

Post Office Limited
("the Company")
Terms of Reference of the Strategic Executive Group

The Strategic Executive Group (SEG) comprises the most senior members of the Leadership Team under the authority of the Group Chief Executive Officer, who is accountable to the Company Board for the day-to-day operations of the Company. As a decision-making body, the SEG's authority is subject to the powers and duties of the Company Board, as set out in the Articles of Association and the Framework Document.

A. Purpose

1. The purpose of the SEG is to assist the Group Chief Executive Officer in the performance of his or her duties within the bounds of the authority as delegated to him or her by the Company's Board Matters Reserved for the day-to-day running of the business of the Company, including:
 - i. the development and implementation of strategy, operational plans, policies, procedures and budgets;
 - ii. the monitoring of operating and financial performance;
 - iii. the assessment and control of risk;
 - iv. the prioritisation and allocation of resources; and
 - v. the oversight of the business.

B. Duties & Responsibilities

1. The SEG shall:

Objectives and Strategy

- i. **Review** and **approve for recommendation** to the Company Board the adoption of or any material variation or amendment of a Group¹ Strategic Plan² and Group Business Plan;³
- ii. **Ensure** the approved Group Strategic Plan and Group Business Plan are successfully delivered, and report back to the Company Board on their delivery;
- iii. **Ensure** the strategic plan is updated as required, and aligned to shareholder policy.

Performance and operations

- iv. **Monitor** financial and operational progress against targets set by the Company Board;
- v. **Review** the day-to-day policies designed to manage operational risks within the Company (*delegated to the Risk & Compliance Committee*);
- vi. **Ensure** the best use of the resources available to the Group including financial, human and technological resources and that these are properly allocated and are adequate;

¹ The Group is defined as Post Office Limited and its subsidiary undertakings: Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

² Pursuant to Article 8.1 (U) such a Group Strategic Plan (and any material variation thereof) requires approval of the Shareholder, the Department for Business and Trade (DBT).

³ See Section 4.2 of the Framework Document. Further, Subsidiary Company Business Plans require the review and recommendation for approval by the SEG to the Company Board. Subsidiary and Group Business Plans require approval of the Shareholder.

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- vii. **Review** the performance of the Senior Leadership Population (SLP) and the performance analysis across the Group, by operating unit on a yearly basis and taking any action to improve performance;
- viii. **Review** and **approve for recommendation** to the Company Board (or relevant Board Committee, as appropriate)) any matters that require consent of the Company Board and the Shareholder for all Group Companies pursuant to the Company's Articles of Association and Framework Document;⁴
- ix. **Ensure** Company Board decisions are implemented;

Spend Approvals

- x. Approve for recommendation to the Company Board, the entry into or implementation of a transaction (OPEX spend) by the Group involving actual or likely spend or liability⁵ in excess of £5,000,000 or in excess of £2,000,000 for Payzone Bill Payments Limited.
- xi. Approve Change Spend⁶ of under £5,000,000 for the Group (delegated to the Investment Approvals and Delivery Group);⁷
- xii. Approve for recommendation to the Company Board, Change Spend⁸ over £5,000,000 for the Group (or over £2,000,000 for Payzone Bill Payments Limited);

People

- xiii. **Ensure** appropriate levels of authority are delegated to senior management;
- xiv. **Ensure** the provision of adequate management development and succession;
- xv. **Determine** and **ensure** the implementation of appropriate remuneration structures within the business below the responsibilities of the Remuneration Committee;
- xvi. **Ensure** the appropriate succession planning is in place for members of SEG, the Leadership Team (LT) and the Senior Leadership Population (SLP).

Business structure and risk management

⁴ Certain matters do not require SEG review and recommendation as they will be reviewed by the Risk & Compliance Committee (matters relating to audit and risk) or proceed straight to the relevant Board Committee (matters relating to accounts, appointments and remuneration). See the Board's Table of Delegated Authorities.

⁵ Non-standard unlimited liabilities and indemnities or those capped at £2m and above may be approved by Group General Counsel and the Company's Chief Financial Officer as part of the Contract Approval Process. Standard liabilities and indemnities do not require additional approvals or Board oversight. There are certain matters where there is a risk of loss or liability or a wider risk which should be escalated to the Shareholder. These instances may also come under the matters requiring Shareholder consent. Please refer to the Matters Reserved to the Board.

⁶ Change spend refers to the CAPEX & Exceptional budget, which is managed by the Group Change team. It does not include OPEX spend or contract approvals, for which the appropriate spend approvals must be considered.

⁷ Any spend of over £2,000,000 for Payzone Bill Payments Limited must be approved by the Company Board.

⁸ Change spend refers to the CAPEX & Exceptional budget, which is managed by the Group Change team. It does not include OPEX spend or contract approvals, for which the appropriate spend approvals must be considered.

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- xvii. **Ensure** the implementation of policies and processes to embed sound risk management practices and positive risk culture in all Group activities (*delegated to the Risk & Compliance Committee*);
 - xviii. **Review** the Company and structure of the Group and make recommendations for change;
 - xix. **Ensure** the control, co-ordination and monitoring within the Group of risk and internal controls (*delegated to the Risk & Compliance Committee*);
 - xx. **Ensure** compliance with relevant legislation and regulations (*delegated to the Risk & Compliance Committee*);
 - xxi. **Ensure** the safeguarding of the integrity of management information and financial reporting systems (*delegated to the Risk & Compliance Committee*);
2. SEG members will be expected to:
- i. Champion and role model the values and behaviours of the Group;
 - ii. Attend all SEG meetings or arrange appropriate representation if absence is unavoidable;
 - iii. Review all material circulated to SEG and clarify as necessary their own understanding of key issues facing the Group;
 - iv. Work collaboratively to achieve the agreed key business objectives;
 - v. Highlight, discuss and resolve operational issues which threaten business success;
 - vi. Promote employee engagement;
 - vii. Discuss and review improvements to ways of working to ensure the best use of resources available to the Group;
 - viii. Raise matters of concern or difficulty with fellow SEG members and seek their input with the aim of resolving difficulties at an early stage;
 - ix. Contribute to setting the agenda for SEG meetings to focus on the priorities for the business as a whole;
 - x. Provide constructive challenge to other members of SEG on matters due to go forward to the Company Board;
 - xi. Complete actions within the timescales set;
 - xii. Be accountable for the actions and financial performance of their area of responsibility;
 - xiii. Act within the delegated authority and spend approval limits set by the Group Chief Executive Officer (as delegated to him by the Company Board) and in accordance with the applicable internal policies and processes;
 - xiv. Communicate through their own reporting lines, as appropriate, SEG decisions and requests; and
 - xv. Attend SEG sub-committees of which they are members and ensure that those sub-committees deliver to the mandate agreed by the SEG

C. Reporting Responsibilities

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3. The SEG shall ensure the timely and appropriate reporting to the Company Board and the timely cascade of information to the Leadership Team and the broader business, as required.
4. The Chair will provide a report to each Company Board meeting on the most significant matters facing the organisation in the short to medium term ("the CEO Report").

D. Delegation to Committees

5. The SEG may establish sub-committees or steering committees which shall investigate or deal with particular matters and report back to SEG on a regular basis, but no such action shall constitute delegation by SEG of its responsibility for operational performance and mitigation of operational risk.
6. The standing committees of the SEG are:
 - i. The Risk & Compliance Committee;
 - ii. The Investment Approvals and Delivery Group;
 - iii. OPEX Committee;
 - iv. Retail Committee;
 - v. Technology Committee;
 - vi. Historical Matters Funding Meeting;
 - vii. Improvement Delivery Group;
 - viii. Inquiry Steering Committee;
 - ix. Post Office Pension Plan – Governance Group;
 - x. Health and Safety Committee;
 - xi. SPM Committee; and
 - xii. Data Governance Committee.
7. The SEG has authority to establish additional sub-committees or steering committees of the SEG from time to time, as well as remove any.
8. The SEG shall review reports from SEG sub-committees and monitor the performance against the sub-committee mandate and terms of reference.

E. Authority

9. The SEG has authority to deal with operational matters and expenditure up to £5,000,000 under the authority delegated to the Group Chief Executive Officer by the Company Board. This authority is subject to the Matters Reserved to the Board and Shareholder for its decision and any applicable internal policies and processes. The Company Board retains legal responsibility for the activities of the Company as a corporate entity.
10. The SEG reports to and escalates matters to the Board, including via the CEO report. The SEG delegates to the Leadership Team, sub-committees, and individual Directors as appropriate.

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F. Composition and Governance

Membership

11. The SEG shall consist of the:
 - i. Group Chief Executive Officer (Chair)
 - ii. Group Deputy Chief Executive Officer
 - iii. Group Chief Finance Officer⁹
 - iv. Group Chief Transformation Officer
 - v. Group Chief People Officer
12. Members of SEG may send a nominee to deputise on their behalf with prior approval of the Chair.
13. The Group General Counsel (or appropriate deputy) will attend all formal SEG meetings. Their role is to provide advice including legal professional privileged advice to the SEG.
14. The Chief of Staff will also attend all formal SEG meetings.

Quorum

15. Quorum shall be three members of SEG of whom at least one must be either the Group Chief Executive Officer, the Group Deputy Chief Executive Officer or the Interim Chief Financial Officer.

Committee Secretary

16. The Company Secretary, or his or her nominee, shall act as Secretary to the SEG and shall attend all formal meetings to keep minutes and record actions.

Frequency

17. The SEG shall meet on a weekly basis.
18. Once a month, the meeting will be more substantive, and/ or include matters that might require input or approval from the Board

⁹ The Interim Chief Finance Officer is currently deputising.

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Paper and presentation guidelines

19. Papers will be submitted by 4pm on the Friday prior to the meeting on a Wednesday. Late papers may result in the agenda item being carried forward.
20. Papers submitted are expected to be well written, comprehensive and succinct, and within the agreed templates (as they may change over time).
21. Presenters to the meeting should take the papers as read, and take a few minutes to highlight the ask and key points to note.

Governance

22. Meetings may be held in person or virtually, so long as all participants can contribute to the meeting simultaneously.
23. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
24. In exceptional circumstances, written requests for approval by SEG may be circulated by email, if agreed by the Group Chief Executive Officer.
25. Meetings for the SEG will be convened by the Secretary in consultation with the Chair. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair.
26. Minutes of each SEG meeting will be circulated to all members and standing attendees of the SEG.
27. The attendance of other employees for part or the whole of any SEG meeting shall be solely at the discretion of the Chair.

G. Annual Review and Approval

22. The SEG will undertake an annual review of its Terms of Reference. The outcome of these reviews will be recommended to the SEG for approval (notwithstanding amendments approved by the SEG whenever so required).

Approved by:	Date:	Version:	Effective from:
Group Executive	December 2016	1.0	December 2016
Group Executive	11 November 2020	2.0	12 November 2020
Group Executive	14 December 2022	3.0	15 December 2022
Group Executive	01 March 2023	3.1	02 March 2023
Group Executive	16 August 2023	3.2	21 August 2023
Group Executive	6 September 2023	3.3	7 September 2023