

Rachel Scarrabelotti
Company Secretary
Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

PRIVATE AND CONFIDENTIAL

By email: Lorna.Gratton

GRO

Lorna Gratton

UKGI
1 Victoria Street
Westminster
London
SW1H 0ET

11 May 2023

Dear Lorna,

Letter of appointment

Following confirmation of consent from the Special Shareholder (as defined in the Company's articles of association, as amended from time to time ("**Articles**")), the Board of Directors ("**Board**") of Post Office Limited ("**Company**") approved your appointment as the representative on the Board for the Secretary of State for Business, Energy and Industrial Strategy ("**Secretary of State**") by written resolution on 6 April 2023.

This letter sets out the terms of your appointment as a Non-Executive Director ("**NED**") of the Company and sets out the only payments you will receive for performing your duties.

This letter is a contract for services and is not a contract of employment and in signing you are confirming that you are not subject to any restrictions which prevent you from holding office as a director or from joining the Company in the capacity envisaged in this letter (including without limitation any non-competition restrictive covenant).

1. APPOINTMENT

- 1.1 Subject to the remaining provisions of this letter, your appointment commences on 12 May 2023. You may resign this appointment by giving three months' written notice to the Chairman and to the Secretary of State. If you have given written notice, the Chairman

and the Secretary of State may, at their absolute discretion, elect to terminate your appointment earlier than the expiry of your notice period. Your appointment can be terminated by the Company giving three months' notice to you.

- 1.2 Your appointment as a NED is made on behalf of the Secretary of State, but in all other respects is subject to the provisions of the Companies Act 2006, the Articles and the governance framework for the Company (as updated from time to time) in the same way as other directors. Nothing in this letter shall be taken to exclude or vary the terms of the Articles as they apply to you as a director of the Company.
- 1.3 As the NED appointed by the Special Shareholder to represent the Secretary of State's interests, it is for the Secretary of State to determine your period of appointment; however, the duties that apply to directors shall apply equally to you as a director of POL.
- 1.4 Continuation of your appointment is contingent on your continued satisfactory performance and any relevant statutory provisions relating to removal of a director. If you are retired from office or your office of director is otherwise vacated under the Articles, your appointment shall terminate automatically, with immediate effect and without compensation.
- 1.5 You may be required to serve on one or more Board committees from time to time. On commencement you will be appointed to serve on the Company's Historical Remediation Committee, the Nominations Committee, the Remuneration Committee, and the Audit, Risk and Compliance Committee. You will be provided with the relevant terms of reference as part of your induction materials.
- 1.6 Notwithstanding paragraph 1.1 to paragraph 1.5, the Company may terminate your appointment with immediate effect if you have:
 - a) committed a material breach of your obligations under this letter;
 - b) committed any, serious or repeated breach or non-observance of your obligations to the Company (which include an obligation not to breach your statutory, fiduciary or common law duties);
 - c) been guilty of any fraud or dishonesty or acted in any manner which, in the Company's opinion, brings or is likely to bring you or the Company into disrepute or is materially adverse to the Company's interests;

- d) been convicted of an arrestable criminal offence (other than a road traffic offence for which a fine or non-custodial penalty is imposed);
 - e) been declared bankrupt or have made an arrangement with or for the benefit of your creditors; or if you have a county court administration order made against you under the County Courts Act 1984;
 - f) been disqualified from acting as a director; or
 - g) not complied with the Company's anti-corruption and bribery policy and procedures or the Bribery Act 2010, or the Company's Protecting Personal Data Policy. For copies of the aforementioned policies, please contact the Company Secretary.
- 1.7 The rights of the Company under paragraph 1.6 are without prejudice to any other rights that the Company may have at law to terminate the appointment or to accept breach of the terms of this letter on your part as having brought the appointment to an end. Any delay by the Company in exercising its rights to terminate shall not constitute a waiver of these rights.
- 1.8 Should the Company be dissolved, restructured or wound up during the period of your appointment in respect of the Company, the appointment would, of course, also cease with effect from that dissolution or such other date as is specified in any relevant legislation.
- 1.9 On termination of your appointment, you shall, at the Company's request, resign from your office as an independent Non-Executive Director of the Company and any offices you hold in any Group Companies.
- 1.10 If matters arise which cause you concern about your role, you should discuss these matters with the Chairman or Chief Executive. 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. As the appointee of the Special Shareholder you are also required to tender your resignation to the Secretary of State.

2. TIME COMMITMENT

- 2.1 You will be expected to devote such time as is necessary for the proper performance of your duties as a director. Overall we anticipate that you will spend a minimum of 2 days a month 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, one annual Board away day event a year (which may span over two days), at least one site visit a year, Board dinners, meetings forming part of the Board evaluation process, meetings of the committees on which you serve and training meetings. 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 or committee meetings.
- 2.3 The overall time commitment stated in paragraph 2.1 will increase if you become a member of any other committees.
- 2.4 By accepting this appointment, you confirm that, taking into account all of your other commitments, you are able to allocate sufficient time to the Company to discharge your responsibilities effectively. You should obtain the agreement of the Chairman before accepting additional commitments that might affect the time you are able to devote to your role as NED of the Company.

3. ROLE AND DUTIES

- 3.1 The Board as a whole is collectively responsible for the success of the Company. The Board's role is to:
 - a) provide entrepreneurial leadership of the Company within a framework of prudent and effective controls which enable risk to be assessed and managed;
 - b) set the Company's strategic aims, ensure that the necessary financial and human resources are in place for the Company to meet its objectives, and review management performance; and
 - c) set the company's values and standards and ensure that its obligations to its shareholders and others are understood and met.

- 3.2 As a NED you shall have the same general legal responsibilities to the Company as any other director. You are expected to perform your duties (whether statutory, fiduciary or common law) faithfully, diligently and to a standard commensurate with the functions of your role and your knowledge, skills and experience.
- 3.3 You shall exercise your powers in your role as a NED having regard to relevant obligations under prevailing law and regulation, including the Companies Act 2006 and the UK Corporate Governance Code and associated guidance.
- 3.4 You shall have particular regard to the general duties of directors in Part 10 of the Companies Act 2006, including the duty to promote the success of the Company under which all directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing so, as a director, you must have regard (among other matters) to:
- a) the likely consequences of any decision in the long term;
 - b) the interests of the Company's employees;
 - c) the need to foster the Company's business relationships with suppliers, customers and others;
 - 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.
- 3.6 You shall have regard to the principles set out in relevant sections of guidance documents set out in Framework Agreements agreed between the parties from time to time, currently listed in Appendix 2 of the Company's 'Shareholder Relationship Framework Document'.
- 3.7 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 of 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) satisfy yourself as to the Company's ongoing and consistent compliance with any regulatory responsibilities;
- h) insist on receiving high-quality information sufficiently in advance of Board meetings;
- i) take decisions objectively in the interests of the Company and not do anything which is harmful to the Company or its business;
- j) take into account the views of shareholders, including but not limited to views of the Special Shareholder communicated annually by way of a letter to the Chair, and other stakeholders where appropriate;
- k) make sufficient time available to discharge your responsibilities effectively;
- l) exercise relevant powers under, and abide by, the Articles;
- m) 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;

- n) immediately report your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company of which you become aware to the Senior Independent Director;
- o) exercise your power as a director in accordance with the Company's policies and procedures, internal control framework and the Bribery Act 2010;
- p) not do anything that would cause you to be disqualified from acting as a director; and
- q) have regard to Framework Agreements entered into with the Special Shareholder from time to time.

- 3.8 In addition to your role as a Non-Executive Director, you will have additional responsibilities in your role on the committees referred to at paragraph 1.5. You will be provided with further details and copies of the relevant terms of reference as part of your induction materials.
- 3.9 Unless the Board specifically authorises you to do so, you shall not enter into any legal or other commitment or contract on behalf of the Company.
- 3.10 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. REMUNERATION AND EXPENSES

- 4.1 You will not be paid a fee for this role. Accordingly, no remuneration or other benefits will be provided and you will not participate in any of the Company's remuneration or benefit programmes, arrangements, schemes or plans.
- 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.
- 4.3 On termination of your appointment, you shall only be entitled to reimbursement in the normal way of any expenses properly incurred before that date.

5. INDEPENDENT PROFESSIONAL ADVICE

- 5.1 In some circumstances you may consider that you need professional advice in the furtherance of your duties as a director and it may be appropriate for you to seek advice from independent advisers at the Company's expense. A copy of the Board's agreed procedure under which directors may obtain such independent advice is available from the Company Secretary. The Company shall reimburse the reasonable cost of expenditure incurred by you in accordance with the Company's Conflicts of Interest Policy a copy of which can be requested from the Company Secretary. Please note that the Company will not cover the cost of advice for you in a personal capacity but only in relation to the performance of your role as a Non-Executive Director.

6. OUTSIDE INTERESTS

- 6.1 You have already disclosed to the Board the commitments you have outside your role in the Company. You must inform the Chief Executive in advance of any changes to these commitments. In certain circumstances, you may have to seek the Board's agreement before accepting further commitments which either might give rise to a conflict of interest or a conflict with any of your duties to the Company, or which might impact on the time that you are able to devote to your role at the Company.
- 6.2 It is accepted and acknowledged that you have business interests other than those of the Company and have declared any conflicts that are apparent at present. If you become aware of any further potential or actual conflict of interest, these should be disclosed to the Chairman and Company Secretary as soon as you become aware of them and you must agree with them any steps or protocols necessary to prevent, minimise or mitigate the risk of such conflict of interest, which may include recusing yourself from meetings or parts of meetings of the Board, agreeing not to receive information on specific topics or agreeing not to participate in Board discussions or vote in relation to specific topics.
- 6.3 All information on potential conflicts of interest will be held by the Company and could be disclosed to the public under the Freedom of Information Act 2000. In entering into this agreement and accepting this appointment you thereby consent to this disclosure.
- 6.4 You are expected to ensure that any acceptance of gifts and hospitality can stand up to public scrutiny. Gifts should be declined

wherever possible, and any offers should be reported to the Company Secretary.

7. CONFIDENTIALITY

- 7.1 You acknowledge that all information acquired during your appointment is confidential to the Company and/or any Group Company and should not be released, communicated or disclosed to third parties or used for any reason other than in the interests of the Company and/or any Group Company, either during your appointment or following termination (by whatever means), without prior clearance from the Chief Executive. This restriction shall cease to apply to any 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 and any Group Company information (in whatever format you may receive it) under appropriately secure conditions.
- 7.3 Nothing in this paragraph shall prevent you from:
- a) making any disclosure of information to Ministers, their officials, UK Government Investments Limited ("**UKGI**"), their professional advisers, Parliament, parliamentary committees, the National Audit Office, or any other relevant body which audits public bodies, to the extent that disclosure occurs in the course of your employment at UKGI (including, but not limited to, this appointment) or is otherwise reasonably necessary;
 - b) making any disclosure of confidential information which has been authorised in writing in advance by the Chair;
 - c) making any disclosure of confidential information which is required by law;
 - d) making any protected disclosure within the meaning of section 43A of the Employment Rights Act 1996 (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);
 - e) reporting a suspected criminal offence to the police or any law enforcement agency or co-operating with the police or any law enforcement agency regarding a criminal investigation or prosecution;

- f) complying with an order from a court or tribunal to disclose or give evidence;
 - g) doing or saying anything that is required by HMRC or a regulator, ombudsman or supervisory authority;
 - h) making a disclosure of relevant confidential information to, or co-operating with any investigation by, HMRC or a regulator, ombudsman or supervisory authority regarding any misconduct, wrongdoing or breach of regulatory requirements; or
 - i) disclosing information to HMRC for the purposes of establishing and paying (or recouping) tax and National Insurance liabilities arising from your appointment or its termination.
- 7.4 The Company acknowledges that, as a consequence of your employment with UKGI, you may come into the possession of commercially sensitive information or policy information that you are not able to disclose to external third parties, including the Company. In circumstances where you consider that the knowledge or receipt of such information could affect your ability to comply with your duties as a non-executive member of the board of the Company, you agree to notify the Board as soon as practicable and to take appropriate steps, including, but not limited to, agreeing to recuse yourself from relevant decision-making processes.

8. TRAINING

- 8.1 On an ongoing basis, 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 organized for the Board.

9. REVIEW PROCESS

- 9.1 The performance of the whole Board and its committees is evaluated annually. If, in the interim, there are any matters which cause you concern you should discuss them with the Chairman as soon as you can.

10. INSURANCE AND INDEMNITY

- 10.1 The Company has directors' and officers' liability insurance and it intends to maintain such cover for the full term of your appointment.

The indemnity limit is £60m (current at the date of this letter). A copy of the policy document is available from the Company Secretary.

- 10.2 In addition, a deed of indemnity is in place for the directors, providing an alternative to relying on or claiming against the Directors' and Officers' Policy, if for any reason there was a failure to renew a D&O policy, insufficient cover or general issues in getting an insurer to pay. The procedure for the Board in relation to the indemnity is available from the Company Secretary.

11. CHANGES TO PERSONAL DETAILS

- 11.1 You shall advise the Company Secretary promptly of any change in your address or other personal contact details.

12. RETURN OF PROPERTY

- 12.1 On termination of your appointment with the Company however arising, or at any time at the Board's request, you shall immediately return to the Company all documents, records, papers or other property belonging to the Company which may be in your possession or under your control, and which relate in any way to the Company's business affairs and you shall not retain any copies thereof. For the avoidance of doubt, there shall be no requirement to return, retrieve or destroy any documents, records, papers or other property belonging to the Company which have been transferred to the Special Shareholder or UKGI prior to the termination of your appointment with the Company.

13. MORAL RIGHTS

- 13.1 You hereby irrevocably waive any moral rights in all works prepared by you, in the provision of your services to the Company, to which you are now or may at any future time be entitled under Chapter IV of the Copyright Designs and Patents Act 1988 or any similar provisions of law in any jurisdiction, including (but without limitation) the right to be identified, the right of integrity and the right against false attribution, and agree not to institute, support, maintain or permit any action or claim to the effect that any treatment, exploitation or use of such works or other materials, infringes your moral rights.

14. POST-TERMINATION RESTRICTION

- 14.1 By countersignature of this letter you agree that, in order to protect the confidential information, trade secrets and business connections

of the Company to which you have access as a result of your appointment, you will not (without the previous consent in writing of the Company (such consent not to be unreasonably withheld) and the Secretary of State), for the period of six months immediately after the termination of your appointment, whether as principal or agent and whether alone or jointly with, or as a director, manager, partner, shareholder, employee consultant of, any other person, (carry on or be engaged, concerned or interested in any business which is substantially similar to or which is (or intends to be) in competition with any business being carried on by the Company or any Group Company with which you were involved or had material management or strategic oversight in the 12 months prior to the termination of your appointment (other than in a de minimis way).

15. DATA PROTECTION

- 15.1 By signing this letter you acknowledge that the Company (and where relevant its Group Companies) may hold and process data about you for legal, personnel, administrative and management purposes in connection with your appointment. Your personal data will be processed by the Company in accordance with any relevant policies in place from time to time. You acknowledge that this processing will or may involve the Company processing special categories of your personal data (being those categories of data as set out in Article 9(1) of the General Data Protection Regulation 2016/679 ("**GDPR**")) and/or personal data relating to criminal convictions and offences (as set out in Article 10 of the GDPR). This may include (without limitation):
- (a) information about your physical or mental health or condition in order to monitor sickness-related absence and take decisions as to your fitness to perform your duties;
 - (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.
- 15.2 You acknowledge that the Company may make such information available to Group Companies, those who provide products or services to the Company (such as advisers and payroll administrators), regulatory authorities, governmental or quasi-governmental organisations and potential (or actual) purchasers of all or part of the Company.
- 15.3 When handling personal data in connection with your appointment by the Company on the terms of this letter, you shall comply with the Company's Protecting Personal Data Policy. A copy of the Company's Protecting

Personal Data Policy is available on the Post Office Intranet or by request from our Data Protection Officer. Post Office may change its Protecting Personal Data Policy at any time and you will be notified through the appropriate channels.

- 15.4 For more information, please contact our Data Protection Officer by sending an email to data.protection GRO

16. THIRD PARTY RIGHTS

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

17. ENTIRE AGREEMENT

- 17.1 This letter constitutes the entire terms and conditions of your appointment and supersedes and extinguishes all previous agreements, promises, assurances, warranties, representations and understanding between you and the Company; whether written or oral, relating to its subject matter.
- 17.2 You agree that you shall have no remedies in respect of any representation, assurance or warranty (whether made innocently or negligently) that is not set out in this letter and you shall not have any claim for innocent or negligent misrepresentation or negligent misstatement based on any statement in this letter.

18. VARIATION

- 18.1 No variation of this letter shall be effective unless it is in writing and signed by you and the Company (or respective authorised representatives).

19. GOVERNING LAW AND JURISDICTION

- 19.1 Your appointment with the Company and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales and you and the Company irrevocably agree that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim that arises out of or in connection with this appointment or its subject matter or formation (including non-contractual disputes or claims).

20. GENERAL

20.1 For the purposes of this letter the following words and expressions shall have the following meanings:

"Group" means together the Company, any holding company or parent undertaking of the Company and any subsidiary or subsidiary undertaking of the Company or of any such holding company or parent undertaking from time to time, in each case as each as defined in the Companies Act 2006; and

"Group Company" means any member of the Group, other than the Company, from time to time.

Please indicate your acceptance of these terms by signing and returning to the attached copy of this letter to me.

Yours sincerely

GRO

Rachel Scarrabelotti (Company Secretary)
For and on behalf of Post Office Limited

I agree to the above terms of my appointment as Non-Executive Director of Post Office Limited as set out in this letter.

Signed on 11/05/2023

GRO

Lorna Gratton
Non-Executive Director