> March 2022
<b>Author:</b>	Veronica Branton, Company Secretary	<b>Sponsor:</b>	Zarin Patel, Senior Independent Director

### Input Sought

The Board is asked to:

- **NOTE** and **DISCUSS** the Board and Committee evaluations for 2021/22 (**Appendix 1**). The Committees will consider their reports and proposed actions at their next scheduled meetings
- **APPROVE** the recommended actions to address points raised and areas which may require development.

### **Points raised/ areas for development:**

1. Respondents have a high degree of confidence in how the Board is chaired, the commitment of the directors and the skills and composition of the Board.
2. The pressure of historical matters has continued to mean that the Board has had insufficient time to focus on strategy and key developments in the business, notwithstanding the very high number of meetings during the period. The areas flagged for development link to this and echo comments from recent evaluations:
  - i. time and focus have been required on historical matters
  - ii. there has been a desire for additional assurance from both the Board and the Shareholder given the backdrop of the historical matters and some decisions being sought late in the day and/ or with little optionality
  - iii. there is recognition of the pressure on management, driven by the demands of the historical matters and funding uncertainty, which in turn affects the materials provided to the Board, the time available to focus on running the business today, developing future strategy, understanding competitors and market developments, developing the Board and reviewing past decisions.
3. The Board would like more clarity over the role of the shareholder representative as distinct from the company's ownership structure with BEIS.
4. On a more positive note, time has been spent on Postmaster engagement, organisation culture and succession planning but in each case the view is that much more remains to be done and that other stakeholders, including customers and employees, should not be neglected.

**13.2**



### **Recommendations:**

The Independent Audit Limited Board evaluation report for 2020/21 flagged the need for the development of “grounded trust” so that the Board can step back from the detail and spend more time on strategic discussions and the development of the business today. The Board has also reiterated the need for shorter Board papers, less reading material in total, and clearer recommendations from management. The pressure on Board agenda time is unlikely to recede immediately but to make progress:

- A target could be set to reduce the average Board pack to 180 pages over the year. The average Board pack for the scheduled meetings was 247 pages, ranging from 173 pages to 343 pages, before adding Reading Room materials. Board Intelligence research has suggested that board directors typically spend around 4 hours preparing for a board meeting, which with an average reading speed of 30 pages an hour would allow for a pack of c120 pages
- Sessions on different business areas (e.g. Mails, Banking, Digital Identity, IT, Insurance, Logistics) could be set up outside of Board meetings to ensure the areas the Board wants to focus more time on are not missed because of pressure on agenda time
- One respondent suggested that each of the directors nominates a previous decision for discussion at the Board during 2022/23
- One respondent suggested that the content of the July Strategy sessions be discussed by the Board at a meeting earlier in the year.

### **Previous Governance Oversight**

The Nominations Committee approved the questionnaires at its meeting on 30<sup>th</sup> November 2021 and the Committee Chairs were asked for their input.

### **Executive Summary**

The UK Corporate Governance Code and the Corporate Governance Code for Central Government Departments<sup>1</sup> both stipulate that there should be an annual evaluation of the Board and its Committees which should be externally facilitated at least once every third year.

Independent Audit Limited produced last year’s report which was presented to the Board in March 2021 and the recommendations flowing from the review were approved by the Board in July 2021. The report and summary of recommendations can be found in the [Reading Room](#).

The Board questionnaire for 2021/22 mirrored that for 2019/20<sup>1</sup> to allow comparison across years.

The Board Directors, and Ben Foat, General Counsel, and Dan Zinner, Chief Operating Officer, who have been regular attendees at Board, were invited to participate in the Board Evaluation which they did. The questions, average scores and a summary of the findings are at Appendix 2. The Committee questionnaires also mirror 2019/20s.

### **Questions addressed**

1. How have we implemented the actions from last year’s Board evaluation?
2. What are the findings from the Board Evaluation 2021/22?

<sup>1</sup> Bar minor modifications to reflect, for example, the sale of the Telecoms business.



## Report

### 3. Actions from the Board Evaluation 2020/21

The actions from the Board Evaluation 2020/21 were:

- A more structured Board forward plan for the year ahead is produced for the September Board meeting that builds in the areas the Board wants more focus on  
*The governance map recommended by Independent Audit Limited has been included in the Board packs since September 2021. This is a forward plan of items but also includes all topics which should be covered during the year but which may not yet have a date identified for discussion.*
- Board Directors provide their feedback on papers at the end of the next few meetings to help get the balance right on the information needed to take decisions while avoiding extraneous material  
*Feedback on papers has been included as a standing item under AOB on Board agendas.*
- The Board reverts to the pre-Covid pattern of holding Board dinners before most scheduled Board meetings  
*Board dinners have taken place when lockdown measures have not been in place.*
- Sessions with the CEO and the NEDs to discuss senior team development etc. are scheduled regularly (perhaps 3-4 per annum)  
*A session was held around the Nominations Committee meeting on 27<sup>th</sup> September 2021 and People Strategy was discussed again at the Board on 25<sup>th</sup> January 2022; however, further focus on talent and succession planning has been requested so needs to be scheduled for Nominations Committee, Board and/ or sessions with the CEO and NEDs, as required.*
- NED only meetings are scheduled around most Board meetings, and before the Board dinner on the preceding evening where feasible  
*NED only sessions have been diarised.*
- A specific slot on organisation culture is included in the Board agenda periodically (perhaps bi-annually) in addition to regular updates  
*People Strategy, including culture, was discussed at the Board meetings on 28<sup>th</sup> September 2021 and 25<sup>th</sup> January 2022. Culture has also threaded through the CEO report, reporting on Postmaster engagement and Improvement Development Group work to enable conformance with the Common Issues and Horizon Issues Judgments and implement other improvement work identified.*
- The Company Secretariat Team develop a programme for the Board's consideration for NEDs to make branch visits and attend employee events etc. periodically  
*Further work is required but a day involving Branch visits with Area Managers and a plenary session with the Board is intended to be organised, with Board Strategy days planned for 12<sup>th</sup> and 13<sup>th</sup> July 2022.  
POL has established a Diversity & Inclusion Council and Saf Ismail, Zarin Patel and Carla Stent will be involved in overseeing and supporting its work.*

13.2



*The Board continues to receive the monthly Boardroom briefing from Pinsent Masons and the list of governance events offered by them, PWC and BEIS for Board directors.*

- A report back from the Committees is built back into the Board agendas  
*This is included as a standing item on Board agendas.*
- The appraisal process instigated for each Non-Executive Director to meet the Chairman annually will continue.

*The Chairman held appraisal sessions in June and July 2021.*

#### 4. Findings 2021/22

All sections within the questionnaire<sup>2</sup> achieved an average score of 3 ('good/at the required standard') or above but a number of individual questions had an average score below this (2 = "requires development"). The highest scoring questions were:

Q.3	How would you assess the Chairman's encouragement of debate within the Board, including ensuring that all directors are able to contribute to the discussion?	<b>4.3</b>
Q.2	How would you rate the Board's understanding of the following areas of the Business and areas of business transformation: iii – Historical Postmaster Remediation v – Risk viii - Compliance ix - Corporate Governance requirements (including the increased focus on diversity and stakeholder reporting).	<b>3.9</b> <b>3.9</b> <b>3.9</b> <b>4.0</b>
Q.27	How would you assess the Board's approach to considering the following stakeholder needs/ views when taking decisions: iii - Special Shareholder.	<b>4.0</b>
Q.1	How appropriate is the composition of the Board for the requirements of the business?	<b>3.8</b>
Q12.	The quality and value of NEDs' contributions at board meetings.	<b>3.8</b>

The lowest scoring questions were:

Q.7	How strong is the Board's understanding of the business' competitors?	<b>2.5</b>
Q.2	How would you rate the Board's understanding of the following areas of the Business and areas of business transformation: vii – Digital Identity	<b>2.7</b>
Q27. i.	How would you assess the Board's approach to considering the following stakeholder needs/ views when taking decisions: Customers	<b>2.7</b>
Q.11	How seriously does the Board take the development of individual	<b>2.8</b>

<sup>2</sup> A. Skills, experience, diversity, knowledge B. Leadership, ways of working, time management C. Decision-making and risk D. Specific Questions for NEDs, EDs and UKGI representative E. Information and support F. Stakeholder engagement

POST  
OFFICE

	directors and the Board as a whole, and where it needs to improve?	
Q.19	How would you rate the quality of papers and presentations received by the Board?	<b>2.8</b>
Q.10	To what extent does the Board review past decisions?	<b>2.9</b>
Q.16	The level of insight provided by the UKGI representative into the strategic direction that the Shareholder aspires to	<b>2.9</b>
Q.18	How would you rate the management information received by the Board and its timeliness (i.e. is it the right information at the right time to provide you with the assurance you need and the understanding of the business you need)?	<b>2.9</b>

### Next Steps & Timelines

5. The ARC, Remuneration Committee and Nominations Committee will be asked to consider their evaluation reports and proposed actions at their next scheduled meetings in May and June 2022.
6. The Nominations Committee will be asked to review progress with the implementation of the actions agreed from the Board Evaluation 2021/22 at its meeting on 27<sup>th</sup> September 2022.

13.2



## Appendix 1

### Board Evaluation Questionnaire 2021/22

Key:

5 = Excellent	4 = Very good	3 = good/ at required standard	2 = Requires development	1 = Requires significant development
---------------	---------------	--------------------------------	--------------------------	--------------------------------------

	Question	5	4	3	2	1	Non-Exec	Exec	Ave 2021/22	Ave 2019/20
<b>A.</b>	<b>Skills, experience, diversity, knowledge</b>									
1.	How appropriate is the composition of the Board for the requirements of the business?	3	5	4	1		3.8	3.8	<b>3.8</b>	4.0
2.	How would you rate the Board's understanding of the following areas of the Business and areas of business transformation:									
i	Retail	2	4	4	3		3.6	3.0	<b>3.4</b>	4.0
ii	Financial Services and Insurance	2	4	5	2		3.7	3.0	<b>3.5</b>	3.5
iii	Historical Postmaster Remediation	2	8	3			3.9	4.0	<b>3.9</b>	New Q
iv	IT		6	5	1	1	3.6	2.5	<b>3.2</b>	3.3
v	Risk	3	6	4			4.0	3.8	<b>3.9</b>	3.5
vi	Banking Framework		9	4			3.8	3.5	<b>3.7</b>	3.9
vii	Digital Identity		1	7	5		2.8	2.5	<b>2.7</b>	3.1
viii	Compliance	2	6	5			3.8	3.8	<b>3.8</b>	4.0
ix	Corporate Governance requirements (including the increased focus on diversity and stakeholder reporting)	3	7	3			4.1	3.8	<b>4.0</b>	3.9
x	Aligning all of the above into the work on Purpose, Strategy and Growth	2	3	8			3.6	3.5	<b>3.5</b>	3.4

Strictly Confidential



<b>Average for section =</b>							3.7	3.3	<b>3.6</b>	3.6
<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>Mails and logistics needs more experience at Executive level coupled with NED focus too. Over time as Banking Framework business increases I wonder if we need an additional NED with deeper FS experience. At some stage we also need to think seriously about digital capability, albeit it is still a developing strategy.</li> <li>The Board has been operating under significant pressure for the last 2 years and so a number of things that the Board has requested in the past have fallen by the wayside under the pressure of other things which have higher priority. Examples are industry trends and updates on IT (the useful presentation on cloud services). Hopefully with less pressure on the main Board going forwards there can be more time for more strategic discussions.</li> <li>Too much time spent on the minutiae of historical matters and not enough time spent on the strategy and execution of the current and future business.</li> <li>Corporate governance and risk appetite with no meaningful conclusion has also taken up too much time.</li> <li>New board members have added expertise in mails, IT and legal/ HMU.</li> <li>Most Board members seem to have developed a good understanding of a complex business, which assists discussions about strategy and business transformation.</li> <li>The Board POL is led by an exceptional chairman with outstanding NEDs particularly Zarin and Carla and more recently Ben.</li> <li>POL has many components and can't focus on 1-2 areas.</li> </ul>										
<b>B.</b>	<b>Leadership, ways of working, time management</b>									
	<b>Question</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>	<b>Non-Exec</b>	<b>Exec</b>	<b>Ave 2021/22</b>	<b>Ave 2019/20</b>
3.	How would you assess the Chairman's encouragement of debate within the Board, including ensuring that all directors are able to contribute to the discussion?	4	9				4.3	4.3	<b>4.3</b>	4.0
4.	How effective is the Board at focussing on the right issues (e.g. gaining an appropriate level of assurance on how strategy is being implemented and the business is being run, setting strategy, providing support and challenge to management)?	1	4	3	4	1	3.3	2.3	<b>3.0</b>	3.7
5.	How effective are the relationships between:									
	A. Board Members	2	6	4	1		4.1	2.8	<b>3.7</b>	4.1 (1 = N/A)
	B. Non-Executive Board Members and Management (in providing both support and challenge)	2	6	3	2		4.0	2.8	<b>3.6</b>	3.6 (1 = N/A)
<b>Average for section:</b>							3.9	3.1	<b>3.7</b>	3.8

**Additional Comments:**

- The Board has spent too much time on the specifics of the litigation with 60+meetings. This is helped by the HRC. However, the other areas within the history - have we done enough, do we treat Postmasters well, can this ever happen again, have had very little attention and need more. The individual NEDs are passionate and supportive but can drift into behaving like Executives rather than demanding strong performance from the Executives. This will be increasingly destructive if it isn't stopped. Finally, the relationship between the Board and the shareholder representative has deteriorated. Conflicts seem to be getting worse which leads to the SR not being invited to sessions: this is not a good sign.
- The Board composition is incredibly varied with a variety of subject matter expertise (IT, Legal, Financial Services, and Retail (particularly having two Postmaster NEDs). The Chairing is outstanding. Insightful and succinct oversight and challenge provided particularly by Zarin, Carla and Ben. The Shareholder representative is so effective that sometimes the balance with other NEDs and management is such that having an independent board is not always clearly apparent. That said, these issues are managed appropriately.
- The Board is understandably struggling to focus on strategy and improvement of the underlying business because of the intense nature of historical issues and the ongoing uncertainty in funding discussions. It is difficult to see these receding in the near term, but it is concerning. Board members seem to work well together and relationships with the executive team are positive, but inevitably strained a little by the impact of historical and funding issues on the business agenda and strategy.
- The asymmetry of the shareholder representative and the lack of independence he displays is a barrier to progress.
- The Board has operated well despite all the pressures. In particular, the postmaster NEDs have brought a very welcome perspective to our discussions and decision-making. In addition, Ben Tidswell has been a very valuable addition to the Board. As the Board has continued to grow and with such packed agendas time management is inevitably a challenge which Tim does extremely well. But I would like to hear more at the Board from other NEDs as I believe Carla, Zarin, Lisa and Ben have a huge amount to contribute and my sense is their perspective is sometimes missed or not heard sufficiently. As a result of the pressures the Board is under, the financials often don't get as much attention as perhaps they should. Good examples are legal costs but also the effectiveness of change spend (ie is POL getting value for the money being spent) do not get sufficient focus.
- I think as a board whilst we have managed well during lockdown but the lack of meeting in person and the huge workload has left little time for genuine debate. I can't see that this will change anytime soon, so I believe we need to think hard about how we create room for thoughtful debate rather than endless long papers that need processing. Starling is a good example of ending up with answer we started with. I also believe we have become overly risk averse (due to lack of trust in the organisation) that we are in danger of straying over the Executive line.
- there is recognition of the danger of the Non-Executives straying into executive territory but lengthy and over detailed papers and reading materials (which are not always on time) increase that risk.

C.	Decision-making and Risk									
6.	How would you assess the Board's consideration of risk when taking strategic and operational decisions?	2	5	4	1	1	3.7	3.0	<b>3.5</b>	3.5
7.	How strong is the Board's understanding of the business' competitors?	1	1	2	9	0	2.3	3.0	<b>2.5</b>	2.7
8.	How strong is the Board's understanding of the business' performance	2	2	5	4	0	3.2	3.0	<b>3.2</b>	3.7



	drivers?									
9.	How effective is the <u>process</u> of board decision making?	0	5	7	1	0	3.3	3.3	<b>3.3</b>	3.6
10.	To what extent does the Board review past decisions?	1	2	5	3	1	2.9	3.0	<b>2.9</b> (1 = N/A)	2.6
11.	How seriously does the Board take the development of individual directors and the Board as a whole, and where it needs to improve?	0	4	2	4	1	3.0	2.0	<b>2.8</b> (2 = N/A)	2.8 (1 = N/A)
<b>Average for section:</b>							3.0	2.9	<b>3.0</b>	3.1
<ul style="list-style-type: none"> <li>Board's consideration of risk and compliance is extraordinarily detailed and insightful.</li> <li>The Board agenda is very full and dominated by process-oriented decisions, leaving insufficient time for many of these matters. This is again a function of what is happening in the business but I expect all Board members would like to have more opportunity to look at drivers in the business, key competitors, opportunities and threats etc. Items presented for decision often seem to leave little room for viable alternative options, which suggest that the decision making process is reactive rather than proactive. There is little time spent on reviewing past decisions and there seems to be a pattern of items or topics returning to the board without benefitting from previous experience, guidance or even direction. It would be good to have more direct experience of different parts of the business eg site visits.</li> <li>Some board decision making is complicated by the ownership / funding structure</li> <li>The focus on the funding and HMU related matters has allowed little time for board development, although there has been support for the new NEDs and PM NEDS.</li> <li>Too often it feels like board fails to reach a decision quickly enough to capitalise on situations - I think this causes us to delay actions and outcomes resulting in missed opportunities</li> <li>There is limited evidence of development nor interest in discussing/debating it.</li> <li>See above - covered in comments about strategic and discussions sector developments. An example is Travel Money where the company has some interesting strategic choices. Thanks to other priorities and Covid, we have not discussed this business in any detail for a couple of years or so. Now that the market is recovering, this might be an ideal time to revisit the topic. Q10 on prior decisions has been a question in a number of effectiveness reviews and some change to current practice is needed if we are going to take this seriously. I suggest we as each of the directors to nominate a previous decision for discussion at the Board during 2022/23. On Q11, I think the Board would benefit most from opportunities to learn about the mails sector, retail banking and IT. These don't need to take place in Board meetings themselves – an informal session with experts outside of formal Board time would probably be more effective.</li> <li>As already noted in section above the Board need to take a step back and really focus on the big existential strategic questions a bit more and draw back from areas where the executive team have a strong handle on performance.</li> </ul>										
<b>D.</b>	<b>Specific Questions for Non-Executive Directors, Executive Directors and UKGI Representative</b>									
12.	The quality and value of NEDs' contributions at board meetings?	3	4	6	0	0	3.9	3.5	<b>3.8</b>	4.1
13.	To what extent do NEDs get involved in issues outside the Boardroom?	2	5	5	1	0	3.7	3.5	<b>3.6</b>	3.9

POST  
OFFICE

14.	How effective are the EDs in assisting the Board's understanding of the business issues?	2	5	5	1	0	3.4	4.0	<b>3.6</b>	4.0 (1 = N/A)
15.	To what extent do the EDs act in a collegiate manner with the overall interests of the business in mind?	2	5	5	1	0	3.4	4.0	<b>3.6</b>	4.0 (1 = N/A)
16.	The level of insight provided by the UKGI representative into the strategic direction that the Shareholder aspires to.	1	4	2	3	2	3.3	2.3	<b>2.9</b> (1 = N/A)	3.7 (1 = N/A)
17.	The level of engagement and contribution made by the UKGI representative.	1	5	5	1	0	3.8	3.0	<b>3.5</b> (1 = N/A)	3.7 (1 = N/A)
<b>Average for section:</b>							3.6	3.4	<b>3.5</b>	3.9
<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>It is not always clear where the SR is representing the Minister/SoS view as shareholder.</li> <li>Some NEDs are role models and industry leading in challenging management with the right tone and behaviour whilst others may adopt an adversarial approach. The Shareholder Representative is extraordinarily competent and provides extraordinarily detailed oversight.</li> <li>The funding discussions with the shareholder seem to have involved a degree of disconnect within government - not Tom's fault, but it has had the consequence that POL has been taken by surprise on the funding position in an unhelpful way. Issues seem to have been well aired by the Executive prior to coming to the Board, although sometimes a clearer management recommendation would be helpful.</li> <li>It is sometimes difficult to know whether the shareholder rep is reflecting his own or UKGI's view of the business or, whether he represents the policy and direction proposed by BEIS... this can come across as conflicting.</li> </ul>										
<b>E.</b>	<b>Information and Support</b>									
18.	How would you rate the management information received by the Board and its timeliness (i.e. is it the right information at the right time to provide you with the assurance you need and the understanding of the business you need)?	1	2	6	3	1	3.0	2.8	<b>2.9</b>	3.1
19.	How would you rate the quality of papers and presentations received by the Board?	1	1	6	4	1	2.8	2.8	<b>2.8</b>	3.3
20.	How effective are the Board Committees at communicating decisions and outcomes to the full Board?	1	6	3	1	0	3.7	3.5	<b>3.6</b> (2 = N/A)	3.7 (1 = N/A)
21.	How would you rate the access you have to any additional	2	5	5	1	0	3.9	3.0	<b>3.6</b>	4.1

Strictly Confidential



	information and support you need to fulfil the requirements of your role (i.e. from management, secretariat or from external advisers, where required?)								
22.	Does the Board feel that the frequency and length of meetings are appropriate?		<u>2021/21</u> Yes = 9 No = 3 N/A = 1				<u>2019/20</u> Yes = 8 No = 2		
23.	Are issues brought to the Board at an appropriate time?		Yes = 9 No = 3 N/A = 1				Yes = 8 No = 1 (1 = N/A)		
24.	Are there any issues or topics <i>that are not discussed</i> that should be considered at the Board?		Yes = 12 No = 1				Yes = 5 No = 5		
Additional Comments:									
<ul style="list-style-type: none"><li>• Postmaster experiences, Independence of the Board</li><li>• 1. What's the purpose of POL after it has addressed the past and undertaken SPM. ie beyond 3 years. Banking Framework and Mails are unlikely to achieve the long-term sustainability for the organisation. The shareholder purports that it wants a commercially sustainable network but doesn't offer the funding to achieve that.</li><li>• 2. New working behaviours in a post covid world and expectations about work/life balance (suggestions of 4 day week 80%;100% effectiveness;). Understandably the Board is very focused on Postmasters but other stakeholders such as employees and the work environment could be considered more. Afterall it is the employees who will execute on the work, so POL needs to attract and retain.</li><li>• Board papers are too long and the overall board pack is heavy work. Shorter papers and a more consistent approach to additional reading would be helpful. As noted above, issues are sometimes presented when there is no real optionality, which might not be the case if the item was escalated at an earlier stage. The emphasis on historical matters and uncertainty in the funding situation mean that insufficient time is spent on forward looking strategic issues. It would be good to have a discussion about what we want to cover at the annual strategy day well in advance of the actual meeting (at the March Board, for example).</li><li>• Most topics are brought to the board in time for decision making and the decisions around procurement have improved in the last 12-18 months</li><li>• The papers are long and can be repetitive - but they do contain the full extent of the information available and the thought process to support the recommendation</li><li>• The focus on funding and HMU related matter has meant that some BAU topics have had to be reprioritised</li><li>• Organisational Health and the drivers of poor health that are within the power of the Board to change (not Executive accountability areas, which account for most of the drivers)</li><li>• unknown unknowns are hard to know! I have said yes, because to say no implies it never happens...if there was an "I'm not sure" option I would have ticked that</li><li>• Succession Planning and Team capabilities</li><li>• ESG</li><li>• We have begun to discuss succession more, but this will remain a key challenge for the management team and requires increased focus.</li><li>• We look at strategy but once a year and I see other boards being much closer to ensuring the agreed strategy is being delivered. As said before I fear NEDs are getting overly operational.</li></ul>									

POST  
OFFICE

25.	How effective are the communications between the Board and the management between formal meetings?	0	3	7	3	0	2.9	3.3	3.0	4.0
26.	Does the Board have sufficient time in private (either formally or informally) to discuss matters of concern?		<u>2021/21</u> Yes = 7 No = 4 N/A = 2				<u>2019/20</u> Yes = 7 No = 2 N/A = 0			
Average for section:			<u>2021/21</u> 3.1 (exec average) 3.3 (non-exec average) 3.2 (average)				<u>2019/20</u> 3.3 (exec average) 3.8 (non-exec average) 3.7 (average)			
Additional Comments: <ul style="list-style-type: none"><li>The Board works extraordinarily hard and long hours relative to other Boards. They ought to be commended for their incredible dedication.</li><li>Some of the material “for noting” in the board pack could be provided on a more informal basis between meetings (eg some of the historical matters). Short reports on major events (eg, the Select Committee, other important debates and developments at the Inquiry) could be circulated in more real time.</li><li>It was a pity not to be able to meet for dinner or in person at the January meeting. The NED only discussions are welcome and could be a bit longer.</li><li>Q18. Board papers are very long and have often been delivered quite late. This is the inevitable consequence of the pressures the management team has been operating under. I hope we can get back to a more normal rhythm in 2022/23. Q21, 25. Time for discussions and questions to the exec ahead of Board meetings has also suffered as a result of the pressures referred to above. I hope this will also improve in the coming year. Q26. The NED only discussions we have are always useful and given the magnitude of the issues the company is facing, it would be useful to have them more frequently. In structuring the agenda for these meetings, it might be useful if NEDs are asked in advance to put forward topics for discussion.</li><li>The workload is intense and I believe this is why communications have taken a lower priority this year. Would be great to return to normal times and also to better engage with GE and Senior Leaders.</li></ul>										
F.	Stakeholder engagement									
27.	How would you assess the Board’s approach to considering the following stakeholder needs/ views when taking decisions:									
i.	Customers	0	2	5	6	0	2.9	2.3	2.7	3.1
ii.	Postmasters/agents and clients	2	7	2	2	0	3.6	4.0	3.7	3.2
iii.	Special Shareholder	3	8	1	1	0	4.0	4.0	4.0	4.3

Strictly Confidential

POST  
OFFICE

iv	Employees	0	3	7	3	0	3.2	2.5	3.0	3.1
v.	Suppliers	0	2	10	0	1	3.1	2.8	3.0	2.8
vi.	Regulators	2	3	8	0	0	3.7	3.3	3.5	3.2
Average for section:							3.4	3.2	3.3	3.2



## ARC Evaluation Questionnaire 2021/22

	Question	5	4	3	2	1	Non-Exec	Exec	Ave 2021/22	Ave 2019/20
	<b>Skills, experience, diversity, knowledge</b>									
1.	How appropriate is the composition of the Committee for the requirements of the business?	3	3	0	0	0	5.0	4.3	4.5	4.1
2.	How would you rate the Committee's understanding of the following areas of the Business:									
i.	Financial reporting and management	3	2	1	0	0	5.0	4.0	4.3	4.2
ii.	Risk	3	2	1	0	0	5.0	4.0	4.3	4.1
iii.	Compliance	3	3	0	0	0	5.0	4.3	4.5	3.8
iv.	Internal Audit	2	4	0	0	0	5.0	4.0	4.3	4.3
v.	External Audit	2	4	0	0	0	5.0	4.0	4.3	4.2
	<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>We have two NEDs that really understand the financials: another one would help.</li> </ul>									
	<b>Leadership, ways of working, time management</b>									
3.	How would you assess the Chair's encouragement of debate within the Committee, including ensuring that all members are able to contribute to the discussion?	5	0	0	0	0	5.0	5.0	5.0 1 - N/A	4.3 1 - N/A
4.	How effective is the Committee at focussing on the right issues?	1	5	0	0	0	4.5	4.0	4.2	4.1
5.	How effective is the Committee at providing both challenge and support to management?	2	4	0	0	0	5.0	4.0	4.3	3.9
	<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>There has been a marked improvement in tone, focus and support.</li> <li>The Committee is good at focussing on the key risks arising from the material that is presented to us - and in seeing where there are real or apparent contradictions in the materials. But there have been a few surprises (eg cyber) where we had thought things were more on track than they have turned out to be. Difficult to know how to resolve this but the deep dives into key areas may continue to be the best way forward.</li> </ul>									

Strictly Confidential



	Question	5	4	3	2	1	Non-Exec	Exec	Ave 2021/22	Ave 2019/20
	<b>Information and Support</b>									
6.	How effective is the Committee at testing the information provided by its external advisers?	1	3	0	1	0	4.5	3.3	<b>3.8</b> 1 – N/A	4.1
7.	How would you rate the quality of papers and presentations received by the Committee?	0	3	3	0	0	4.0	3.3	<b>3.5</b>	3.6
8.	How comfortable are you that compliance with the regulatory landscape is adequately managed and reported?	1	3	2	0	0	4.0	3.8	<b>3.8</b>	3.6
9.	How would you rate the management information received by the ARC and its timeliness (i.e. is it the right information at the right time to provide you with the assurance you need and the understanding of the business you need)?	0	2	2	1	0	3.5	3.0	<b>3.2</b> 1 – N/A	3.8
10.	How would you rate the access you have to any additional information and support you need to fulfil the requirements of your role (i.e. from management, secretariat or from external advisers, where required)?	2	2	1	0	0	4.5	4.0	<b>4.2</b> 1 – N/A	4.1
11.	Are the frequency and length of ARC meetings appropriate?								<b>Yes = 6</b> <b>No = 0</b>	Yes = 8 No = 2
12.	Are issues brought to the ARC at an appropriate time?								<b>Yes = 5</b> <b>No = 1</b>	Yes = 8 No = 2
13.	Are there any issues or topics <i>that are not discussed</i> that should be considered at the Board?								<b>Yes = 1</b> <b>No = 3</b> <b>N/A = 2</b>	Yes = 2 No = 7 Don't Know = 1
14.	Does the ARC have sufficient time in private to discuss matters of concern?								<b>Yes = 2</b> <b>No = 0</b> <b>N/A = 4</b>	Yes = 5 No = 2 N/A = 2 Don't Know = 1

POST  
OFFICE

	Question	5	4	3	2	1	Non-Exec	Exec	Ave 2021/22	Ave 2019/20
15.	<b>Please comment on the effectiveness of the interaction with Internal Audit.</b>									
	<ul style="list-style-type: none"> <li>• Clear and improving</li> <li>• The co sourced relationship with Deloitte appears to be working well. The Committee have closed sessions with IA and the Chair has 1:1s with the Head of IA. IA operate independently and balance the need to be a critical advisor at times and an independent assessor at others.</li> <li>• Much improved and the recent trend towards providing thematic insights is valuable.</li> <li>• From my perspective the committee's interaction with IA is effective. The Chair makes an effort to catch up with and support the Head of Internal Audit. I feel that I have an open communication line to the Chair and to every member of the committee and I do not hesitate to speak to them directly on matters of concern. I believe that the committee has confidence in the work of IA and management understands this well, which further strengthens the independence of IA.</li> <li>• Good interaction with IA – will be helped as we build the GRC capability as that will help integrate 3 lines of defence work.</li> </ul>									
16.	<b>Please comment on the effectiveness of the interaction with External Audit.</b>									
	<ul style="list-style-type: none"> <li>• Good</li> <li>• The relationship is good, with closed sessions and the chair has 1:1 sessions in advance of each ARC with external audit.</li> <li>• It's formulaic however the critical issues are well understood.</li> <li>• The interaction during ARC meetings appear to be effective. I don't really have visibility of the committee's engagement outside of ARC meetings, so I am unable to comment.</li> <li>• Limited – essentially through the Annual Accounts process.</li> <li>• PwC has 30 mins with Carla before every ARC meeting. So interaction at that level is excellent. At the ARC itself the slots for external audit are very tight – but that tends to be a function of the very broad agenda that needs covering at each meeting. Compared to other ACs the percentage of time given to external audit is low, but again without compromising other parts of the agenda or lengthening the meetings further I am not sure there is much alternative. The stand-alone ARC to approve the ARA is I think a good thing.</li> </ul>									
17.	<b>Please include any thoughts you have about the operation of the Committee and any ideas for its future operation.</b>									
	<ul style="list-style-type: none"> <li>• The issue is that we cannot fund all of the progress we would like to make in Compliance or MI etc.</li> <li>• The lack of funding is definitely having an impact on the ability to manage the control environment (eg the controls programme being placed on hold and slow progress in establishing the IT controls framework). Good progress has been made on the operational retail controls. Striking the balance between proportionate oversight, funding constraints, increased macro risks and increased regulatory requirements is going to be the key challenge for the committee in the near future.</li> <li>• It's a strong committee and my only worry is that it has such an extensive agenda which might benefit from some pruning (or reporting by exception) allowing more time to debate the more critical issues, such as cyber. An annual debate on where our focus should be would help I think.</li> <li>• I believe the Committee is effective in its operation. Compared to other Audit and Risk committees that I have observed, I think the</li> </ul>									



	Question	5	4	3	2	1	Non-Exec	Exec	Ave 2021/22	Ave 2019/20
	<p>Post Office ARC is more involved in the detail and provides more thorough scrutiny.</p> <ul style="list-style-type: none"><li>• Leverage the GRC tool.</li><li>• Greater willingness to use Dashboards to present the issues – less traditional text based reports.</li><li>• Joined up reporting for risks and compliance/controls.</li><li>• The Horizontal: thematic, joined up (not siloed) 'across-business' discussion i.e. postmasters, H&amp;S, environmental, cyber etc</li><li>• The Vertical: schedule deep dive in certain business areas (i.e. Commercial, Finance, Strategy) where the 1st line supported by the 2nd provide their perspective – so the discussion is not through the Central teams as it can be now. TOPICS NOT DISCUSSED: Emerging risks in the wider business connect – horizon scanning.</li><li>• Sometime the papers do not align with the risk analysis as reported by 1st line. Too much text in papers.</li><li>• More meetings than many PLCs; but needed. Papers are very long. Is there a way to shorten them and / or make better use of Exec summaries? That said I am always impressed by the detail that Carla has been through in the papers and indeed AC colleagues likewise.</li><li>• There is a balanced interaction and challenge across all ARC members without one dominant figure which is a real positive. Carla is also very good at keeping things moving and on track while letting discussion flow and debate happen where needed. Excellent chairmanship.</li><li>• I am pleased to see Cyber Security focus is being elevated.</li></ul>									



## Remuneration Committee Evaluation Questionnaire

2021/22

	Question	5	4	3	2	1	Ave 2021/ 22	Ave 2019/ 20
	<b>Skills, experience, diversity, knowledge</b>							
1.	How appropriate is the composition of the Committee for the requirements of the business?	0	5	0	0	0	4.00	4.33
2.	How would you assess the Committee's knowledge of the following issues:							
	a. Structure of senior executive remuneration packages and approvals process for these (PO Limited and PO Insurance)	0	5	0	0	0	4.00	3.33
	b. Structure of staff remuneration packages and approvals process for these (PO Limited and PO Insurance)	0	5	0	0	0	4.00	3.33
	c. Reporting requirements for the Remuneration Report in the Annual Report and Accounts	1	3	1	0	0	4.00	4.00
	d. Increased focus on and reporting requirements for equality and diversity issues.	1	3	1	0	0	4.00	4.33
	<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>In relation to the above, I would say we have better knowledge at POL, then POI and least at Payzone.</li> <li>The Remuneration Committee takes the time to be well briefed on all aspects of Remuneration and makes a positive input to all discussions.</li> <li>Following best practices through our External Advisors WTW.</li> <li>We could do more on equality and diversity topics.</li> </ul>							
	<b>Leadership, ways of working, time management</b>							
3.	How would you assess the Chair's encouragement of debate within the Committee, including ensuring that all members are able to contribute to the discussion?	1	3	1	0	0	4.00	4.00
4.	How effective is the Committee at focussing on the right issues?	0	4	1	0	0	3.80	3.66
5.	How effective is the Committee at providing both challenge and support to management?	1	3	1	0	0	4.00	3.66
	<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>While this has become better as the year has progressed - there still needs to be constant reiteration of what is an Executive and what is a Committee role - sometimes there is involvement in issues that are the remit of the CEO. This is improving but can be an issue on occasions.</li> <li>Comments based on the period Ken McCall was Chair. As we've discussed there should be a reset with Lisa Harrington assuming the Chair role.</li> </ul>							

Strictly Confidential



Information and Support								
6.	Are the frequency and length of Remuneration Committee meetings appropriate?	Yes = 3 No = 2					Yes = 2 No = 1	
7.	How effective is the Committee at testing the information provided by its external advisers?	0	2	2	1	0	3.20	3.66
8.	How would you rate the quality of papers and presentations received by the Committee?	0	4	1	0	0	3.80	3.33
9.	How would you rate the access you have to any additional information and support you need to fulfil the requirements of your role (i.e. from management, secretariat or from external advisers, where required)?	1	3	1	0	0	4.00	3.33
<b>Additional Comments</b> <ul style="list-style-type: none"> <li>The feedback is that the Papers are much clearer than previously with the correct level of data and background including clear recommendations - this needs to continue and be carefully managed including full pre-briefing of all members.</li> <li>We could get more from our external advisors, this will be a new focus on 2022.</li> <li>Q6. Remco is the most contentious of the Board committees. I think we would benefit from having more informal discussions as a committee ahead of meetings in order to improve alignment on 1. pay strategy both at a corporate and individual level; and 2. specific topics that are coming up for approval.</li> <li>Q7. It's very important that the advisers are objective and understand their mandate is to work for the Board. The advisers sometimes come across as being too close to management and would benefit from time with the committee without management being present to establish a stronger relationship with the committee.</li> <li>Q8. Papers have improved significantly since Angela took over the HR role.</li> </ul>								
10.	<b>Please include any thoughts you have about the operation of the Committee and any ideas for its future operation.</b>							
	<ul style="list-style-type: none"> <li>It is working much better than when I started - the role of the Shareholder representative needs to be clearer - they are all equal Remuneration Committee members but it is vital that the quality of delivery from management continues so that history does not repeat itself and the Committee become too Executive in nature again. Lisa will be a good Chair with the right management support.</li> <li>Angela has been a tower of strength to the operation of the committee. It just shows what can be done with suitably qualified personnel.</li> <li>More from our advisors, best practise and ideas on ESG Rem.</li> <li>Slightly longer meetings to ensure we can cover all topics and plan our Rem approach for 2022/23.</li> <li>The environment in which this committee operates is a complex one, given the approvals needed from HMG. I think the committee has got better at pre-planning, but this probably needs to go a step further to ensure that meetings are in a position to take decisions. Maybe frequency needs revisiting. In general, for the reasons mentioned above, meetings can be longer than they need to be.</li> </ul>							



## Nominations Committee Evaluation Questionnaire

2021/22

	Question	5	4	3	2	1	Ave 2021/ 22	Ave 2019/ 20
	<b>Skills, experience, diversity, knowledge</b>							
1.	How appropriate is the composition of the Committee for the requirements of the business?	0	4	0	1	0	<b>3.60</b>	4.00
2.	How would you rate the Committee's knowledge of the following issues:							
	a. Succession planning	0	2	2	1	0	<b>3.20</b>	3.00
	b. Board recruitment and appointment processes (including PO Insurance)	1	3	1	0	0	<b>4.00</b>	4.00
	c. Corporate governance requirements.	1	4	0	0	0	<b>4.20</b>	4.00
	<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>Nominations Committee is very reliant on management of process by the CPO and Co. Sec. Most of the discussions in the last year should probably have included broader Board participation.</li> <li>We need an Executive Succession Plan. I do not believe a comprehensive one is available.</li> </ul>							
	<b>Leadership, ways of working, time management</b>							
3.	How would you assess the Chair's encouragement of debate within the Committee, including ensuring that all members are able to contribute to the discussion?	1	2	2	0	0	<b>3.80</b>	4.00
4.	How effective is the Committee at focussing on the right issues?	0	4	1	0	0	<b>3.80</b>	4.00
5.	How effective is the Committee at providing both challenge and support to management?	0	5	0	0	0	<b>4.00</b>	4.00
	<b>Additional Comments:</b> <ul style="list-style-type: none"> <li>This has become better as the year has progressed.</li> <li>There have been many times where NED challenge has been made to the Executive however progress is slow.</li> <li>More could be done to support and lead the succession agenda.</li> </ul>							
	<b>Information and Support</b>							
6.	How effective is the Committee at testing the information provided by its external advisers?	0	1	0	0	0	<b>4.00</b> N/A - 4	4.00
7.	How would you rate the quality of papers and presentations received by the Committee?	0	5	0	0	0	<b>4.00</b>	4.00
8.	Are the frequency and length of Nominations Committee meetings appropriate?	<b>Yes = 4</b>						Yes = 2

20

Strictly Confidential

POST  
OFFICE

		No = 1						No = 0
9.	How would you rate the access you have to any additional information and support you need to fulfil the requirements of your role (i.e. from management, secretariat or from external advisers, where required?).	0	3	2	0	0	<b>3.60</b>	3.50
10.	How effectively does the Nominations Committee assess the quality of the management team below Board level and manage succession planning?	0	0	3	2	0	<b>2.60</b>	3.00
11.	Please include any thoughts you have about the operation of the Committee and any ideas for its future operation.							
	<ul style="list-style-type: none"> <li>As the succession plan and talent profile has been under-developed this is challenging for the Committee - thorough review of the new talent and succession plan in line with the new organisation design should help.</li> <li>Per comments above the Committee needs to do much more work around competency and capabilities of the Executive.</li> <li>More could be done on active succession planning of GE and below, lots of progress this year, but more to do.</li> <li>I think the committee has worked well in relation to Board recruitment, but more focus is needed in future on succession at the level of the management team below Board level: this has started to happen.</li> <li>Succession planning and organisational design have taken a back seat to the other pressing issues the company is facing. They remain of crucial importance for the company and are areas of very significant risk for the company. Having said that Angela has produced some very good work on both topics recently and they should be followed up at NomCo and/or Board as soon as the funding question is resolved.</li> </ul>							