



Commercial – In Confidence

Minutes of Shareholder Executive Board

Meeting held on Wednesday 16 January 2013 at 15.00

| | | |
|-------------------------|--|--|
| Members present: | Patrick O'Sullivan (Chair) (PO'S) Claudia Arney (CA) Jeremy Pocklington (JP) Tony Watson (TW) Lord Carter (LC) Stephen Lovegrove (SL) Anthony Odgers (AO) Mark Russell (MR) | Attendees: Roger Lowe (Item 2-4) (RL) |
| | | Secretary: Peter Batten |
| | | Apologies: Gerry Grimstone (GG) |

1. Stephen's move to DECC

- 1.1. POS and SL held an unminuted session with the attending NEDs to discuss SL's recently announced promotion to DECC.

2. Apologies for absence, Chair's welcome and introduction, minutes from last meeting, declarations of interest

- 2.1. POS formally opened the meeting. Board noted GG's amendment to paragraph 2.1 of the November minutes, which will be updated.

3. Actions

- 3.1. SL provided an update to the Minister's query about perceived barriers to ShEx in Whitehall – noting that the Civil Service reform programme was helpful. TW suggested an alternative question could have been what are the areas where ShEx can assist, where it currently doesn't? The Board discussed various scenarios such as:
- OGDs outsourcing their corporate finance function to ShEx;
 - ShEx acting as an advisor to OGDs; and
 - Adopting a hub and spoke approach.
- 3.2. MR noted the need to avoid expansion to the detriment of ShEx's agility and ability, and suggested that specialist pockets of corporate finance talent across Whitehall could be more desirable than a single centralised resource.
- 3.3. SL noted that he is due to speak to Francis Maude on the topic. JP noted that HMT were conducting a review on Departments' capability and capacity. It was also noted that Lord Browne is undertaking a review of resource allocation. SL noted that it was imperative that ShEx is involved. **[action]** SL to speak to Paul Deighton regarding HMT review of Departmental capacity

4. Chief Executive's Report

- 4.1. Introducing his report, SL provided an update on **Royal Mail**, noting the company has appointed an industrial relations adviser, and appointed further advisers on the transaction strategy. SL noted that the Royal Mail Board has been strengthened by the recent appointment of John Allen as NED.
- 4.2. SL explained that following the Board's concerns expressed in the November meeting, ShEx had looked again at its advisers, and – aware of the likelihood of scrutiny – is considering the need to appoint further advisers.
- 4.3. TW asked whether the number of advisers involved risked causing confusion among potential investors. RL explained that ShEx is pushing the company to get a firm grip on their planned spend on advisers.
- 4.4. [action] The Board requested an update on employee shares strategy. SL noted that the Minister is aware of the importance of employee shares to the workforce. JP explained that HMT recognises the practical benefits of employee shares. [action] TW requested a note setting out Senior Executive share options.
- 4.5. POS noted the potential risk to the transaction strategy of the forthcoming year end figures, which are expected to show strong performance.

– RL left the meeting –



4.12

4.13

IRRELEVANT

5. Business Bank

5.1

5.2

5.3

5.4

5.5

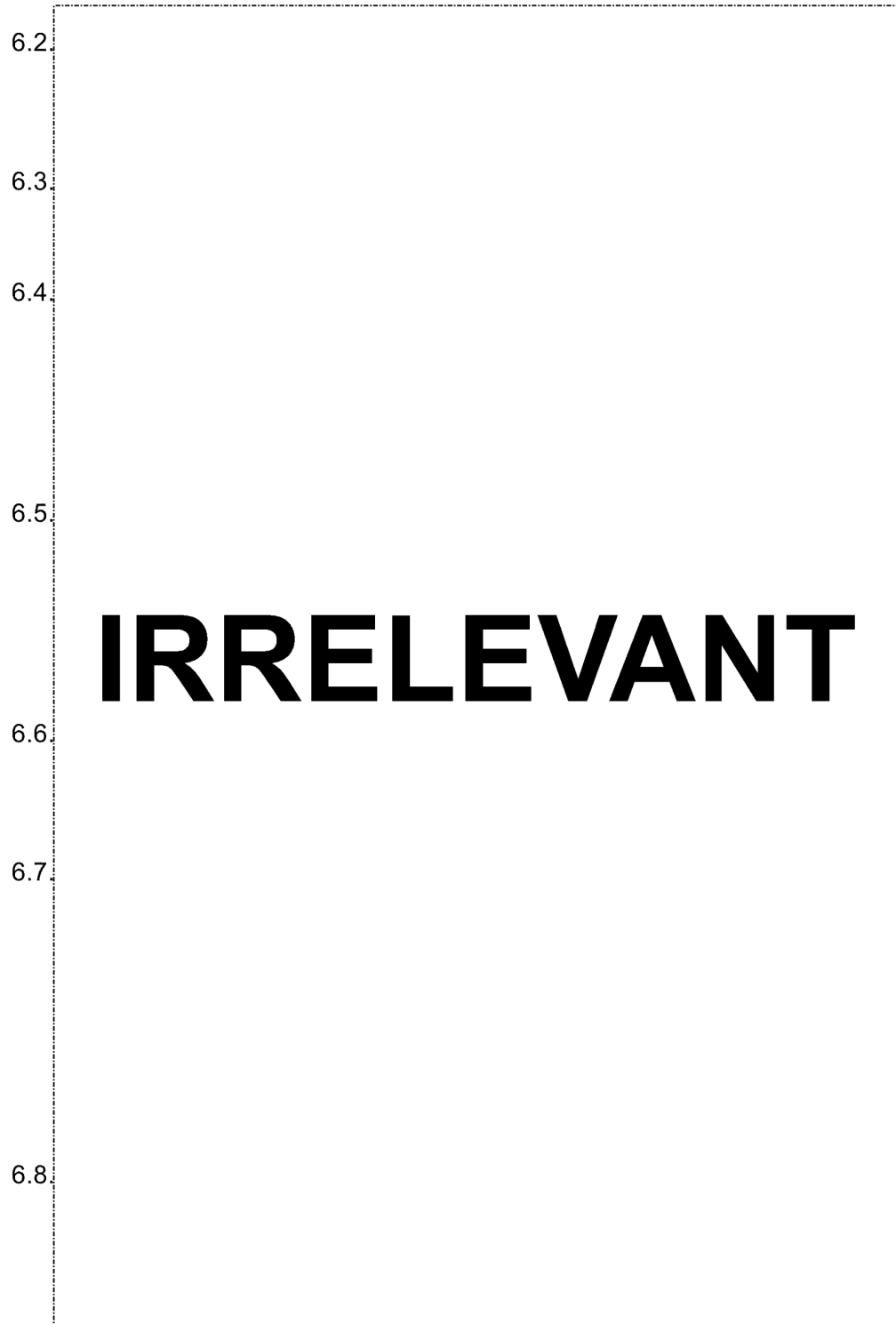
5.6

IRRELEVANT

6. PDG Assets Update

6.1

IRRELEVANT



7. Board effectiveness

7.1

IRRELEVANT

ShEx Board Secretary

8. Actions

| Completed actions | | | | |
|-------------------|--|----------------|------------|------------------------------------|
| Action ref. | Action point | Action officer | Due date | Status |
| 13/01 | IRRELEVANT | | | |
| 13/02 | An update on the Royal Mail employee shares strategy | RL | March 2013 | See attached paper 13(05) |
| 13/03 | An update on Royal Mail senior executive share options | RL | March 2013 | RL to provide oral update to Board |
| 13/04 | IRRELEVANT | | | |
| 13/05 | | | | |
| 13/06 | | | | |