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EC2Y 9AQ

Tel. **GRO**

**PRIVATE AND CONFIDENTIAL**

Tim Parker

**GRO**

*5th June*  
[ ] June 2015

Dear Tim,

**Letter of appointment**

Following the recommendation of the nomination committee, the board of directors (**Board**) of Post Office Limited (**Company**) is pleased to hear that you have accepted our offer to join the Board as independent non-executive chairman.

This letter sets out the main terms of your appointment. If you are unhappy with any of the terms, or need any more information, please let me know.

By accepting this appointment, you agree that this letter is a contract for services and is not a contract of employment and you confirm that you are not subject to any restrictions which prevent you from holding office as a director.

**1. APPOINTMENT**

- 1.1 Subject to the remaining provisions of this letter, your appointment shall be for an initial term of three years commencing on 1 October 2015 until the Board meeting occurring approximately three years from that date unless terminated earlier by either party giving to the other six months' prior written notice. Following the initial term, the term may be extended by a further period of three years in accordance with paragraph 1.4 below, subject to the Board being satisfied that it is appropriate to make such an offer.
- 1.2 Your appointment is subject to the Company's articles of association, as amended from time to time (**Articles**). Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you

- 1.7 On termination of your appointment, you shall, at the Company's request, resign from your office as chairman of the Company and any offices you hold in any of the Company's group companies.
- 1.8 If matters arise which cause you concern about your role, you should discuss these matters with the chief executive or senior independent director. If you have any concerns which cannot be resolved, and you choose to resign for that, or any other, reason, you should provide an appropriate written statement to the chief executive or the senior independent director for circulation to the Board.

## **2. TIME COMMITMENT**

- 2.1 You will be expected to devote such time as is necessary for the proper performance of your duties. Overall we anticipate that you will spend a minimum of 1.5 days a week on work for the Company after the induction phase referred to in paragraph 8. This will include attendance at eight scheduled Board meetings per year, the AGM (if one is called), one annual Board away day event a year (which may span over two days), at least one site visit a year, Board dinners, meetings with the non-executive directors, meetings with representatives of the Special Shareholder, meetings forming part of the Board evaluation process and updating and training meetings. Some of these meetings may involve overseas travel. In addition, you will be required to consider all relevant papers before each meeting. Unless urgent and unavoidable circumstances prevent you from doing so, it is expected that you will attend such of the meetings outlined in this paragraph as may be required.
- 2.2 The nature of the role makes it impossible to be specific about the maximum time commitment. You may be required to devote additional time to the Company in respect of preparation time and ad hoc matters which may arise and particularly when the Company is undergoing a period of increased activity. At certain times it may be necessary to convene additional Board, committee or shareholder meetings.
- 2.3 The overall time commitment stated in paragraph 2.1 will increase if you become a committee member or chair, or if you are given additional responsibilities, such as being appointed as non-executive director on the board of any of the Company's subsidiaries or joint ventures. Details of the expected increase in time commitment will be covered in any relevant communication confirming the additional responsibility.

- (d) the impact of the Company's operations on the community and the environment;
  - (e) the desirability of the Company maintaining a reputation for high standards of business conduct; and
  - (f) the need to act fairly as between the members of the Company.
- 3.5 You shall have particular regard to the Financial Reporting Council's UK Corporate Governance Code and associated Guidance on Board Effectiveness in respect of the role of the Board and the role of the non-executive director and chairman.
- 3.6 In your role as a non-executive director, you shall also be required to:
- (a) constructively challenge and help develop proposals on strategy;
  - (b) scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance;
  - (c) satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible;
  - (d) be responsible for determining appropriate levels of remuneration of executive directors and have a prime role in appointing and, where necessary, removing senior management and in succession planning;
  - (e) devote time to developing and refreshing your knowledge and skills;
  - (f) uphold high standards of integrity and probity and support the executive directors in instilling the appropriate culture, values and behaviours in the boardroom and beyond;
  - (g) insist on receiving high-quality information sufficiently in advance of Board meetings;
  - (h) take into account the views of shareholders and other stakeholders where appropriate;
  - (i) make sufficient time available to discharge your responsibilities effectively;
  - (j) exercise relevant powers under, and abide by, the Articles;
  - (k) disclose the nature and extent of any direct or indirect interest you may have in any matter being considered at a Board or committee meeting and, except as permitted under the Articles you will not vote on any resolution of the Board, or of one of its committees, on any matter where you have any direct or indirect interest;

- (k) ensure that the Board receives accurate, timely and clear information;
  - (l) ensure effective communication with shareholders and other stakeholders and that directors are made aware of the views of those who provide the Company's capital;
  - (m) promote a culture of mutual respect, openness and debate by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors;
  - (n) ensure that the new directors participate in a full, formal and tailored induction programme;
  - (o) regularly review and agree with each director their training and development needs;
  - (p) ensure that the performance of the Board, its committees and individual directors is evaluated at least once a year and act on the results of such evaluation; and
  - (q) be aware of and respond to your own development needs.
- 3.9 You shall be entitled to request all relevant information about the Company's affairs as is reasonably necessary to enable you to discharge your duties.

#### **4. FEES AND EXPENSES**

- 4.1 You shall be paid an annual fee of £75,000 gross (current at the date of this letter), which shall be paid in equal instalments monthly in arrear through PAYE after deduction of any taxes and other amounts that are required by law, which shall be subject to a periodic review by the Board. This fee covers all duties, including service on any Board committee or Company subsidiary, with the exception of committee chairmanships and certain additional responsibilities. (current at the date of this letter) for taking on chairmanship of the nominations committee, to be paid through PAYE in equal instalments monthly in arrear after deduction of any taxes and other amounts that are required by law, and which shall be subject to an periodic review by the Board.
- 4.2 The Company shall reimburse you for all reasonable and properly documented expenses that you incur in performing the duties of your office. The procedure and other guidance in respect of expense claims is available from the company secretary.



confidential information which may (other than by reason of your breach) become available to the public generally.

- 7.2 You acknowledge the need to hold and retain Company Information (in whatever format you may receive it) under appropriately secure conditions.
- 7.3 Nothing in this paragraph 7 shall prevent you from disclosing information which you are entitled to disclose under the Public Interest Disclosure Act 1998, provided that the disclosure is made in accordance with the provisions of that Act and you have complied with the Company's policy from time to time in force regarding such disclosures.

#### **8. INDUCTION**

After the commencement of your appointment, the Company will provide a comprehensive, formal and tailored induction (which may, but is unlikely to involve overseas travel). We will arrange for site visits and meetings with senior and middle management and the Company's auditors. We may also arrange for representatives from the Special Shareholder the opportunity to meet you. You will be expected to make yourself available during your first year of appointment for not less than a further 10 days (in addition to the time commitment outlined paragraph 2.1) for the purposes of the induction. The company secretary will contact you with further details.

#### **9. TRAINING**

On an ongoing basis, and further to the annual evaluation process, the Company will arrange for you to develop and refresh your skills and knowledge in areas which are mutually identified as being likely to be required, or of benefit to you, in carrying out your duties effectively. You should try to make yourself available for any relevant training sessions which may be organised for the Board.

#### **10. REVIEW PROCESS**

The performance of individual directors and the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern about your role you should discuss them with the chief executive as soon as you can.

which is (or intends to be) in competition with any business being carried on by the Company or any company in the Company's group.

## **16. DATA PROTECTION**

- 16.1 By signing this letter you consent to the Company holding and processing data about you for legal, personnel, administrative and management purposes and in particular to the processing of any **sensitive personal data** (as defined in the Data Protection Act 1998) relating to you including, as appropriate:
- (a) information about your physical or mental health or condition in order to monitor sick leave and take decisions as to your fitness to perform your duties; or
  - (b) your racial or ethnic origin or religious or similar beliefs in order to monitor compliance with equal opportunities legislation; or
  - (c) information relating to any criminal proceedings in which you have been involved for insurance purposes and in order to comply with legal requirements and obligations to third parties; or
- 16.2 You consent to the Company making such information available to any of its group companies, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, potential or future employers, governmental or quasi-governmental organisations and potential purchasers of the Company or the business in which you work.
- 16.3 You also consent to the transfer of such information to the Company's or any group company's business contacts outside the European Economic Area in order to further their business interests even where the country or territory in question does not maintain adequate data protection standards.
- 16.4 You shall comply with the Company's data protection policy, a copy of which is available from the company secretary.
- 16.5 The Company may change its data protection policy at any time and will notify you in writing of any changes.

## **17. THIRD PARTY RIGHTS**

No one other than you and the Company shall have any rights to enforce the terms of this letter.

I agree to the above terms of my appointment as a non-executive chairman of Post Office Limited as set out in this letter.

Signed on *6th June* 2015 by Tim Parker

**GRO**

