

Strictly Private & Confidential



Business Transformation Programme

Delivering the business strategy and operating model required to achieve our 2020 vision and create a sustainable business

March 2014
Lesley Sewell



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Business Transformation will impact our entire change and cost landscape (£1bn cost base)

IT Transformation

Crown Transformation & NT Transformation

Business Transformation Programme

- Product design & Introduction
- Central Support activity across POL
 - Improves operational efficiency
- Responsive and flexible operating model
 - Build once use multiple approach
- The conduit between all business activity

*
Product, Channel & Customer Strategy

* Agents Pay

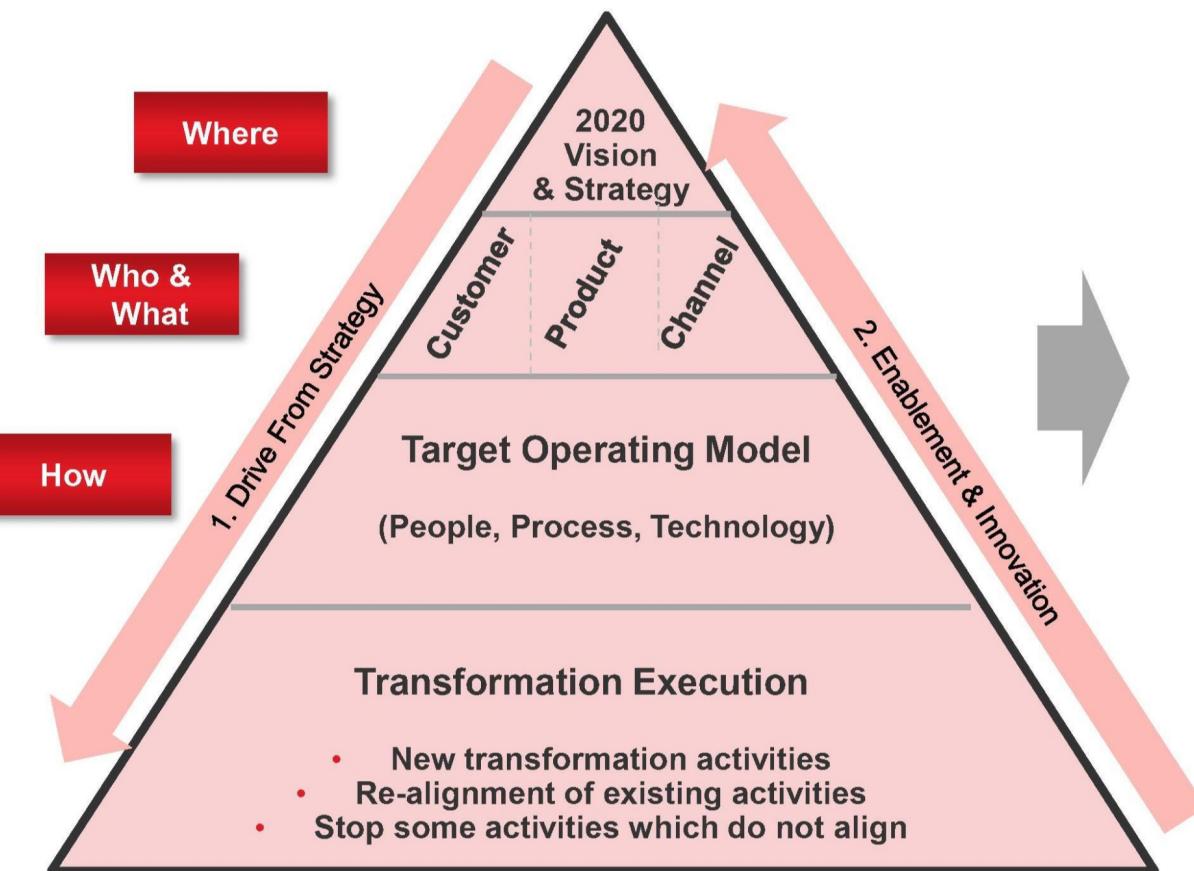
Customer Management/Insight & Single View of Customer

*
Supply Chain Strategy

*These activities will be updated at the June Board away day and are not currently embedded in any business case assumptions



The business strategy will drive the design of our target operating model



Join-up between 2020 Strategy and Target Operating Model

- We're currently developing a more granular, customer-based view of the 2020 Strategy – what will the Post Office look like in 2020
- These will be based around elaboration of our Customer, Product and Channel strategies for 2020 (*This work will be presented to the June Board*)
- This detail will drive the Target Operating Model. Providing guidance on the type of business that we will need in 2020
- This will feed into the TOM design and partner procurement between now and June. Providing ourselves and our Transformation partners with a clear view of what our transformation must achieve



The target operating model needs to be grounded in a clear vision of the customer-facing organisation we want to be in 2020

- Our commercial environment will evolve rapidly over the next six years, with intensifying competitive pressures. We will need to think boldly if we want to remain relevant to our customers and safeguard our commercial sustainability in the service of our public purpose.
- Between now and June we will therefore be translating our strategy into a vision of the distinctive and compelling roles that we believe we can play for our customers in 2020, such as those set out below. This will then give us a clearer view of the channels, capabilities and cost base needed to support these propositions.

The default access point for parcels

Offering convenient access to the growing parcels market through an extended network of access points, enabling us to take control in our relationship with Royal Mail and stay ahead of the competition like Collect+.

A challenger bank and more

A challenger bank and leading provider of home services, using our assisted sales capabilities and community presence to build deeper relationships with customers that help them through key life stages such as buying a home.

A hub for small business

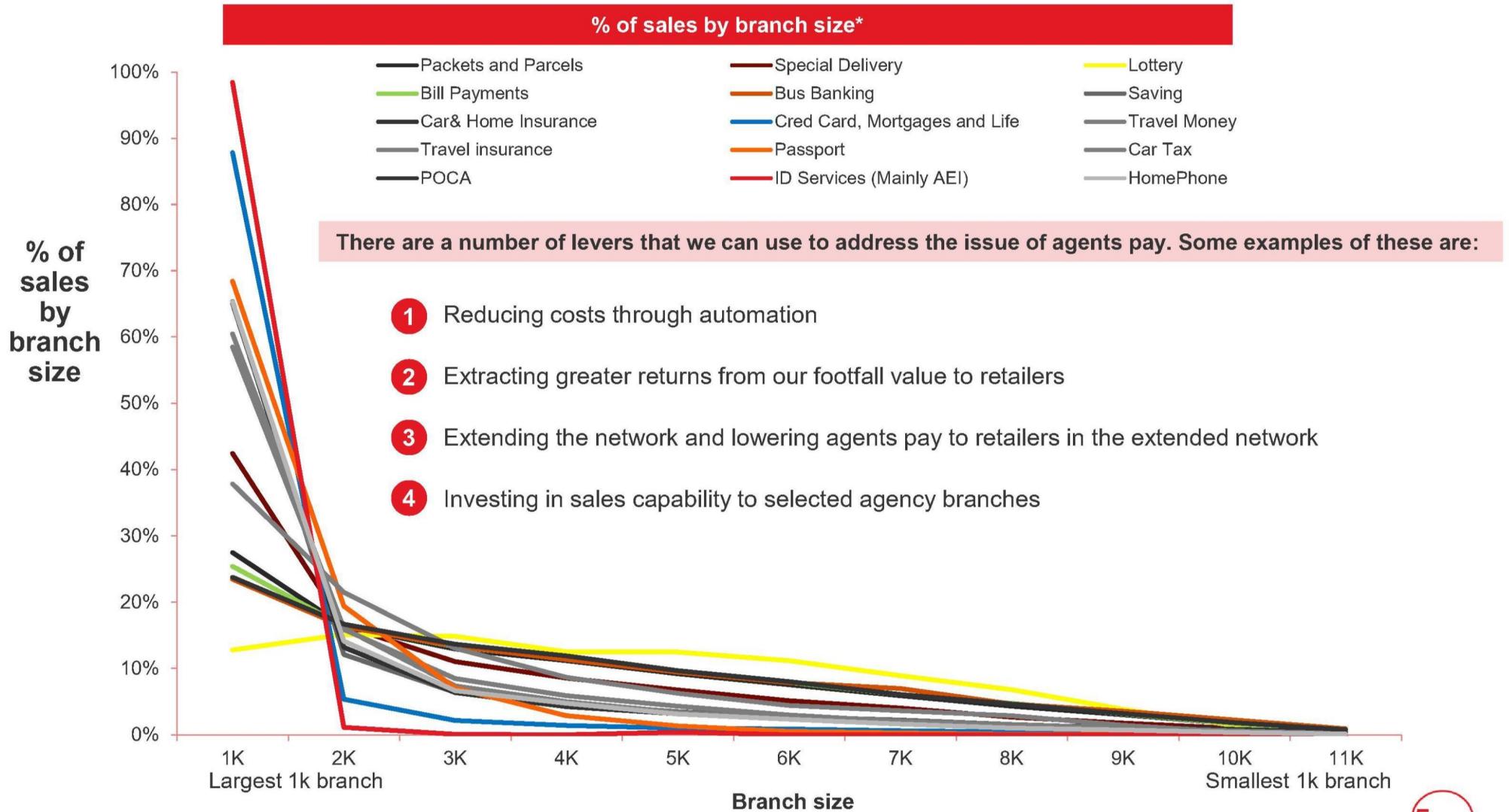
The only UK-wide one-stop shop for SMEs, providing access to the suite of services they need to set-up and grow their business.

The trusted starting point for online journeys

The leading name in the burgeoning identity assurance market for both government and commercial online services, which we will use as the hook for a wider range of digital services (e.g. digital mailboxes to manage people's online lives)



Agents' pay is within scope for this programme and there are a number of options that we will look at to address this issue





As part of Business Transformation, we will develop a lower-cost Supply Chain operating model that meets future needs

- Two models are being assessed, which will provide the business with the most optimal future Supply Chain model

ACTIVITIES

OPTIMISATION

- Staff and non-staff cost reductions totalling £3.4m and an uplift in revenue of £1.5m targeted in 14/15
- An internal team analysing ways in which Branch Network dependency for Supply Chain could be reduced, including:
 - significantly reducing branch network demand for Supply Chain
 - moving Agents, on a large scale, to a self-funding model for notes and coin
 - using less secure means of delivering value stock the network, which is currently fulfilled through CViT

OUTSOURCED

- PA Consulting have been commissioned to review and recommend on alternative Supply Chain models, including:
 - feasibility of future outsourcing options including partial outsource
 - potential partnerships with organisations with a view to leveraging assets and capabilities which could lead to cost-savings

The outputs of this analysis, which will be completed by the end of April, will help us better understand whether an outsourced / partnered Supply Chain model is achievable. An outline roadmap will be developed for moving our Supply Chain to an external model.

If the output is that in the medium to long-term outsourcing is not a commercially sustainable approach we will continue (and increase) our focus on the optimisation route, developing a roadmap of ongoing optimisation / cost-reduction for Supply Chain, taking account of the work activities mentioned above.



Early indications of some Core Capabilities we will require to operate the Post Office of the future

CAPABILITY	CAPABILITY REQUIRED
Customer relationship	Customer insight, analytics and Customer Value Propositions (CVPs) will help us build relationships
Franchise/retail expertise & capability	Designing products and overall franchise propositions that are attractive to retailers, making us the preferred service provider for each retail channel
Value chain ownership	Find ways to claim more of the profit from the products we sell which means going further down the supply chain from White Label towards Owner Operator
Truly omni-channel	From a service and sales point of view there is seamless integration between all channels, delivering value through innovative use of technology
Commercial relationship management	Aligning our partners & clients towards a profitable Post Office service delivery model, through better contract management and service standardisation
Stakeholder engagement	Making a reality of mutual ways of working through mature and effective mechanisms for engaging our internal and external stakeholders, like the POAC



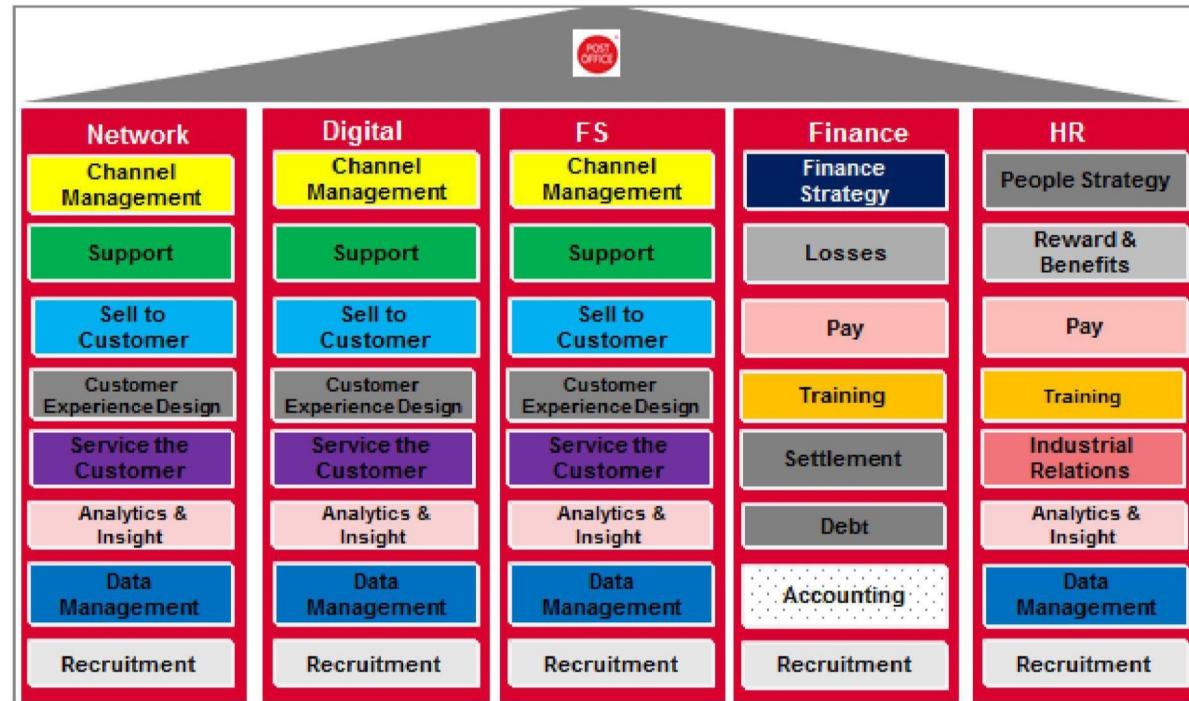
We have also started to consider the current state operating model issues which are fundamentally constraining our profitable growth

The current organisation consists of multiple internal and 3rd party white label product & channel silos

Issue 1

Customer Data Fragmented

Data dispersed across internal silos and 3rd party product providers, limits customer relationship and cross / up-sell



Issue 2 - Duplication of functions

Many business functions duplicate or overlap, resulting in high costs and inefficiency

Issue 4

Customer Experience Fragmented

Product & Channel silos internally and across our 3rd party product providers, hinder customer relationships and income growth

Issue 3 – Process inefficiencies

Many processes are manual and complex, and we lack standardisation & automation internally and in how we interface with our product providers. Adds cost which grows as our income grows

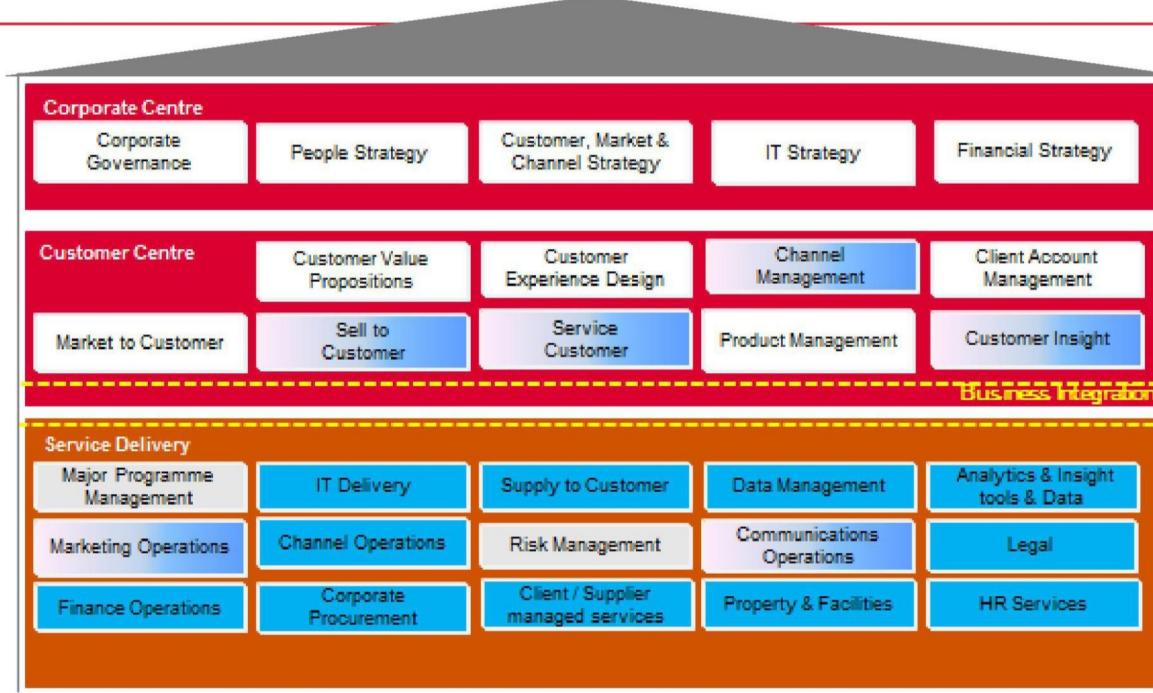
From the 2020 strategy we have started to elaborate the target operating model to consider the key capabilities and levers we will employ



Lever 1

Centralise

Functions currently fragmented or duplicated, to be brought together & shared. Most relevant to us when we retain



Lever 5

Stop

Some functions or activities will no longer be justified or aligned, and will need to be stopped

Lever 2 - Standardise

Activities which can be simplified or standardised, can precede outsource

Includes our 3rd party interface standards & protocols. Mainly Service Delivery functions

Lever 3 - Digitise

Automation, cloud, self service, mobile
Digital service standards and Open APIs will substantially optimise and simplify our 3rd party product provider interfaces

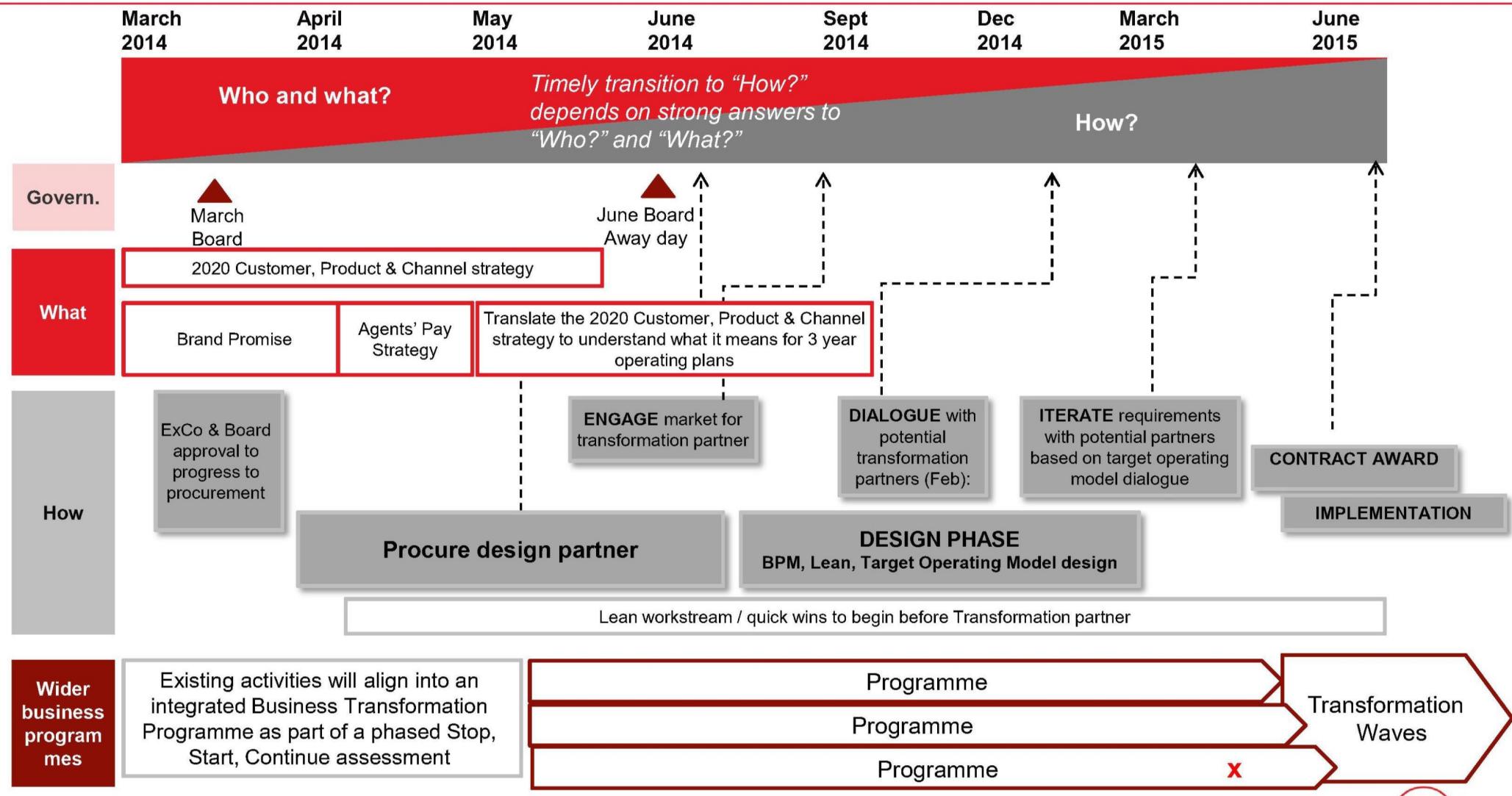
Lever 4

Outsource / Offshore

Functions which are commodity or highly specialist can be delivered more cost effectively by 3rd parties.
Applies to many service delivery functions



The Delivery will align all elements of the Strategy, Operating Model design, new transformation activities and in-flight activities



POST OFFICE LIMITED
AUDIT, RISK AND COMPLIANCE COMMITTEE
TERMS OF REFERENCE

1. Purpose

The purpose of the Audit, Risk and Compliance Committee ("ARC" or the "Committee") is to assist the Board of Directors in fulfilling its fiduciary responsibilities by:

- Contributing an independent view on the accounting, financial control and financial reporting practices of the Company.
- Taking all reasonable steps to ensure accurate and informative corporate financial reporting and disclosures which meet appropriate accounting and corporate governance standards.
- Providing oversight of the company's risk management systems, operational controls and key systems.
- The responsibilities undertaken by the ARC under delegated authority from the Board will be subject always to the powers and duties of the Board, as set out in the Articles of Association.

2. Composition, Terms of Office and Governance.

2.1 Composition and Terms of Office

- The Committee shall serve as a standing committee of the Board. Its Chairman and members will be appointed by the Board. It shall consist of at least two independent non-executive directors.
- Only non-executive directors shall be eligible for membership of the Committee. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed on an annual basis thereafter with the consent of the Chairman of the Committee but no director shall serve for more than six years.
- The quorum shall be two directors, of whom one will have recent and relevant financial experience.
- The Committee shall meet as often as required but at least three times per year.¹
- The Company Chairman and executive directors may be invited to attend any meeting, or any part of any meeting, by the Committee Chairman.

¹ The Financial Reporting Council recommends a minimum of 3 meetings but suggests that more will be usually required.

- The CFO, the General Counsel, the Head of Risk Governance and the Head of Internal Audit (or those holding positions with responsibility for such roles, howsoever named) will be permanent invitees.
- The Company Secretary shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.
- The Committee Chairman will report regularly to the Board. Minutes of each Committee meeting will be circulated to all members of the Committee and, once agreed, to all members of the Board
- The External Auditors may attend all or part of any Committee meeting at the invitation of the Committee Chairman. As a minimum the External Auditors will attend to present their external audit plan for approval and to present their reports.
- The Company will provide current and new Committee members with any training, briefings or induction required. The Company Secretary, Head of Internal Audit and the External Audit Partner will keep members informed of relevant published guidance as necessary.

2.2 Governance of Auditing Services

The Committee will:

- Review and recommend to the Board the nomination or discharge of the independent external auditors, the proposed fees (in consultation with management) and the acceptance of the scope and general extent of the engagement.
- Formally review, challenge and approve the agreed annual external audit plans and approach.
- Periodically review the scope, resourcing and capabilities of the Internal Audit function.
- Review and re-approve the Internal Audit Charter on an annual basis.
- Approve each year in advance the Internal Audit plans and review both resources and any proposed amendments that may occur through the following year. The review should include methods employed by the internal auditors to assess risk and to prioritise the various audit proposals identified in the annual plan.
- Assume a primary role in the appointment, assessment and if necessary the discharge of the Head of Internal Audit.
- Ensure the independence of the external and internal auditors including an annual review of any non-audit services provided by either.
- Ensure free and effective communication between the Committee, external auditors and internal auditors and hold separate sessions, or informal meetings and contact as required. These meetings may discuss matters that any of these groups believes should be discussed privately with or without management.

- Ensure lines of communication are maintained with the Board.

2.3 Governance – Meetings

- Any member of the committee or the Company Secretary may convene a meeting. The External and Internal auditors may request a meeting with or without management present.
- Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
- Notice of each meeting shall be given to all those entitled to participate at least 2 working days before the meeting.
- Meetings shall be planned in accordance with key reporting and financial planning dates.

2.4 Governance – Other

The Committee will:

- Review and update its terms of reference annually.
- Conduct an annual evaluation of the performance of its duties and responsibilities and of its effectiveness, and discuss the results with the Board of directors.
- Prepare an annual report on its activities for inclusion in the Annual Report and shall review and approve on behalf of the Board statements to be included in the Annual Report concerning financial controls, internal control and risk management.
- In the absence of express authority from the Board, the Committee will not, without the concurrence of both management and the auditors, have either the responsibility or authority for altering the financial statements or the accounting procedures of the Company.

3. Accounting, Financial Control and Financial Reporting and Disclosure

The Committee will:

- Review, discuss and consider with the external auditors their approach to risk assessment and the scope and plan of their audits
- Review the annual financial statements which are to be submitted to the Board, including Management's explanatory notes. The review may include:
 - Reports from the external auditors as to the results of their examination to date.
 - Discussion of any problems regarding financial reporting which may need to be reported in the annual report to the shareholders including any disagreements that may have arisen between the auditors and management in any area.

- Meeting(s) with the senior financial executives who shall outline any problems as to financial policies, financial reporting or matters relating to internal control and any matters in contention with or under consideration by the external or internal auditors;
- The appropriateness of existing accounting principles being employed and any change in accounting policies or practices which the corporate auditors may refer to in their report to the shareholders, and the impact on the Company's financial statements.
- Any proposed changes in the presentation of the financial statements or accompanying notes which the auditors may recommend.
- Other matters related to the conduct of the audit communicated to the Committee under generally accepted accounting standards.
- The Management Letter
- The Committee shall review with management any half yearly trading statements or financial reports and the contents of any press release concerning the Company's financial performance or situation, before release to the public or to shareholders.

4. Risk Management, Operational Controls and Policies

4.1 Risk Management Framework

The Committee will:

- Review the overall risk management framework in place for the Company including its appetite for risk.
- Oversee the Risk and Compliance Committee activities and receive summary reports as appropriate
- Review the Company's overall risk position and periodically invite management to outline risk management strategy and status within their specific business units.
- Review management's assessment of the degree of risk the Company prudently incurs in achieving a reasonable balance between the cost of managing risk and control systems and the benefits derived.
- Consider and review areas of specific risk as highlighted by the Risk and Compliance committee. This should include, but is not limited to, sufficient coverage of strategic risk, financial risk, operational risk, technology risk, reputation, regulatory, major change initiatives and people risks
- Review legal, regulatory and any other matters that may have a material impact on the financial statements, related Company compliance policies, and programmes and reports prepared to manage and monitor Company compliance policies.

4.2 Controls and Policies

The Committee will consider and review with the external auditors and the internal auditors:

- The adequacy of the Company's internal controls;
- Recommendations for the improvement of the Company's internal controls, processes and systems.
- Significant findings (the "management letter" from external auditors) and recommendations together with management's responses.
- Any reportable restrictions experienced regarding scope or access to required information by either external or internal audit.

4.3 Fraud, Theft and Ethics

The Committee will

- Review with management their fraud assessment, detection measures and their investigation of illegal acts, as appropriate.
- Review any summary of frauds, thefts and other irregularities of any size.
- Review with the internal auditors and the external auditors the results of any review of the compliance with the Company's codes of ethical conduct and similar policies including whistleblowing.

4.4 Risk Management – Other

- The Committee shall have the power to conduct or authorise investigations into any company matters within the Committee's scope of responsibilities. The Committee shall be empowered to obtain independent legal advice, and engage counsel, accountants, or others to assist it in the conduct of any investigation.
- The Committee shall perform such other functions as may be assigned or delegated to it by the Board, and may review other items of an internal control or risk management nature which may from time to time be brought before the Committee.

5. Committee timetable.

A timetable shall be produced each year showing the current membership of the Committee and the major annual activities of the Committee, in a similar format to that set out in the appendix.

6. Review

These terms of reference were last reviewed in November 2013

APPENDIX²**ARC Membership November 2013**Chairman
MembersAlasdair Marnoch
Tim Franklin, Neil McCausland, Susannah StoreyCompany Secretary
External Audit
Head of Internal AuditAlwen Lyons
Ernst & Young
Malcolm Zack

Annual Timetable	April	June	Nov	Feb
<u>1. Governance items</u>				
Annual review of terms of reference and IA charter.			✓	
External Auditor review/appointment/reappointment		✓		
Minutes and actions of previous meeting	✓	✓	✓	✓
Evaluation (annual)			✓	
Private meetings with auditors/management	✓	✓	✓	✓
<u>2. Financial reporting and disclosure</u>				
Review and approve external audit plan			✓	
Financial statements full year	✓			
Financial statements – half year			✓	
External audit management letter	✓			
Approval of Committee report for inclusion in Annual Report		✓		
<u>3. Risk management and control</u>				
Internal Audit update report	✓	✓	✓	✓
Risk and Compliance activity and highlights	✓	✓	✓	✓
Strategic risk update		✓		✓
Financial risk update	✓		✓	
IT and systems risk update		✓		
Selected business risk review update	✓		✓	
Insurance review				✓
Annual Timetable	April	June	Nov	Feb
<u>Other (Less frequent)</u>				
Fraud and Theft report		✓		
Security update		✓		
Ethics and Code of Conduct and Whistle-Blowing policy				✓

² The timetable sets out standing agenda items. It may be modified by the audit committee in light of specific requests or actions arising from meetings. The months indicated are provisional and subject to change.

Annex 1

Board Effectiveness Review

1. Process

The Chairman interviewed all the Board Directors and the Company Secretary on a one-to-one basis using the Discussion Guidelines, attached at Annex 2, between 20 June and 3 July. A list of interviewees is at Annex 3. The Chief Executive had consulted her ExCo colleagues and included their views in her feedback.

This report summarises all the points made. There were many common themes and where the same points were made more than once, they have not been repeated. All the suggestions made for improving how the Board works are included and brought together in section 13.

The process included peer feedback for all members of the Board which the Chairman will communicate separately on an individual basis. Concurrently, the SID has conducted a peer review of the Chairman's performance which is being fed back separately to her.

The Board will discuss this report at its July meeting and it will then be sent to the Shareholder Executive.

2. Context

Alice Perkins took over the Chairmanship of the Post Office Board from Donald Brydon in October 2011. At that time the CEO, CFO, SID and Company Secretary were all in their present roles. The other NEDs joined the Board over the period from [March] to September 2012. So at the time of carrying out this evaluation, the Board has been in existence for less than a year. It is early days in its life.

3. Headline Comments

The creation of a new PO Board has gone remarkably well in a very difficult context and challenging environment. The Board is maturing. It has come a long way since autumn 2011 and is operating very well (8 out of 10). We can be pleased with where it has got to and the Shareholder should be pretty pleased. The issue now is how to make it even better.

This is a well-functioning Board. The Directors have a wide range of skills and experience from different backgrounds. We have the key bases covered. We are working together effectively; it's fun and really challenging.

This is a disparate set of Directors who have come together and are pointing in the same direction most of the time; there is a sense of team work. We do listen to each other and can agree to disagree or agree on what we are prepared to live with. It can feel uneven as between the respective contributions of the Executives and the NEDs.

The Board has got better as it has matured. People have become feistier; they are challenging but very respectful of each other and of the business. Board members come well prepared; they are good at listening. They don't always agree and sometimes issues get re-opened when people thought they had been settled. The debate can be circular and hard to close down but it is helpful if people speak up if they disagree.

The Board is quite different from a year ago. It is stimulating, vibrant, pro-active and searching for solutions in its determination to fix the business. It is extremely positive and helping the Executives to improve. It adds value.

Annex 1

The Board provides a good balance between support and challenge – it is giving clear direction and has a clear mandate and has stopped diving into the detail. It feels like a team which is great. ExCo feels very positive about it – should they and the Board meet a couple of times a year?

The Board has been the most amazing improvement for the PO. The recruitment of the NEDs has gone really well – they have very different skills and have the ability to contemplate working in a different environment from what they are used to. The company has adjusted well to the new Board. Thank goodness we went in that direction.

4. Organisation of the Board

Overall, this is very good. The Company Secretary, supported by Jorja Preston, provides excellent support to the Board including looking after the hygiene factors, really well. The electronic papers are great and one Director commented positively on the Reading Room while another wondered whether it is as useful as it could be?

The meetings are held at the right frequency, for the right length of time and they run to time. The quality of the papers has improved but there is further to go – some should be crisper and they should always arrive in time for Board members to digest them properly before meetings unless there is an emergency to report.

A common theme was that the Board could use its time even better. There is still a tendency for Executives to repeat what is in the papers. The Board could get better at taking papers as read if there are no issues to discuss. For instance, while retaining a paper on financial performance and key indicators at each Board meeting, should the Board discuss this at alternate meetings and without any introduction from the CFO unless it is to add something new? This would release time which could be spent on the substance of the business such as mails and financial services.

Several people commented on the nature of the debate. The Board does not need to be led by the Executives to a conclusion - this is not a good use of the Directors' expertise. It is getting better at having a robust debate. One person commented that it is a very respectful Board and another Director suggested that it should become more hard-edged and willing to call a spade.

The Board is not a talking shop. It takes decisions all the time but the Chairman could be even clearer about when decisions have been made and they could be recorded in a decision log at the end of the minutes. This should flush out outstanding differences and the Board would be able to decide explicitly how to handle these rather than finding that the issues were being unexpectedly re-opened by one member of the Board to the surprise of the others.

Should the Board make more use of the NEDs in creative ways so that they are generating ideas rather than reviewing ideas which have come up from the Executives? (e.g. the session on Outsourcing at the recent Awayday.)

The recent Awayday had been good (though the session on Mails had been a wasted opportunity). How many of these should there be in a year (in the last year there have been two – Shoreditch and Kingston)?

Should the Board meet outside Head Office more often e.g. at a large Crown or a call centre?

Annex 1

Should the Board meet the ExCo on a regular (but infrequent) basis? And what about the SLT?

Should the Board have a dinner with partners?

One Director asked that dates for future Board meetings in 2014 and even 2015 should be fixed now.

It was also suggested that the Board should have a regular opportunity to review the forward programme of agendas as it has in the past.

There is sometimes an absence of follow-through (e.g. the delay in circulating the updated Rothschild's work). While this has got better, there is further to go.

5. Committee Organisation

The right Committees are in place. The Board has only just set these up so their roles should be clear and they are.

The Committees have been feeling their way on the frequency and timing of their meetings. There is a need to find a schedule which works and is more settled. This is especially true of the ARC and the RemCom.

The RemCom is the Committee with the most difficult business in practice and it has not always felt as though it is in control of it. This should improve with experience of the interaction with the Shareholder, better forward planning and better professional support from the business.

The ARC initially felt too much like the main Board but that is better now that membership has been reduced to three NEDs. It is discharging its responsibilities properly and has handled the two year-ends extremely well. One Director commented that it might be trying to do too much and might need to be more flexible in its use of time. There is important and urgent work for it to do on risk, which is in hand for the autumn. Several Directors commented that that it was the next major priority after settling the strategy.

The Mutualisation Committee has been less effective than the Board although it has the same membership. It should review its future programme in the light of the strategy.

6. Strategy

The Board has spent a great deal of time on the Strategy since it has been fully formed and this has been helpful in terms of its understanding of the business and its development as a team.

The Directors all think the Strategy has been well developed and are happy with the substance of what they have agreed. At the time of writing, this is subject to negotiations with the Shareholder.

However, the process got off to a shaky start at Shoreditch. Lessons were learned from that and by the end the NEDs all felt satisfied that they had been able to make the contribution they wanted to make. There was universal recognition that Sue Barton's role in this had been invaluable.

One Director commented that there was further to go in articulating the vision of what the Post Office would be in 2020.

Annex 1

7. Board Composition

There is universal agreement that the Board has a great mixture of skills and experience. Almost all the key aspects of the business are covered and several people commented that whatever came up as an issue, there would be at least one member of the Board who had the relevant experience to make a valuable contribution to its resolution. The areas where additional expertise would be valuable were large-scale operations including change management, industrial relations and IT.

Some people also commented on the mix of Directors in terms of their styles and temperaments. There is a good balance between the entrepreneurial and the risk conscious and between those whose glasses are half full and those whose are half empty. It would be important in future to ensure that any changes in the Board did not result in the balance being skewed too far one way or the other.

The Board is well balanced in terms of gender. In future it would be good if there were also a greater diversity of ethnicity.

8. Board Involvement

The Directors' knowledge of the business was generally thought to be sufficient for their roles, though individual Directors raised areas which they it would be helpful for them to understand better e.g. the economics of the network including SPMs' pay.

There had been a tendency in the early days for NEDs to appear to "meddle" in the business and dive down too much into the detail but this had diminished over time. This needs watching as it is always tempting for NEDs to fall into that trap on any Board.

All the NEDs commented on how willing the Executives were to engage with them outside Board meetings and were impressed by the extent to which most of them, and especially the CEO, were open to challenge. In return, the Executives commented that the NEDs were very generous with their time outside the Boardroom.

The relationship between the Chairman and the CEO appeared good, supportive but also challenging with no obvious tensions.

One NED wondered whether they should become more involved by e.g. opening new PO branches and/or developing relationships with key stakeholders (see next section). The CEO wondered whether they could contribute to interviewing key candidates for ExCo positions.

9. Board Relationships with Key Stakeholders

There is general recognition that there is more to do here. The Board needs to understand its shareholder's position better, especially that of the Minister concerned. The session with Mark Russell had been extremely useful ("formative"/"an eye-opener") in that context. It was excellent that he had agreed to come again in the autumn and there should be more sessions to help the Board understand this area.

It is also recognised that more time should be spent forging relationships with other key stakeholders inside and outside the business. The Forum at the recent Awayday had been a good use of time.

Annex 1

10. Risk, Compliance, Financial Monitoring.

The Directors believe that they are carrying out their fiduciary duties appropriately overall. Several people commented on the need to do more work on risk management as noted above. More than one NED commented that the financial and performance report could be improved further. Is there sufficiently robust reporting of the delivery of key projects, including cost-cutting – is there a danger of the Board being lulled into a false sense of security over these?

There is also a need to satisfy the Board that the right compliance measures are in place in financial services as the company expands its business in this area. This is something for the ARC in the first instance; there is a need to spend more time on this.

11. Looking Forward

Directors are concerned about the quality of the pipeline for the top posts, especially for the CEO's position. This is something which has already been identified and work is underway under the direction of the NomCo to address it. Progress is being made in relation to the ExCo positions and job specifications for new recruits to the ExCo are targeted at candidates with the potential to be future CEOs. This is a real weakness which NomCo and the Board need to keep actively under review.

The induction of the NEDs had been done well and everyone was satisfied with this. The Board needed to decide now what additional development was needed, for example, visits to branches (should each NED commit to visit a certain number every year?) or workshops/Board sessions on particular issues?

It will be important to manage the tenure of the NEDs so that there is no bunching of retirements.

12. Overall Board Effectiveness

The Directors thought that the Board got the balance right between fulfilling its fiduciary duties and making a positive, substantive contribution to the business. Looking back over the last year, one Director commented that the Board's agenda had felt as though it had lurched in an unplanned way but that once the Strategy was settled, it should be possible to get more stability into the business and focus on key elements of its delivery.

The right balance has been struck between support and challenge. But the Board has now "formed". It has been "quite kind" to the business. It can now be more challenging and expect more; it needs to be more demanding e.g. about cost-cutting, and tougher with failure.

Generally the Directors were satisfied with the quality of the external advice received e.g. the auditors, and Rothschild's, but one Director commented that the business did not always seem to be clear about what it was using advisers for, or doing that well.

13. Areas for Discussion and Action

Annex 1

Discussion

What is the right balance amount of rigour and challenge? Does the Board agree that it should be more forthright than it is now? How would that affect the balance between the NEDs and the Executives?

Does the Board agree that time should be saved in meetings by moving more briskly through agenda items and discussing financial performance and key indicators only every other meeting (assuming things are on track?) If so, what would it like to spend more time on? Is giving more time to our key stakeholders, including understanding the Shareholder better, a key priority?

How could the NEDs be used more creatively?

What does the Board want to do outside Board meetings e.g. branch visits (an annual target for NEDs?), workshops, meetings with key stakeholders, or with ExCo/SLT?

Are two Awaydays a year right?

Would the Board like a dinner with partners?

Should the Board meet outside Head Office more frequently e.g. at large Crowns or call centres?

Is the Reading Room as useful as it could be?

Action

The Chairman to sum up discussions even more clearly. Board members to speak up if they disagree or register clearly that they are willing to support the majority view despite remaining reservations.

Executives to assume as a matter of course, that their papers have been read and not to repeat material already covered unless asked to do so. The Chairman to move more swiftly through each item unless there are questions or issues raised by the Board.

Company Secretary to fix Board dates for 2014 and if possible, 2015; to record decisions taken in a "log" at the end of the minutes of each meeting; to continue to work with the Executives to raise the standard of papers and ensure they are sent out in good time; to ensure all follow-up action is taken timeously and circulate a forward programme of Board agendas every 6 months.

All Committees to keep the cycle of their meetings under review and follow-up on the key issues identified in this report e.g. succession planning for NomCo and risk for ARC.

Alice Perkins
July 2013

Annex 2

POST OFFICE BOARD EVALUATION SUMMER 2013

DISCUSSION GUIDELINE

1. Overall impression of the Board

- Shared understanding of the Board's role
- Dynamics of the Board
- Culture and climate in the Boardroom
- Sense of teamwork
- Use of time
- Quality of discussion and listening
- Decision-making

2. Organisation of the Board

- Agenda
- Meeting frequency and length
- Formal processes and duties
- Informal processes
- Information and support materials
- Servicing of the Board

3. Committee organisation

- Clear remits
- Agendas
- Meeting frequency and length
- Membership, attendees and advisers
- Information and support materials

4. Strategy

- Development
- Understanding
- Agreement
- Communication
- Review

5. Peer reviews

Feedback on contribution of individual Board members

- Executive Directors
- Senior Independent Director/Committee Chairmen
- Other Non-Executives

DISCUSSION GUIDELINE

6. Board composition

- Balance of skills and experience, including diversity
- Future requirements

7. Board involvement

- Directors' knowledge
- Relationship Chairman and CEO
- Relationships with management
- Contact outside boardroom

8. Board relationship with key stakeholders

- Shareholder relations
- Employee/Franchisee relations
- Other key stakeholder relations

9. Risk, compliance, financial monitoring

- Identification
- Monitoring
- Openness
- Balance with performance
- Responsibility

10. Looking forward

- Succession planning for board members; non-executive and executive
- Directors' development needs
- Future remuneration for non-executives
- Induction and training

11. Overall Board effectiveness

- Fulfilment of fiduciary duties
- Contribution to business
- Checks, balances and support
- Short and long term health of business
- Support/independent advice

Annex 3

List of Interviewees

Neil McCausland	Senior Independent Director
Tim Franklin	Non-Executive Director
Virginia Holmes	Non-Executive Director
Alasdair Marnoch	Non-Executive Director
Susannah Storey	Non-Executive Director
Paula Vennells	Chief Executive Officer
Chris Day	Chief Financial Officer
Alwen Lyons	Company Secretary

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POST OFFICE LTD BOARD

Board Effectiveness Review

The Chairman's Board evaluation report is attached as appendix 1. The areas proposed for discussion at the Board and for action are covered in section 13.

Alice Perkins
July 2013

POST OFFICE LIMITED

BOARD TERMS OF REFERENCE

Including the Schedule of Matters reserved for Board decision

The Board of Post Office Limited is collectively responsible for setting the Company's primary business objectives, for establishing a proper governance framework to manage and monitor risk and for ensuring that the Company has the resources and leadership required to achieve its stated objectives. Directors' statutory duties are set out in the Companies Act 2006. The primary duty of the directors is to promote the success of Post Office Limited as a Company for the benefit of its Government shareholder and the wider stakeholder community.

The Board remains accountable for performance to the Shareholder Executive within the Department for Business, Innovation & Skills ("ShEx"). The Board is required to notify ShEx of certain activities and capital commitments and to seek the consent of ShEx, as Shareholder, for certain actions, as set out in the Articles of Association.

A. BOARD COMPOSITION

1. The Board is made up of two executive directors and five non-executive directors, including the Chairman.

ROLE	INCUMBENT
Chairman (Chairman of Nominations Committee)	Alice Perkins CB
Senior Independent Director (Chairman of Remuneration Committee)	Neil McCausland (retail expertise)
Non-Executive Director (Chairman of Pension Committee)	Virginia Holmes (pensions expertise)
Non-Executive Director (Chairman of Audit, Risk & Compliance Committee)	Alasdair Marnoch (financial expertise)
Non-Executive Director	Tim Franklin (financial services expertise)
Non-Executive Director	Susannah Storey (Government appointee)
Chief Executive	Paula Vennells
CFO	Chris Day

2. The Company Secretary (Alwen Lyons) will act as Secretary to the Board.
3. The composition of the Board will be monitored by the Nominations Committee, which will make recommendations to the Board for the appointment or retirement of directors, taking into account the need for a diverse board membership with a range of appropriate skills and experience. All appointments will be subject to the consent of the Shareholder.

4. Non-Executive directors will form the majority of the Board. The term of office of each Non-Executive Director will be set by the Shareholder. Non-executive Directors will usually be appointed for a minimum period of three years. The initial term of office may be renewed for a further period but no Non-Executive Director shall serve for longer than [6] years.

B. BOARD MEETINGS

1. The Board shall meet as often as required. At least 8 Board meetings will be held each year.
2. In addition to regular Board meetings, separate Strategy sessions will be held twice a year.
3. The quorum for the transaction of business at a Board meeting shall be two directors (one Executive, one Non-Executive).
4. The Board may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously.
5. Meetings may be convened by the Secretary, at the request of the Chairman, or by any director, at any time.
6. Notice of each meeting shall be given to all directors and, unless there are special circumstances, shall be given at least 3 working days before each meeting.
7. The Secretary (or a nominated deputy) shall attend all Board meetings and keep minutes and records of all decisions and actions.
8. Other Post Office employees and/or external consultants may attend for part or the whole of any Board meeting at the invitation of the Chairman.
9. The Secretary will be accountable to the Chairman for the provision of relevant and timely information to the Board and for ensuring regular reporting from Board Committees and the Executive Committee to the full Board.
10. The Non-Executive Directors will meet twice at least once each year without the executive directors being present.

C. DUTIES AND RESPONSIBILITIES

1. In addition to its legal duties, the Board has the following specific responsibilities:
 - Setting the strategic direction of the Post Office
 - Establishment of the Post Office's vision and values
 - Setting the Company's risk appetite and ensuring a proper framework exists for the management of risk
 - Maintenance of proper accounting and tax records, as required by the Companies Act 2006
 - Maintenance of a sound system of internal control so that the Company can meet its statutory and regulatory obligations

- Maintenance of the reputation of the Post Office as a public institution, including consideration of new products and activities which may attract public interest or have an impact on the value of the Post Office brand
- Ensuring regular and active communications with the Shareholder, particularly on the Company's performance against the Strategic Plan and other key indicators
- Delegation of authority to Board Committees and to the Post Office Executive Committee, according to their respective Terms of Reference
- Formal evaluation of the performance of the Board, Board Committees and individual directors

2. The Board may delegate authority to the Executive Committee or to any Board Sub-Committee to deal with any particular matter or to complete a project or task on behalf of the Board. A Board Sub-Committee shall include both standing committees such as the Audit, Risk and Compliance Committee (ARC), the Nominations , Pension and Remuneration Committees and any ad-hoc sub-committees. The Board shall set out clearly the terms of reference of all such committees and shall receive reports on their activities, including copies of the minutes of committee meetings. Directors of the Board shall constitute the majority of members of any Board Sub-Committee.

D. SCHEDULE OF MATTERS RESERVED FOR BOARD DECISION

The following matters are reserved specifically for Board decision. Where indicated (*), the Board may delegate authority to a Board sub-committee to bring forward a recommendation for approval or to complete a project or task on behalf of the Board.

Section 1: Strategy and management

- Approval of the annual operating plan and budget
- Approval of the Strategic Plan to be submitted to Government and any changes to it
- Approval of the Funding Agreement with Government and monitoring of the achievement of milestones contained within the plan
- Approval of the criteria for measurement of performance (Key Performance Indicators) and annual review of such criteria
- Ensuring that any necessary corrective action is taken in the light of reviews of performance against budget and against the Strategic Plan and Funding Agreement
- Setting the policy for diversity, talent management and succession planning within Post Office
- Approval of any extension of the Group's activities into new business areas or outside the UK
- Any decision to cease to operate all or any material part of the Group's business

Section 2: Ownership, capital structure and constitution

- Consideration of any recommendations for major changes to the Group's ownership and/or control structure**(Mutualisation Committee)*
- Approval of changes to the Group's capital structure including any proposal to issue new classes of shares, to redeem, consolidate or redesignate existing shares or to reduce the share capital,

- Proposals for changes to the Articles of Association or other constitutional documents applicable to the Post Office from time to time
- Approval of the incorporation of any new Group company, partnership or joint venture entity, including any subscription or application for allotment of shares
- Approval for the dissolution of any Group company, partnership or joint venture entity.

Section 3: Financial reporting and controls

- Approval of the annual report and accounts, including any corporate governance statement and any specific reports required by Company law* *(Board-appointed sub-committee)*
- Approval of any half year financial report or trading statement for publication* *(Board-appointed sub-committee)*
- Approval and declaration of any dividends or other proposed distributions, subject to the Articles of Association and confirmation of the sufficiency of distributable reserves
- Approval of any significant changes in accounting policies or practices* *(ARC)*
- Approval of treasury and banking policies, including methods of mitigating against foreign currency exposure and any use of financial derivatives * *(ARC)*
- Monitoring of the independence of internal and external auditors * *(ARC)*
- Approval of the appointment or removal of the external auditor* *(ARC)*
- Ensuring that an effective risk management system is maintained as part of a sound system of internal controls and internal risk management * *(ARC)*

Section 4: Financial commitments

- Approval of major capital projects (above £3m)
- Approval of material contracts in the ordinary course of business and included in the operating plan (above £20m) and those arising which are not included in the operating plan (above £10m)
- Approval of all material contracts not in the ordinary course of business, including all strategic acquisitions and disposals
- Proposals to enter into financial instruments, bank borrowings and any proposed loan facility (above £20m).
- Any commitment involving the registration of a debenture, mortgage or charge against Post Office Limited assets (above £3m).
- Approval of major asset disposals (above £1m)
- Consideration of any material changes to pension arrangements for Post Office employees, in particular affecting the rate of contributions required to be made* *(Pension Committee)*
- Determination of the appropriate investment strategy for Post Office pension funds and monitoring of performance by the investment managers* *(Pension Committee)*

Section 5: Appointments and Senior Remuneration

- Recommendation of the appointment of any person as a Director * *(Nominations Committee)*
- Following receipt of consent from the Shareholder, formal appointment of any person as a Director, including the designation of an individual to serve as Chairman, Senior Independent Director, Chief Executive, CFO or Chair of any Board Sub-Committee
- Confirmation of the division of responsibilities between the Chairman and the Chief Executive
- Appointment and any termination of appointment of the Company Secretary
- Recommendations to the Shareholder on changes to remuneration policy and packages for Executive Directors * *(Remuneration Committee)*
- Recommendations to the Shareholder on fees to be paid to Non-Executive Directors
- Introduction of any long term incentive scheme and approval of the performance criteria and the amount of any awards to be made under any long term incentive scheme * *(Remuneration Committee)*
- Approval of any annual bonus schemes involving participation by Directors* *(Remuneration Committee)*
- Confirmation of the terms of any suspension or termination of service of an Executive Director as an employee of the Company, subject to the law and their Director's contract * *(Remuneration Committee)*
- Appointments to the Boards of subsidiary and joint venture companies
- Appointment of specified individuals to authenticate the Post Office Limited seal
- Appointment of the Group's principal professional advisers

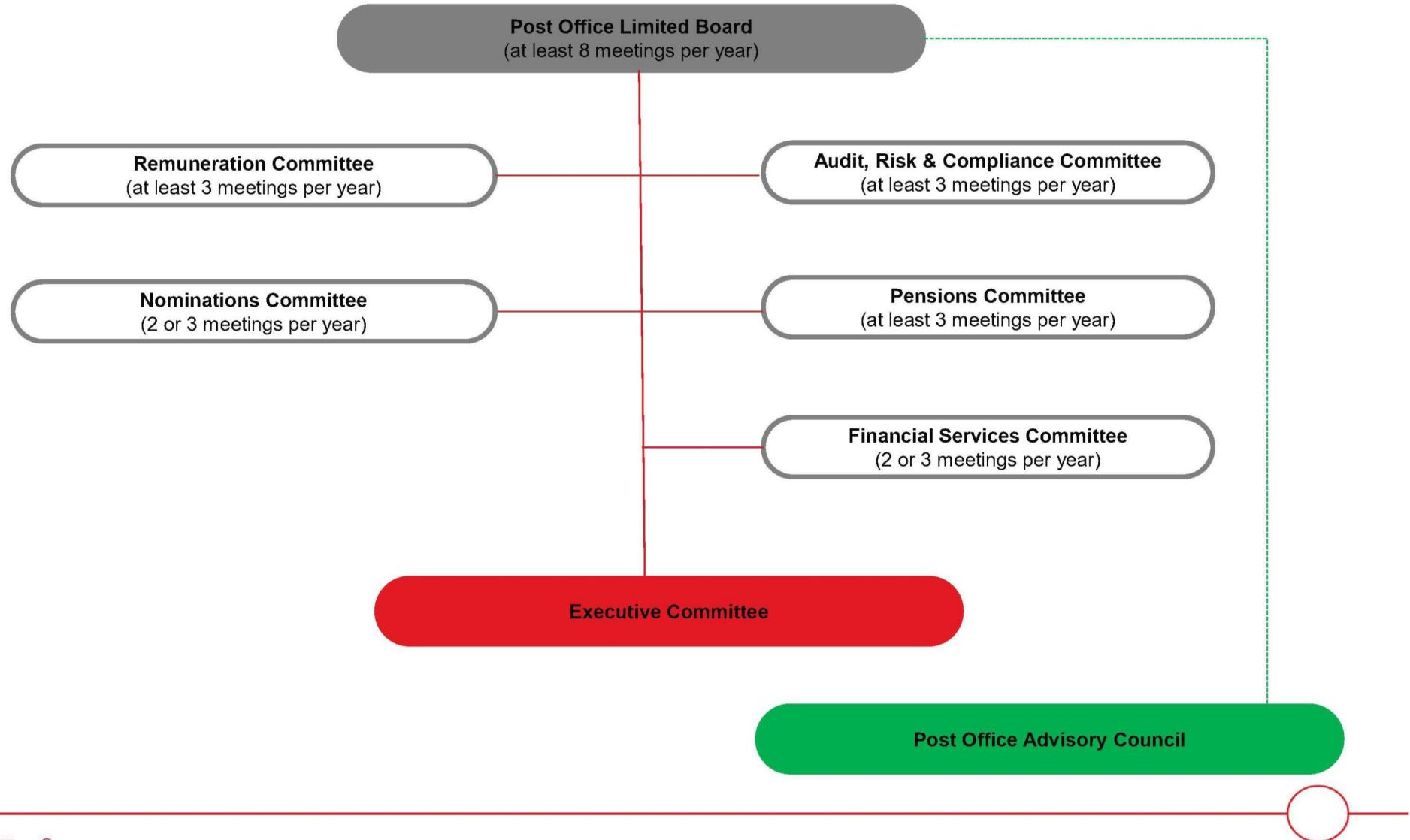
Section 6: Governance

- Ensuring delivery of the obligations on the Post Office set by the Postal Services Act 2011, including the publication of an annual Network Report and Postal Heritage Report
- Approval of the Group's overall corporate governance arrangements
- Performance evaluation of the Board, Board Sub-Committees and individual Board members (or confirmation of why this has not occurred).
- Approval of Group policies including, but not limited to, the Health and Safety Policy, Anti-Money Laundering Policy, Freedom of Information Policy, Whistle-Blowing policy and/or Code of Conduct and Anti-Corruption Policy
- Approval of the overall levels of insurance for the Group, including directors' and officers' liability insurance and any arrangements for indemnity of directors
- Decisions on the potential prosecution, defence or settlement of litigation involving potential costs of more than £m or being otherwise material to the interests of the Group
- Any proposal to make political donations
- Changes to the Schedule of Matters Reserved for Board decision.

January 2013



Post Office Limited Governance Structure



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POST OFFICE LTD

**Delegated Authorities for Remuneration Matters
(subject to Board approval)**

1.0 Purpose

- 1.1 To confirm delegated authorities for decisions relating to remuneration for Executive Directors and for Post Office employees below Board level.
- 1.2 This paper is predicated on the principle that the Remuneration Committee will make recommendations on their responsibilities, the Board will approve the decisions and ShEx will authorise their implementation.

2.0 Background

- 2.1 The Board will retain ultimate responsibility for approving the Post Office remuneration strategy.
- 2.2 Remuneration decisions need to be made company wide and delegated authorities therefore need to be updated to maintain fairness and to ensure that responsibilities are clear at all levels.
- 2.3 Post Office will uphold the principle that no individual should be able to determine his or her own remuneration.
- 2.4 For this reason, and in line with best practice in corporate governance, a remuneration sub-committee of the Board (RemCom) has been formed to recommend to the Board the remuneration strategy for the Senior Leadership¹. The latest version of the Committee's terms of reference is attached as Appendix 1.
- 2.5 The delegated authorities detailed in 3 and 4 below have been developed to supplement the terms of reference agreed for the RemCom but not to replace them.

3.0 RemCom Authorities

- 3.1 Membership of RemCom will be restricted to non-executive directors so that the Executive Directors will have no part in determining their own remuneration. The remuneration of non-executive directors will be set solely by ShEx.
- 3.2 RemCom will have unrestricted access to the HR team and to the Company Secretariat in relation to remuneration matters with the authority to obtain advice from independent remuneration consultants up to a financial level of £50,000 pa, or as otherwise determined by the Board.

¹ The Senior Leadership is defined as the Chief Executive, Executive Directors and Executive Committee positions which report directly to the Chief Executive.

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3.3 RemCom shall:

- 3.3.1. recommend the total remuneration strategy for the Chief Executive, Executive Directors and Executive Committee members, taking into account the remuneration policy generally set for other employees.
- 3.3.2 with the consent of the Secretary of State for Business, Innovation and Skills, determine each element of the total individual remuneration package (see 5.1) of the Chief Executive and other Executive Directors, both existing and for new hires, including increases in salary resulting from company pay increases, pension provision and the outturn of performance related pay arrangements and incentive schemes.

The Remuneration Committee will be informed of each element of the remuneration package and the total remuneration for any new hires and internal appointments proposed to carry a salary above the level of the lowest salary within the membership of the current Executive Committee. Pay increases which would result in an individual receiving remuneration above the level of the lowest Executive Committee salary will also be reported to the Remuneration Committee, for information.

- 3.3.3. determine each element of the total individual remuneration package of the Executive Directors and any Executive Committee members reporting directly to the Chief Executive, both for existing and for new hires (arrangements for new hires will be proposed in conjunction with the Nominations Committee).
- 3.3.4 recommend to the Board the design of new incentive schemes for the Executive Directors, Executive Committee and any other senior roles eligible to be invited to participate in a Long Term Incentive Plan.
- 3.3.5 review and agree the total remuneration and the outturn of performance related pay arrangements for the Senior Leadership and payments for the Executive Directors and Executive Committee subject to ShEx authorisation.
- 3.3.6 review the overall total remuneration packages for the Senior Leadership.
- 3.3.7 approve any exit package for any Executive Director, Executive Committee member and any other senior individual whose role carries a salary above the level of the lowest salary within the Executive Committee membership and where the exit package is in excess of contractual obligations.

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4.0 ExCo and Executive Authorities

4.1 ExCo shall:

- 4.1.1 approve the remuneration strategy for all employees below the Senior Leadership.
- 4.1.2 determine each element of the total individual remuneration package of the Senior Leadership Population and all employees.
- 4.1.3 delegate to the appropriate level of management authority the responsibility for base salary of their employees on recruitment, promotion and any merit increases within the overall policies determined by the Board
- 4.1.4 agree the outturn of performance related pay arrangements for all employees below Senior Leadership Population and approve payments.
- 4.1.5 approve the settlement of pay mandates and collective bargaining arrangements up to the limit of financial authority already delegated by the Board
- 4.1.6 propose to the Board and, where required, seek Board approval to propose to Shex, the adoption of longer term pay agreements outside the limits of ExCo's delegated authorities.

5.0 Total Remuneration Package

5.1 The elements that typically form an individual's remuneration package include, but are not restricted to:

- Base salary
- Short term incentive plan (annual bonus)
- Long term incentive plan
- Pension provision
- Benefits such as car, private health, holidays
- Contractual terms such as notice periods

6.0 Recommendation

6.1 The Board is asked to confirm the delegated authorities as described in 3 and 4 above.

Susan Crichton
January 2013

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Appendix 1

**POST OFFICE LIMITED
REMUNERATION COMMITTEE
TERMS OF REFERENCE**

PURPOSE

The purpose of the Remuneration Committee is to recommend to the board the remuneration strategy and any changes to individual elements of the remuneration package for executive directors of Post Office Limited, members of the Executive Committee who report directly to the Chief Executive and other significant senior level appointments with comparable remuneration, as determined by the Board. Any changes in remuneration for directors of Post Office Limited must be approved in advance by the Shareholder. The remuneration of the Chairman and of non-executive directors will be set by the Shareholder.

A. COMPOSITION AND GOVERNANCE

1. The Remuneration Committee is constituted as a sub-committee of the Board and its Chairman shall be appointed by the Board. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
2. Members of the Committee shall be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
3. The Committee shall be made up of at least two independent non-executive directors. Only non-executive directors shall be eligible to be members of the Committee such that no individual shall be involved in determining their own remuneration.
4. In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
5. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Remuneration Committee for a period of more than six years.
6. Only members of the committee have the right to attend Committee meetings. The Chief Executive and the HR and Corporate Services Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
7. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
8. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.

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9. If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.
10. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team;
11. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
12. The Committee shall have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
13. If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.
14. Training will be provided by the Company for members of the Committee, as required. Such training may take the form of internal briefings, attendance at formal courses and conferences and/or sessions with external advisers.
15. Members of the Committee shall conduct an annual review of the Committee's performance.

B. MEETINGS

1. The Committee shall meet as often as required but not less than three times each year. The Committee may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously.
2. The quorum necessary for the transaction of business shall be 2 members.
3. Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
4. Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

C. DUTIES AND RESPONSIBILITIES

The main duties and responsibilities of the Committee are:

1. to recommend to the Board the remuneration strategy for the Chief Executive, executive directors and those members of the Executive Committee who report directly to the Chief Executive, always taking into account the remuneration policy set for other employees;
2. with the consent of The Secretary of State for Business, Innovation and Skills, determine each element of the total individual remuneration package of the Chief Executive and other executive directors, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes.

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3. to determine the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:
 - base salary
 - short term incentive (annual bonus)
 - Long Term Incentive Plan
 - pension provision
 - benefits such as car or car allowance, private health, holidays
 - contractual terms such as notice periods
4. to keep under review the contractual terms applicable to executive directors such that payments made are fair to the individual and to the company, that success, rather than failure, is rewarded and that the duty to mitigate loss is fully recognised;
5. to work with the Nominations Committee in respect of new hires, such that the Remuneration Committee can recommend to the Board an appropriate level of remuneration which will attract talent but not be excessive;
6. to receive information on each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any member of the current Executive Committee;
7. to review the overall total remuneration of the Senior Group (defined as the Chief Executive, executive directors and members of the Executive Committee) compared both with external market comparators and with the remuneration of other employees in the Group;
8. to review and recommend to the Shareholder the implementation of, or changes to, performance related incentive schemes for the executive directors, Executive Committee members and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan;
9. to review and agree the criteria for, and the outturn of, performance related pay arrangements for executive directors and Executive Committee members, subject to authorisation from the Shareholder;
10. to review the total outturn of performance related pay arrangements across the business;
11. to approve any exit package for any individual with a salary above the lowest salary within the Executive Committee membership, where the exit package would be in excess of contractual obligations;
12. to undertake any other function delegated to the Committee by the full Board.

D. ANNUAL REVIEW

1. The Committee will undertake an annual review of the Terms of Reference and recommend to the Board any necessary changes.
2. These Terms of Reference were last reviewed in January 2013.

DELEGATED AUTHORITIES

Listed below are the delegated authorities for contract approvals, commitments of expenditure and implementation of change on the part of Post Office Limited.

	Planned Spend	Unplanned Spend	Value of Indemnities or Potential /Contractual Liabilities	Risk or brand impact
	<u>Value</u>	<u>Value</u>	<u>Potential cost</u>	<u>Description</u>
Shareholder Executive	>50m approval required only if the value of the spend is not in the ordinary course of business	>50m approval required only if the value of the spend is not in the ordinary course of business	-	-
Board	> £20m	> £10m	> £20m	Carries significant risk (ERM score 4) Attracts public and media interest Risk of impact on brand value New product Is likely to attract the interest of the Shareholder
POL IC or ExCo	£5m-£20m	£3m-£10m	£10m-£20m	Carries significant risk (ERM score 3) Attracts local public and media interest Impacts on customer experience Significant product changes
Chief Executive or CFO	£3m-£5m	£500,000-£3m	£1m-£10m	Includes significant indemnities to be given by Post Office Ltd
Member of Executive Committee	<£3m	<£500,000	£500,000-£1m	Consultancy and project work affecting more than one part of the business
Head of Security¹	-	<250k	-	-
Authorised Signatory²	<50k	<50k	<50k	Minimal impact on brand. Low risk.

¹ Authority has been delegated to the Head of Security for financial spend of up to £250k for use in security incidents where life is endangered. This is to be authorised by Chris Day or Chris Aujard if time permits.

² Different limits apply to Procurement Authorised signatories, as per the below

Procurement (supplier contracts and contract changes to supplier contracts only)

Potential or Contractual Liability	Description	Decision Maker	Authorised Signatory
£1m- £3m With potential or contractual liability under £500,000**	Higher level Procurement	Head of Commercial Finance and Procurement	Head of Procurement
£172,000* - £1m With potential or contractual liability under £100,000		Head of Category***	Band 4 or Head of Procurement Signatory
£50,000 - £172,000* With potential or contractual liability under £100,000	Routine Procurements below the EU PPR threshold.	Band 4 Procurement	Band 3A or Band 4 Procurement Signatory
<£50,000 With potential or contractual liability under £50,000		Band 4 Procurement	Contract Change Control Manager, Band 3A or Band 4 Procurement signatory

* Level intended to be the latest Sterling equivalent of the current EU PPR threshold of €207,000

** Contracts involving higher levels of potential or contractual liability will need to follow the Delegated Authorities set out in Section3

*** Heads of Category are, as at the time of writing, Richard Boyce, Fay Chandler and Robert Copeland. Sujai Jayaram is able to deputise for each in their absence.

Authority for Procurements and signature of binding commitments above these limits will fall within the delegated authorities set out in Table A above.

Contractual Liabilities	<p>Refer to the risks assumed by the business by entering into the terms of a contract. Such liabilities may be capped or limited to certain financial levels, but in some cases they may be unlimited or implied, rather than explicitly stated. Legal guidance should always be sought if there is any doubt.</p> <p>There are certain categories of loss which cannot be limited by law and others which, as common practice, are required for all contracts. These categories, which are listed below, are therefore excluded from the stated liability limits. However, the implications of these exclusions should be considered for all contracts and again legal guidance obtained if there is any doubt:</p> <p>Category A - Unlimited liabilities against certain categories of loss which cannot be limited by law:- Death, Personal Injury, Fraud, Fraudulent Misrepresentation</p> <p>Category B - Unlimited liabilities against certain categories of loss which reflect current market practice:- Breach of Confidentiality, Wilful Abandonment, Breach of 3rd Party Intellectual Property Rights, Breach of Anti-Bribery & Corruption policy</p> <p>Category B items will change from time to time. If you wish to deviate from them you must speak to Legal first.</p>
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**POST OFFICE LIMITED
NOMINATIONS COMMITTEE
TERMS OF REFERENCE**

PURPOSE

The purpose of the Nominations Committee is to recommend the appointment of individuals to the Board, to its sub-committees and to Executive Committee positions which report directly to the Chief Executive. The Committee will also consider and, if necessary, recommend to the Board any proposals to remove or replace individuals holding office as a Director or reporting directly to the Chief Executive. It is acknowledged that the actions of the Committee will be subject always to the Articles of Association of the Company, under which any proposal for the appointment or removal of a director of the Company requires the consent of the Shareholder.

A. COMPOSITION AND GOVERNANCE

1. The Nominations Committee is constituted as a sub-committee of the Board.
2. The Chairman and members of the Committee shall be appointed by the Board.
3. The Committee shall be made up of three members, including at least two independent non-executive directors.
4. The Chairman shall chair the Nominations Committee except when the Committee is considering succession to the Chairmanship; the Senior Independent Director shall chair any Nominations Committee dealing with the appointment of a successor Chairman.
5. In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
6. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Nominations Committee for a period of more than six years.
7. Only members of the committee have the right to attend Committee meetings. The Chief Executive and the Group People Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
8. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee (or shall nominate an appropriate substitute) and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
9. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
10. If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.

11. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team;
12. The Committee shall have authority to appoint executive search consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
13. If there should be disagreement between the Nominations Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved.
14. Members of the Committee shall conduct an annual review of the Committee's performance.

B. MEETINGS

1. The Committee shall meet as often as required but not less than twice each year. The Committee may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously.
2. The quorum necessary for the transaction of business shall be 2 members.
3. Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
4. Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

C. DUTIES AND RESPONSIBILITIES

The main duties and responsibilities of the Committee are:

1. to keep under review the structure, size and composition of the board (taking account of the skills, experience, knowledge and diversity of its members), to ensure that the key roles of Chairman, Chief Executive, Chief Financial Officer and Senior Independent Director are filled and to recommend changes to the Board's composition as thought necessary.
2. to monitor the independence, and process for evaluation of, Board sub-committees and the skills and experience available within the Board, in order to recommend new appointments to committees, or the replacement of individuals on those committees, as required from time to time.
3. to review the results of the performance appraisal of executive directors and the results of any committee evaluation process which may relate to the composition of the Board, any of its sub-committees or the Executive Committee.
4. to lead the process for identifying and nominating candidates for appointment to the Board, including the formulation and approval of appropriate role descriptions and specifications which seek to attract a wide range of talent and promote diversity within the organisation.

5. in the case of the proposed appointment of a new Chairman, to work with the Shareholder to prepare a full specification which reflects accurately the personal qualities, skills and experience and time commitment needed by the Business.
6. to consider for each proposed appointment the respective merits of open advertising and the use of specialist advisers to facilitate the search for appropriately qualified candidates
7. to review the processes for the engagement of external search agents for senior appointments
8. to consider recommendations made by the Chief Executive on appointments to Executive Committee positions which report directly to the Chief Executive and to ensure that a fair, open and transparent process is followed in identifying and interviewing candidates for Executive Committee positions.
9. to ensure that the business puts in place plans for development of potential and succession plans for key roles on the Board and on the Executive Committee, taking into account the challenges and opportunities facing the company and the skills and expertise needed for leadership of the Post Office in the future.
10. to review, on behalf of the Board, the progress of building talent and diversity within the Post Office and to report to the Board progress against the targets set for performance measurement in this area.
11. to ensure that any proposed appointee to the Board discloses other business interests and any potential conflict of interest, in line with the recommendations of the UK Corporate Governance Code and the precepts set by the Nolan Committee on Standards in Public Life.
12. to work with the Remuneration Committee in respect of new hires, to ensure that the proposed package for new senior appointments reflects the responsibilities of the role and is designed to attract talent but is not excessive.
13. to ensure that consent is sought from The Secretary of State for Business, Innovation and Skills for the appointment to the Board of any new director on terms agreed between the Nominations Committee and the Remuneration Committee.
14. to respond to any queries from the Shareholder on the processes for selection of candidates or the contractual terms proposed for any senior appointment.
15. to consider on behalf of the Board any matters relating to the continuation in office of any director or direct report of the Chief Executive, including the suspension or termination of any contract of employment or contract for services, subject to the provisions of the law.
16. to undertake any other oversight function delegated to the Committee by the full Board.

D. ANNUAL REVIEW

1. The Committee will undertake an annual review of the Terms of Reference and recommend to the Board any necessary changes.
2. These Terms of Reference were last reviewed in February 2014.

**POST OFFICE LIMITED
PENSION COMMITTEE
TERMS OF REFERENCE**

PURPOSE

The purpose of the Pension Committee is to make recommendations to the Board in respect of pensions and pre-retirement risk benefits provision within Post Office Ltd and to put into effect appropriate investment strategies for the Post Office Pension Fund (currently managed and administered within the Royal Mail Pension Plan ("RMPP")) on behalf of the Board and in line with the Board's investment beliefs.

A. COMPOSITION AND GOVERNANCE

1. The Pension Committee is constituted as a sub-committee of the Board.
2. The Chairman and members of the Committee shall be appointed by the Board.
3. The Committee shall be made up of three members, including at least two independent non-executive directors.
4. The Chairman of the Committee shall have recent and relevant experience of pensions or investment management.
5. In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
6. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no non-executive director may serve as a member of the Pension Committee for a period of more than six years.
7. Only members of the committee have the right to attend Committee meetings. The Group People Director (or the holder of any position(s) equivalent to those of General Counsel and HR Director), nominated representatives of the Finance and HR departments and the external Pensions Investment Adviser shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate. A representative of the Trustee will be invited to attend at least one Committee Meeting each year to discuss investment management performance.
8. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee (or shall nominate an appropriate substitute) and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
9. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
10. If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.

11. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team;
12. The Committee shall have authority to appoint executive advisers and consultants and to obtain, at the Company's expense, actuarial, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
13. Members of the Committee shall conduct an annual review of the Committee's performance.

B. MEETINGS

1. The Committee shall meet as often as required but not less than three times each year. The Committee may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously.
2. The quorum necessary for the transaction of business shall be 2 members.
3. Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
4. Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

C. DUTIES AND RESPONSIBILITIES

The main duties and responsibilities of the Committee are:

1. to keep under review the funding levels of the Post Office sections within the RMPP (the "Fund") and the contribution rates required from the employer and employees to ensure that the Fund can meet its liabilities and sustain the payment of benefits
2. to ensure that regular meetings are held with the Trustee and report to the Board on any significant outcomes from those meetings
3. to provide regular reports to the Board on the financial position of the Fund, highlighting the need for any changes to contribution levels, benefits or eligibility to participate and recommending strategies for deficit recovery if required
4. to make recommendations to the Board on the design and structure of Post Office pension arrangements and associated life assurance and income protection arrangements; specifically, the introduction of new or significantly revised pension schemes will need to be investigated fully by the Pension Committee before seeking Board approval
5. to review on behalf of the Board the strategic investment strategy for the Fund
6. to determine on behalf of the Board and review at least annually the preferred asset allocation within the Fund and communicate any proposed changes of investment strategy to the Trustee
7. to communicate to the Trustee the Committee's aims in recommending any particular investment, strategy, including any required rate of return objective and/or risk profile

8. to review with the Trustee the reappointment and/or replacement of investment managers to manage the assets of the Fund
9. to monitor investment performance on a six-monthly basis, net of investment management costs, for the active part of the portfolio
10. to monitor fees for investment management, custodianship and administration and professional advice, including actuarial and consultancy fees and to make adjustments as deemed appropriate, including making recommendations to the Board for re-tendering of contracts
11. to recommend the appointment of pensions advisers and consultants and agree their remuneration (up to a maximum annual limit of expenditure of £1 million)
12. with the benefit of independent pensions investment advice, to take such steps as may deemed necessary to protect assets of the Fund from increases in liability which might prejudice its long term sustainability
13. to investigate, on behalf of the Board, the implications of any proposed additional discretionary benefits
14. to review and recommend to the Board the pensions accounting assumptions to be used in preparation of the annual accounts of Post Office Limited
15. to review any proposed amendments to trust deeds affecting Post Office Limited or the Post Office Fund(s)
16. to ensure that proper arrangements are made for issuing invitations to join the scheme or making automatic enrolments where required by law, for nominating employee representatives to fulfil statutory requirements and for proper administration of members' records for the Fund
17. to consider on behalf of the Board and in conjunction with the Remuneration Committee any matters relating to proposed pension provision for directors or direct reports of the Chief Executive or any other senior appointments which may involve atypical pension arrangements
18. to undertake any other oversight function delegated to the Committee by the full Board.

D. ANNUAL REVIEW

1. The Committee will undertake an annual review of the Terms of Reference and recommend to the Board any necessary changes.
2. These Terms of Reference were last reviewed in March 2014.



Post Office Limited Board
Financial Services Sub-Committee
Terms of Reference

Summary

The Post Office Board Sub-Committee on Financial Services is a group, established by the Post Office Limited Board, to provide guidance on, oversight of and authorisation to the development of the Post Office's financial services programmes and activities, including those of First Rate Exchange Services Limited ("FRES"), a 50% joint venture with Bank of Ireland, within the strategic framework as agreed by the Post Office Limited Board.

The Sub-Committee has the delegated authority of the Post Office Limited Board for Financial Services matters.

1. Meeting Frequency:

- At least quarterly but can meet more frequently as required to facilitate effective and timely actions and decisions

2. Chair:

- The Chair should be a non-executive director of Post Office Limited.
- Tenure should be for an initial term of 2 years
- The Chair is responsible for reporting to the Post Office Limited Board, including any escalation of issues that require full Board approval

3. Members:

- Members of the Sub-Committee should be non-executive and executive members of the Post Office Limited Board
- It is proposed that the Sub-Committee consists of three members:
 - Virginia Holmes non-executive Director (Chair)
 - Tim Franklin non-executive Director
 - Chris Day executive Director (CFO of the Post Office)
- It is expected that the Director – Financial Services and the General Counsel will both attend but will not be members
- Operational and finance management representatives may be invited to attend as required. Any ad hoc attendees to be approved by the Chair prior to the meeting.
- Secretary

4. Secretariat:

- The Secretary will be provided by the Company Secretariat.

5. Quorum:

- A minimum of 2 members
- Decisions need to be made by a majority of the members although it is not anticipated that matters will be taken to a vote.



6. Delegated Authorities

Planned Spend	Unplanned Spend	Value of Indemnities or Potential /Contractual Liabilities	Risk or brand impact
<u>Value</u>	<u>Value</u>	<u>Potential cost</u>	<u>Description</u>
> £20m	> £10m	> £20m	Carries significant risk (ERM score 4) Attracts public and media interest Risk of impact on brand value New product Is likely to attract the interest of the Shareholder

7. Core Responsibilities:

- Review key activities of the Financial Services strategic programme, including those activities of FRES, as presented and agreed at Post Office Limited Board
- Oversight of the Bank of Ireland (UK) plc capital and liquidity for Eagle Contract requirements
- Provide guidance to the Financial Services management team
- Consider Risk Management matters prior to consideration and decision by Audit, Risk & Compliance Committee
- Provide authorisation to proceed with contractual agreements for new products, services and suppliers and changes to existing agreements in accordance with the existing mandate and delegated authority limits of the Post Office Limited Board
- Receive a quarterly report on Financial Services, including a copy of the Risk Register – this will be noted at the Post Office Limited Board along with minutes and actions
- Annual Review of the Sub-Committee's effectiveness

8. Inputs:

- Business performance reports
- Focused papers from Financial Services management on key activities requiring approval to proceed

9. Outputs:

- Key decisions and actions from the meeting
- Report to the Post Office Limited Board on decisions/actions taken
- Quarterly report on Financial Services performance to the Post Office Limited Board
- Risk management matters to be referred to the Audit, Risk & Compliance Committee
- Issues/decisions to be referred to the Post Office Board.

Approved by the Financial Services Sub-Committee 27 January 2014

**POST OFFICE LIMITED
REMUNERATION COMMITTEE
TERMS OF REFERENCE**

PURPOSE

The purpose of the Remuneration Committee is to recommend to the board the remuneration strategy and any changes to individual elements of the remuneration package for executive directors of Post Office Limited, members of the Executive Committee who report directly to the Chief Executive and other significant senior level appointments with comparable remuneration, as determined by the Board. Any changes in remuneration for directors of Post Office Limited must be approved in advance by the Shareholder. The remuneration of the Chairman and of non-executive directors will be set by the Shareholder.

A. COMPOSITION AND GOVERNANCE

1. The Remuneration Committee is constituted as a sub-committee of the Board and its Chairman shall be appointed by the Board. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
2. Members of the Committee shall be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
3. The Committee shall be made up of at least two independent non-executive directors. Only non-executive directors shall be eligible to be members of the Committee such that no individual shall be involved in determining their own remuneration.
4. In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
5. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Remuneration Committee for a period of more than six years.
6. Only members of the committee have the right to attend Committee meetings. The Chief Executive and the Group People Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
7. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
8. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
9. If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.

10. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team;
11. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
12. The Committee shall have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
13. If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.
14. Training will be provided by the Company for members of the Committee, as required. Such training may take the form of internal briefings, attendance at formal courses and conferences and/or sessions with external advisers.
15. Members of the Committee shall conduct an annual review of the Committee's performance.

B. MEETINGS

1. The Committee shall meet as often as required but not less than three times each year. The Committee may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously.
2. The quorum necessary for the transaction of business shall be 2 members.
3. Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
4. Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

C. DUTIES AND RESPONSIBILITIES

The main duties and responsibilities of the Committee are:

1. to recommend to the Board the remuneration strategy for the Chief Executive, executive directors and those members of the Executive Committee who report directly to the Chief Executive, always taking into account the remuneration policy set for other employees;
2. with the consent of The Secretary of State for Business, Innovation and Skills, determine each element of the total individual remuneration package of the Chief Executive and other executive directors, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes.
3. to determine the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:

base salary
short term incentive (annual bonus)
Long Term Incentive Plan
pension provision
benefits such as car or car allowance, private health, holidays
contractual terms such as notice periods

4. to keep under review the contractual terms applicable to executive directors such that payments made are fair to the individual and to the company, that success, rather than failure, is rewarded and that the duty to mitigate loss is fully recognised;
5. to work with the Nominations Committee in respect of new hires, such that the Remuneration Committee can recommend to the Board an appropriate level of remuneration which will attract talent but not be excessive;
6. to receive information on each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any member of the current Executive Committee;
7. to review the overall total remuneration of the Senior Group (defined as the Chief Executive, executive directors and members of the Executive Committee) compared both with external market comparators and with the remuneration of other employees in the Group;
8. to review and recommend to the Shareholder the implementation of, or changes to, performance related incentive schemes for the executive directors, Executive Committee members and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan;
9. to review and agree the criteria for, and the outturn of, performance related pay arrangements for executive directors and Executive Committee members, subject to authorisation from the Shareholder;
10. to review the total outturn of performance related pay arrangements across the business;
11. to approve any exit package for any individual with a salary above the lowest salary within the Executive Committee membership, where the exit package would be in excess of contractual obligations;
12. to undertake any other function delegated to the Committee by the full Board.

D. ANNUAL REVIEW

1. The Committee will undertake an annual review of the Terms of Reference and recommend to the Board any necessary changes.
2. These Terms of Reference were last reviewed in February 2014.

POST OFFICE LIMITED

Roles and Responsibilities

The Board is collectively responsible, within its delegated powers from the Shareholder for the long term success, reputation and sustainability of the Post Office.

Chairman

The principal duty of the Chairman is to lead the Board in setting the strategic direction of the Post Office and holding the Chief Executive and her team to account for delivering it.

The Chairman is responsible for:-

- Leading the Board to ensure that the organisation's strategy is clear, takes account of key developments in the marketplace and is underpinned by clear performance criteria against which success is regularly monitored;
- Leading the Board in such a way that it considers the right issues, at the right time, on the basis of appropriate information; and engaging all the Directors so as to maximise their effectiveness, individually and collectively;
- Supporting and challenging the Chief Executive in developing and delivering the strategy, setting clear objectives for her performance and personal development, monitoring achievement and providing her with a sounding board; and
- Managing the relationships with key stakeholders – in particular, understanding the priorities of the Shareholder and communicating to the Shareholder the key actions being taken by the Post Office to deliver the agreed strategy.

Underpinning these responsibilities, the Chairman will:

- Build constructive relationships between Executive and Non-Executive directors
- Manage Board discussions so that all present can make an effective contribution and no single individual or clique dominates
- Manage any conflicts of interest which may arise at Board level
- Ensure that all Directors receive appropriate induction and ongoing training according to their needs and that orderly succession planning is in place
- Promote good corporate governance, taking all necessary steps to maintain high standards and the public reputation of the Post Office
- In the event of a vacancy arising, lead the selection of the Chief Executive, with the agreement of the Board and the Shareholder
- Ensure that succession plans are in place for key leadership positions within the Post Office
- Undertake regular evaluations of Board performance and effectiveness, pursuing the action points arising from such evaluations

Chief Executive

The Chief Executive is responsible to the Board for leading the development of the Post Office's strategy; communicating it internally and externally, once it has been approved; and leading the organisation to deliver it.

Underpinning these responsibilities, the Chief Executive will:

- Develop a clear vision for approval by the Board and support this with operational business plans to achieve the financial and performance targets set in each financial and Government reporting period
- Set, communicate and demonstrate the values and ethos of the Post Office, including regular review of the Post Office "vision"
- Lead and continue to develop the Executive Committee and, through them, the Senior Leadership Team and executive management of the Post Office, to provide strong and effective leadership for the business on a day to day basis
- Safeguard the resources available to the Post Office and raise with the Board any need for significant further investment or support from the Government shareholder
- Report to the Board on progress against targets, implement remedial action where necessary and promote any necessary changes to the Strategic Plan
- Represent the Post Office in public
- Build relationships with stakeholders, with Government, with the media and with a wide range of interest groups and organisations to promote the long term success of the Post Office
- Monitor developments in government and market trends and key risks for Post Office's business position
- Ensure close liaison with Royal Mail Group on matters concerning public service obligations re mail deliveries and compliance with the Postal Services Act 2011