



UK Government  
Investments



Department for  
Business, Energy  
& Industrial Strategy

Date: 6 May 2021

SCS clearance: Jamie Carter (Executive Director, UKGI)

POL CFO Exit Options	
To Approve	BEIS Secretary of State (SoS)
To Approve	Minister Paul Scully MP
To Clear	Special Advisers
Role, Partner Organisation	Chief Financial Officer (CFO), Post Office Ltd.
Prime Minister's interest list	No
Lead Official / Policy & Telephone	Siv Rajeswaran (UKGI) - [REDACTED] GRO Jamie Carter (UKGI) - [REDACTED] GRO Beth White (BEIS) - [REDACTED] GRO
Unique Reference Number	387

**Summary:** BEIS Ministers previously agreed to a request from the POL Chair to end the employment relationship with POL's incumbent CFO, approve the appointment of an interim CFO, and to launch the process to recruit for a new permanent CFO based on an exit date of 31<sup>st</sup> March.

Since the above approvals were made; the Exit Cap Regulations, which would have helped to curb the incumbent's expectations to a great extent, were revoked and therefore no agreement was reached by 31 March. POL have held [REDACTED]

POL have submitted a revised proposal that they hope will be acceptable to BEIS Ministers, HMT and the incumbent before the stated 26 May deadline. There is presentational risk to POL from any legal claims, although these need to be balanced against the risks associated with a significant pay out to a POL executive in light of the recent court judgement.

This submission sets out the options POL has to exit the CFO in light of recent discussions with the incumbent. A letter from POL's Chair is included at **Annex B** and sets out the options in more detail. Any package will also need HMT approval.

**Timing:** Urgent – the incumbent has stated that he intends to bring claims by 26 May if POL and the incumbent cannot reach a mutually acceptable agreement on exit terms were he to be dismissed. [REDACTED]

**Recommendation:**

- That you **consider** the proposal that POL have made to reach agreement with incumbent CFO, Alisdair Cameron (AI), along similar lines to that proposed in January.
- Whilst their proposed option has operational benefits, if you believe that the presentational risk of a significant pay-out to a senior POL director under POL's preferred Option 2 is too high then we would recommend that AI remains in post as per Option 3. We consider Options 1a and 1b to ultimately pose the greatest costs and



reputational damage, with Option 1b considered unworkable in practice. Exercising Option 1 is also likely to imperil AI's cooperation with the Inquiry.

- If Option 3 is chosen, POL will want to understand when Ministers will be willing to deal with this issue as the relationship between the company and the CFO needs to be resolved and the CFO replaced. It is therefore recommended that Ministers offer to meet with the CEO and Chair to explain their decision and indicate a willingness to revisit the issue after the Inquiry reports. Ministers may also wish to indicate their willingness to take an earlier decision if the Inquiry becomes a statutory inquiry or its terms of reference change.

**Advice:**

- 1) In November 2020, BEIS Ministers agreed to a request for POL to end its employment relationship with its incumbent CFO. As the basis for the request is cultural rather than a performance issue, POL have not undertaken performance management measures as they have concluded that it would not be appropriate to do so.
- 2) In January 2021, Ministers approved a proposal for the CFO's exit payment reflecting the CFO's contractual entitlement up until 31 March 2021

[REDACTED] In summary, AI would have been placed on garden leave commencing 1 April for six months of his twelve-month notice period; paid the balance of his contractual notice entitlements up to the limits fixed by the exit cap; and granted 'good leaver' status for bonuses payable in relation to the period before the garden leave period starts.

- 3) Since the above approvals; the Exit Cap Regulations, which would have helped to curb the incumbent's expectations to a great extent, were revoked. POL did therefore not agree a package with AI by 31<sup>st</sup> March. POL have [REDACTED]

- 4) [REDACTED]

	<b>Option 1a</b>	<b>Option 1b</b>
	<i>Immediate Dismissal with PILON</i>	<i>Immediate Dismissal with 12 Month Notice Period</i>
<b>Exit Date</b>	Immediate	12 Months
<b>Exit Package</b>	£244,800	£0
<b>Bonus 'Leaver' Status</b>	Bad	Bad
<b>Bonus Accrual</b>	£0	£0



<b>Total Approved Payout</b>	£244,800	£0
<b>Expected Court Award</b>		
<b>POL's Legal Costs</b>	£100,000	£100,000

<b>Total Expected Exit Costs</b>		
<b>Notice Period Salary and Benefits Package</b>	Not Applicable	£316,000 <sup>1</sup>

	<b>Option 2</b>	<b>Option 3</b>
	<i>Mutually agreed exit on 31 August, following conclusion of Inquiry proceedings, based on a package equal to that likely to be awarded by an employment tribunal/court in the event of a dismissal.</i>	<i>No exit required as AI remains in post indefinitely</i>
<b>Exit Date</b>	31 August 2021	Not Applicable
<b>Exit Package</b>	£316,000	Not Applicable
<b>Bonus 'Leaver' Status</b>	Good	Not Applicable
<b>Bonus Accrual</b>	£254,320 On-Target Entitlement (OTE) £327,080 Stretch entitlement	Not Applicable
<b>Total Approved Payout</b>	£570,320 (OTE) to £643,080 (Stretch)	Not Applicable
<b>Expected Court Award</b>	Not Applicable	Not Applicable
<b>POL's Legal Costs</b>	Not Applicable	Not Applicable

<b>Total Expected Exit Costs</b>	<b>£570,320 (OTE) to £643,080 (Stretch)</b>	<b>Not Applicable</b>
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<sup>1</sup> For Option 1b, whilst the exit package would be nil, the company would still pay AI's full salary and benefits for the 12-month notice period. Therefore, AI would be accruing a salary package of £316,000 over the notice period whilst it being highly unlikely that he will continue to perform effectively during this time due to the circumstances of his dismissal. He will also be accruing STIP and LTIP over this time, leading to a higher court awarded settlement relative to Option 1a. Therefore, there would be significant risks with respect to whether POL would be getting Value for Money for the money spent over the notice period.

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5) POL's **preferred** option is Option 2, as in their view, this option [REDACTED] will ensure cooperation with the Inquiry and will ensure that a succession plan is in place for a new Permanent CFO. [REDACTED]

[REDACTED] In previous feedback, BEIS Ministers indicated that they wanted to see an exit package that reflected VfM and be in some way conditional on: (i) the incumbent's participation in the Horizon IT Inquiry; and (ii) being found to have done no wrongdoing when the inquiry concludes. Accordingly, an Option 2 agreement would include a requirement for AI's full cooperation in the Horizon IT Inquiry, as well as orderly handover to a new permanent CFO.

6) AI's contract entitles him to 12 months' notice of £244,800. POL are also proposing to pay an additional £71,200 (comprised of 12 months' Payment In Lieu Of Pension and other benefits) which, while not contractual, is consistent with POL's custom and practice, and is therefore considered by POL [REDACTED] employment benefits. AI is also aware of this practice, of paying these benefits to other senior leavers in recent years. The sum of these two equals £316,000. [REDACTED]

[REDACTED] These incentive schemes would pay out between March 2022 and August 2024. A full breakdown of Option 2 entitlements is outlined in Annex A.

7) POL's preferred option of Option 2 is in-principle consistent with the exit package previously approved for AI by BEIS Ministers in January, which was predicated on a 31 March 2021 exit date whereas the current option is predicated on 31 August 2021 exit date. Therefore, the delta between the current and previously approved option is the additional five months in 'good leaver' bonus accruals representing the additional five months of full-time hours worked by AI. While in substantive terms the two packages are aligned, there will be no garden leave period this time, which means the current package would be outside of the £95,000 cap that was previously in place.

8) Notwithstanding the equivalent terms to the exit package previously approved for AI by BEIS Ministers, officials are cognisant that the external environment has changed significantly since January, with the 23 April Court of Appeal verdict on historical postmaster criminal convictions subjecting POL to significant parliamentary and media scrutiny.

9) Approving an exit package for the incumbent CFO shortly after the Court of Appeal verdict, [REDACTED]

[REDACTED] There is continued media interest in POL particularly around the long-running Horizon dispute and the Horizon IT Inquiry, amplified by the recent Court of Appeal verdict. As such, AI's departure and any payments made to him are likely to attract press and parliamentary attention (while he only joined POL in 2015, he is one of two Board members who were around during the full litigation period). Nevertheless, we note



that the various elements of the Option 2 package will not be paid out and published for some time as per the table below;

Package	Payment	Pay Out Date	Publication Date
12 Months Base Salary	£244,800	31-Aug-21	21/22 Annual Report (31 Dec 22)
12 Months Benefits	£71,200	31-Aug-21	21/22 Annual Report (31 Dec 22)
TI Scheme	£97,920	Mar-22	21/22 Annual Report (31 Dec 22)
STIP 2021/22	£40,800	Aug-22	22/23 Annual Report (31 Dec 23)
LTIP 2019-22	£98,600	Aug-22	22/23 Annual Report (31 Dec 23)
LTIP 2021-24	£17,000	Aug-24	24/25 Annual Report (31 Dec 25)

- 10) If Ministers feel that these presentational risks are insurmountable, this would leave POL either keeping AI in his post indefinitely (Option 3) or seeking an immediate dismissal where AI would work out a 12 month notice period (Option 1b) or be given PILON equivalent to a strict contractual entitlement of 12 months base salary (Option 1a). As set out below, Option 1 is unlikely to represent value for money, and has reputational impact, so Option 3 is likely to be preferable although it is not without risks.
- 11) Either Option 1a or Option 1b would pose significant risks of legal challenge. The absence of 'good leaver' status for bonuses would be inconsistent with previous comparable exits of senior management from POL, the terms of which AI would be familiar with in his role as CFO.

12)

	Option 1a	Option 1b
<b>Approved Payout</b>	<b>£244,000</b>	<b>£0</b>
Compensation awarded by Tribunal		
STIP/LTIP Award	£201,960 (OTE) to £246,636 (Stretch)	£381,480 (OTE) to £522,444 (Stretch)
Repayment of previously held STIP	£48,000	£48,000
'Custom and Practice' Benefits	£71,200	£0
<b>Total Likely Tribunal Award</b>		
<b>Legal Fees</b>	<b>£100,000</b>	<b>£100,000</b>



Total Expected Exit Costs		
Notice Period Salary and Benefits Package	Not Applicable	£316,000

13)

[REDACTED]

- 14) Once the likelihood of legal claims and subsequent awards are taken into account, it is expected that both Option 1a and Option 1b would ultimately pose the greatest costs and reputational damage. Notwithstanding the above, there are significant reputational risks for AI were he to pursue legal action, and he would also be liable to face significant non-reimbursable legal costs, so it also a not insignificant chance that he may seek not to contest Option 1 in employment tribunal/court.
- 15) In addition to being subject to an expected costly legal claim, Option 1b is also expected to be unworkable in practice as POL will have an incumbent CFO who has been dismissed but still expected to work for 12 months. It is highly unlikely that he will continue to perform effectively in this critical role during this time due to being demotivated and very likely to be in a legal dispute with POL over the 12 months, posing a significant operational risk to POL. This dynamic is also likely to place at risk AI's cooperation with the Inquiry. Notwithstanding the above, as a director of the company, AI has a fiduciary duty and under section 172 of the Companies Act 2006 he has a duty to promote the success of the company. This applies even if he is serving out 12 months' notice following termination of his contract.
- 16) Option 3 would entail AI remaining in his post indefinitely until such time he leaves of his own volition or the question of a termination or negotiated exit is revisited. AI is an effective CFO and there is no suggestion that were he to remain in post that that he wouldn't continue to be so. The concern with him is that his behaviours are not consistent with the culture that the CEO is trying to build in the business. However, discussions relating to his exit have been [REDACTED] and POL has expressed significant concerns in how the relationship dynamics between the CEO, CFO and Board Chair would play out if AI were to remain in his post indefinitely, highlighting a material risk that this may result in early departures of the CEO and Board Chair and lead to significant leadership uncertainty at a critical time for POL.
- 17) If you were to go down the route of Option 3, POL will want to understand when Ministers will be willing to deal with this issue as the relationship between the company and the CFO needs to be resolved and the CFO replaced. It is therefore recommended that Ministers offer to meet with the CEO and Chair to explain their decision and indicate a willingness to revisit the issue after the Inquiry reports. Ministers may also wish to indicate their willingness to take an earlier decision if the Inquiry becomes a statutory inquiry or its terms of reference change.



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**Comms Handling:**

- 18) As noted above, any legal claim from the incumbent CFO could give rise to comms risks. On the other hand, given the current context of intense scrutiny of POL leadership (which has included criticism for previous remuneration arrangements), a large pay-out would likely generate significant criticism in the media.
- 19) That details of the proposed pay-out would not officially begin to emerge until the end of 2022 would reduce the immediate comms risks involved, notwithstanding the potential for this information to leak.
- 20) We will prepare strong defensive lines based on your decision.

**Annexes:**

A – Exit Package Options

B – Draft Letter from Tim Parker to Secretary of State

C – Linklaters Legal Advice

**Contributors**

- This advice contains financial considerations, and BEIS Finance has been consulted
- BEIS POL Policy colleagues have been consulted on this advice and are content with its contents.
- BEIS Legal have been consulted on this advice and are content with its contents.
- BEIS Comms have been consulted with respect to handling implications.



## Annex A – Exit Package Options

Table 1 sets out AI's contractual and 'custom and practice' benefits entitlement on exit. AI is the last senior executive on an 'old-style' contract, which gives him a 12 month notice period. Nick Read, POL's CEO, was appointed in December 2019 on a 'new-style' contract with a 6 month notice.

**Table 1: Alasdair Cameron's Legal Entitlement on Exit**

	Legal Entitlement
Contractual Notice Period (i.e. 12 months' Base Salary)	£244,800
Other legal entitlement to employment benefits (i.e. Payment in Lieu of Pension, and other benefits)	£71,200
<b>Total Entitlement</b>	<b>£316,000</b>

**Table 2: STIP / LTIP Entitlement as a 'Good Leaver'**

Table 2 sets out these entitlements assuming that 'good leaver' status is granted under Option 2 on all accrued bonuses and that POL achieves 'on-target' targets in relation to these bonuses in future years (i.e. POL's bonus schemes have three payout tiers: (i) threshold target; (ii) on-target; and (iii) stretch target).

	Full Entitlement - on target	Period	Accrual Period	Payment	Pay Out Date	Publication Date
Transformation Incentive Scheme	£97,920	1/4/20 – 31/3/21	1/4/20 – 31/3/21	£97,920	Mar-22	21/22 Annual Report (31 Dec 22)
STIP 2021/22	£97,920	1/4/21 – 31/3/22	1/4/21 – 31/8/21	£40,800	Aug-22	22/23 Annual Report (31 Dec 23)
LTIP 2018-21	Target Missed	1/4/18 – 31/3/21	1/4/18 – 31/3/21	Target Missed	n/a	n/a
LTIP 2019-22	£122,400	1/4/19 – 31/3/22	1/4/19 – 31/8/21	£98,600	Aug-22	22/23 Annual Report (31 Dec 23)
LTIP 2020-23	No Scheme	1/4/20 – 31/3/23	1/4/20 – 31/8/21	No Scheme	n/a	n/a
LTIP 2021-24	£122,400	1/4/21 – 31/3/24	1/4/21 – 31/8/21	£17,000	Aug-24	24/25 Annual Report (31 Dec 25)

**Table 3: Side by Side comparison against previously approved settlement**

Table 3 is a side by side comparison of POL's preferred option of Option 2 against the exit package previously approved for AI by BEIS Ministers in January.

POL's preferred option is in-principle consistent with the exit package previously approved for AI by BEIS Ministers in January, which was predicated on a 31 March 2021 exit date whereas the current option is predicated on 31 August 2021 exit date. Therefore, the only delta between the current and previously approved option is the additional five months in 'good leaver' bonus accruals representing the additional five months of full-time hours worked by AI.

**POL Recommended Option (predicated on 31/8/2021 leave date)****Previously Approved Settlement (predicated on 31/3/2021 leave date)**

Base	£244,800	6 months Garden Leave Package	£159,800
Benefits	£71,200	3 Months PILON	£61,200

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Additional Permitted Payment	£95,000
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**Contractual Exit Package 31/08/21 £316,000**

TI Scheme - 12/12 month accrual	£97,920
STIP 2021/22 - 5/12 month accrual	£40,800
LTIP 2018-21 – Target Missed	£0
LTIP 2019-22 - 29/36 month accrual	£98,600
LTIP 2020-23 – No Scheme	£0
LTIP 2021-24 - 5/36 month accrual	£17,000

**Contractual Exit Package 31/03/21 £316,000**

TI Scheme - 12/12 month accrual	£97,920
STIP 2021/22 - 0/12 month accrual	£0
LTIP 2018-21 – Target Missed	£0
LTIP 2019-22 - 24/36 month accrual	£81,600
LTIP 2020-23 – No Scheme	£0
LTIP 2021-24 - 0/36 month accrual	£0

**Good Leaver OTE Bonus Accrual 31/08/21 £254,320****Good Leaver OTE Bonus Accrual 31/03/21 £179,520****Total Package on Exit 31/08/21 OTE £570,320****Total Package on Exit 31/03/21 OTE £495,520**

TI Scheme - 12/12 month accrual	£97,920
STIP 2021/22 - 5/12 month accrual	£67,320
LTIP 2018-21 – Target Missed	£0
LTIP 2019-22 - 29/36 month accrual	£138,040
LTIP 2020-23 – No Scheme	£0
LTIP 2021-24 - 5/36 month accrual	£23,800

TI Scheme - 12/12 month accrual	£97,920
STIP 2021/22 - 0/12 month accrual	£0
LTIP 2018-21 – Target Missed	£0
LTIP 2019-22 - 24/36 month accrual	£114,240
LTIP 2020-23 – No Scheme	£0
LTIP 2021-24 - 0/36 month accrual	£0

**Good Leaver Stretch Bonus Accrual 31/08/21 £327,080****Good Leaver Stretch Bonus Accrual 31/03/21 £212,160****Total Package on Exit 31/08/21 Stretch £643,080****Total Package on Exit 31/03/21 Stretch £528,160**



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## ANNEX B DRAFT TEXT OF LETTER TO BE SENT TO THE SECRETARY OF STATE

### LEGALLY PRIVILEGED DRAFT

**The Right Honourable  
Secretary of State for Business, Energy & Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET  
United Kingdom**

[REDACTED]



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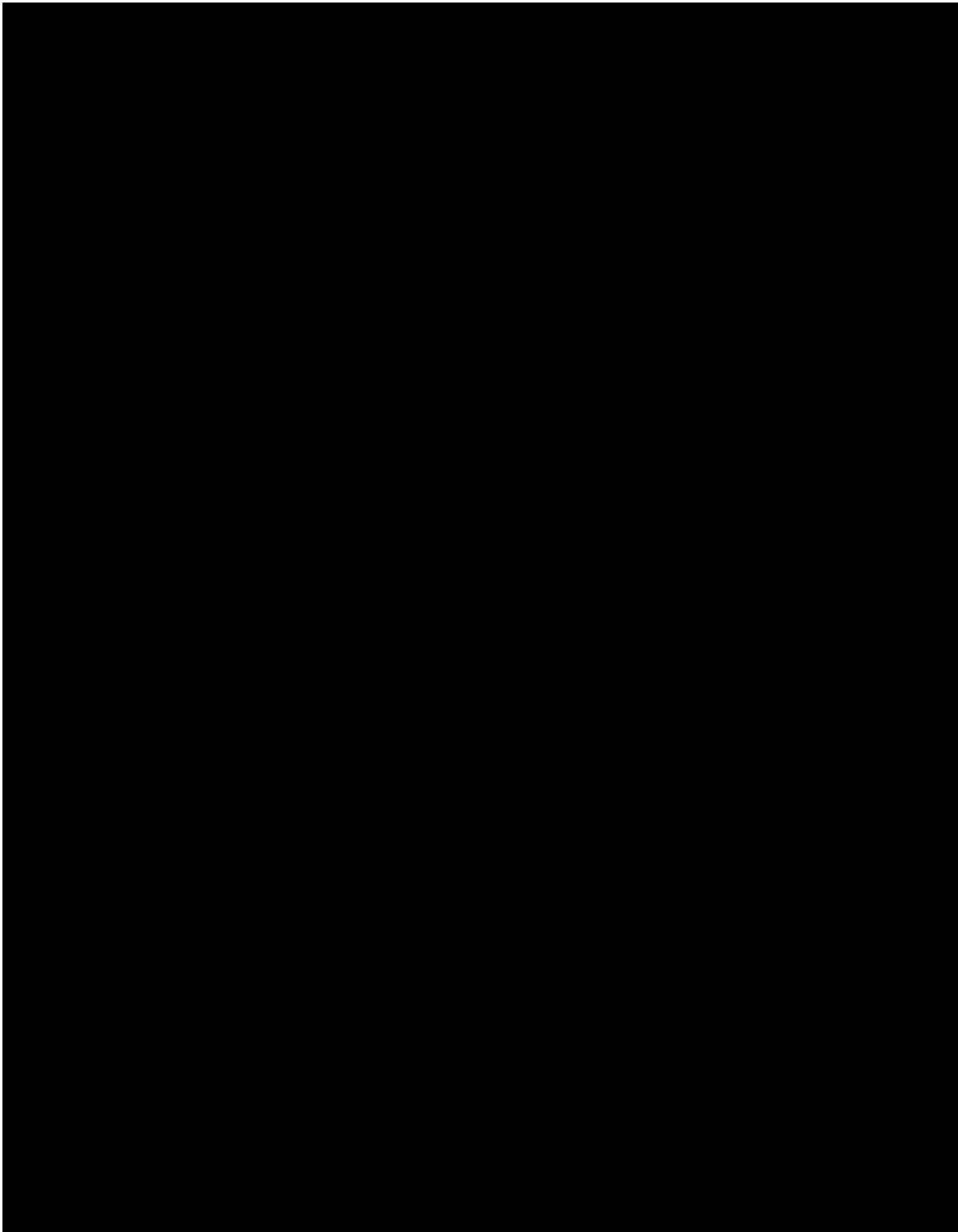
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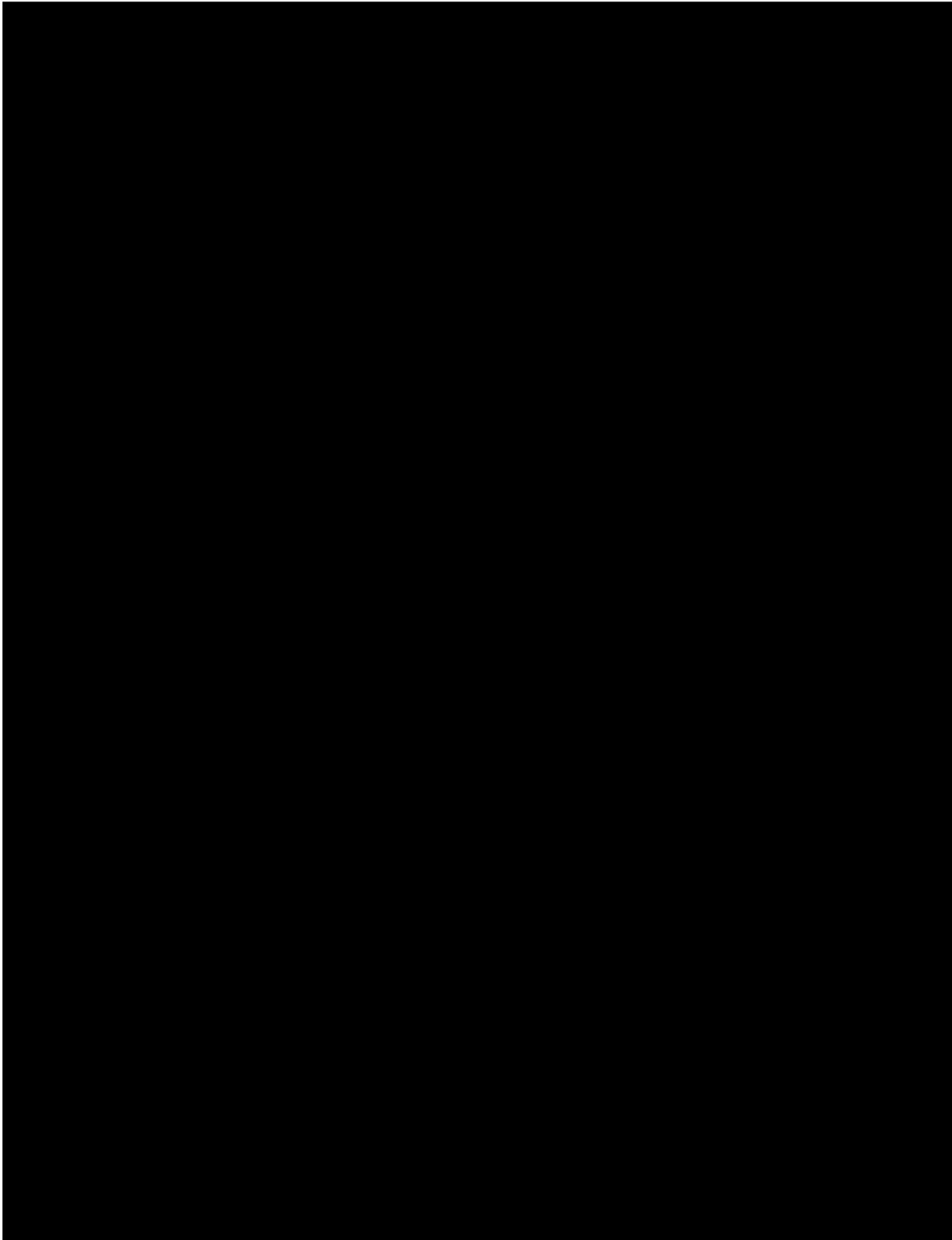




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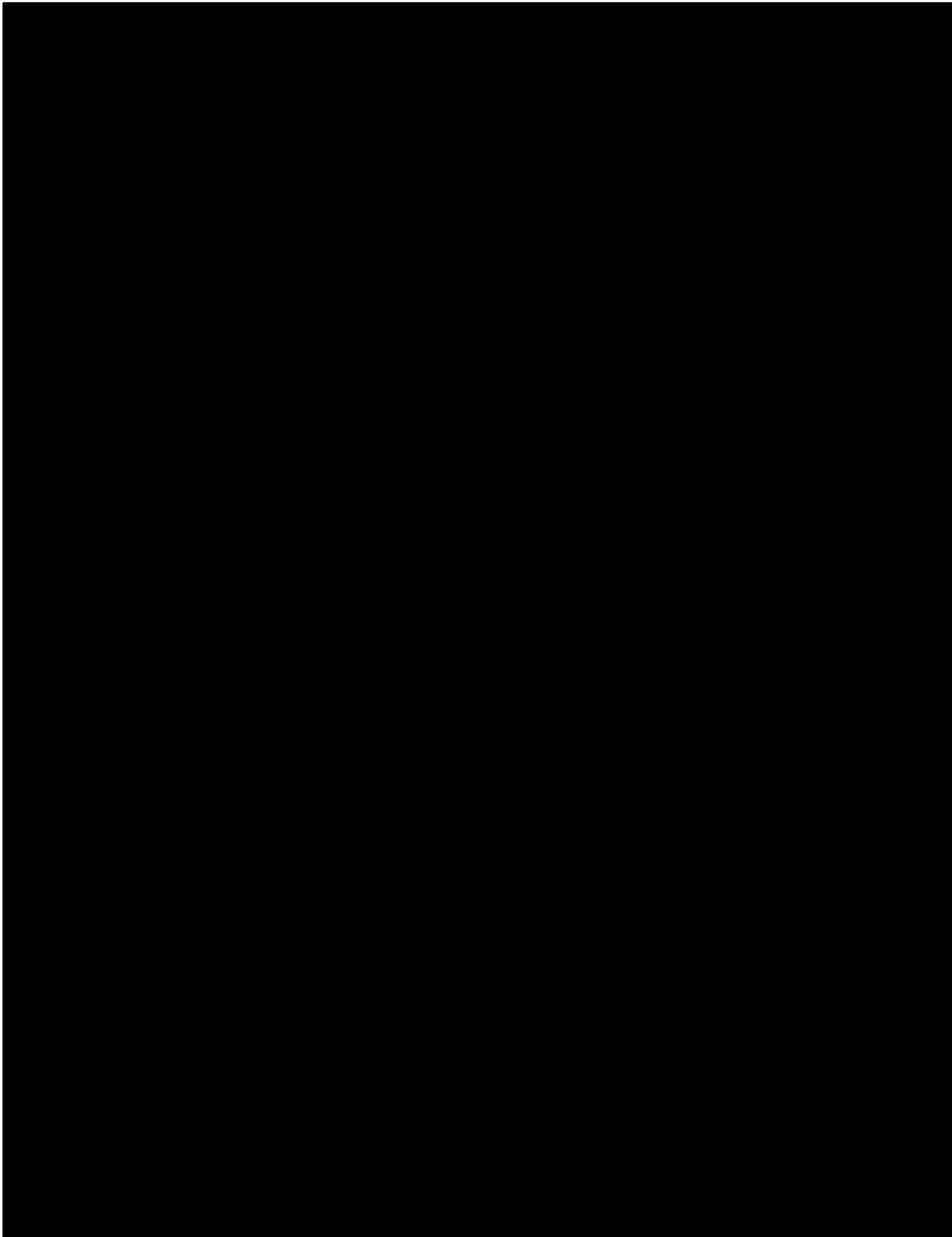
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Tim Parker  
Chairman  
Post Office Limited  
**Appendices attached**



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## Appendices

**Table 1 – Pre-approved exit package, now made compliant due to change of Exit Cap Regs and increased accruals due to more time worked**

	Originally approved package (10 <sup>th</sup> Feb 2021)	Same package applied to new dates and relevant legislation removed (Exit Cap Regs) a.k.a Option 2 in new proposals
<b>Summary</b>	<i>Contractual entitlement at fully loaded PILON plus “good leaver status” (curtailed by Exit Cap Regs)</i>	<i>Contractual entitlement at fully loaded PILON plus “good leaver status”</i>
<b>Proposed Last Day of Service</b>	Work until 31 <sup>st</sup> March 2021, then garden leave until 30 <sup>th</sup> September 2021	31 <sup>st</sup> August 2021, with no garden leave
<b>Pay in lieu of notice</b>	Base: £61,200 (capped at 3 months' pay due to Exit Cap Regs) Garden leave: £159,800 <b>Total £221,000</b>	Base: £244,800 Benefits: £71,200 <b>Total £316,000</b>
<b>Settlement payments</b>		£0
<b>Overall initial exit payment</b>	<b>Total £316,000</b>	<b>Total £316,000</b>
<b>Future incentive payments (STIP and LTIP)</b>	£179,520 (accrual lower owing to less time worked)	£254,320 (see Table 3 in Appendix)
<b>Total including potential for future awards</b>		<b>Total £570,320</b>

**Table 2 – Exit Cost Comparison by New Proposed Options**

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	Originally approved package	Option 1A	Option 1B	Option 2	Option 3
LDOS	31 <sup>st</sup> March 2021	15 <sup>th</sup> May 2021	15 <sup>th</sup> May 2022	31 <sup>st</sup> August 2021	N/A
Summary					
Pay in lieu of notice	Base: £61,200 Garden leave: £159,800 <b>Total £221,000</b>  <i>PILON capped at 3 months due to Exit Cap Regs in place at time</i>	Base: £244,800 Benefits: £0 <b>Total £244,800</b>	Base: £0 Benefits: £0 <b>Total £0</b>	Base: £244,800 Benefits: £71,200 <b>Total £316,000</b>	N/A
Additional settlement payments		£0	£0	£TBD if an additional compensation amount would be given to POL to use in negotiations if required	N/A
Overall initial exit payment Aug 2021	£316,000	£244,800	£0	£316,000	N/A
Incentives (STIP and LTIP)	Up to £179,520 on-target entitlement  <i>Payments not awarded as "good leaver" status not applied</i>	£0	£0  <i>Payments not awarded as "good leaver" status not applied</i>	Up to £254,320 on-target entitlement  <i>Good leaver status applied</i>	Retains incentives as employee



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<b>Total</b>	Up to [REDACTED] on-target entitlement <i>Compliant with Exit Cap Regs</i>	£244,800 <i>Lowest package but runs the second highest risk of tribunal claims which, if awarded, make this a difficult option. Legal risk costs shown below</i>	£0 <i>No package as notice period is worked but runs the highest risk of tribunal claims which, if awarded, make this the highest package. Legal risk costs shown below</i>	Up to £570,320 on-target entitlement <i>Same package as in previously approved SoS package, but updated with new timeline and in accordance with revoking Exit Cap Regs</i>	N/A
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In addition to this, the potential legal claims that could be met as a result of each option are outlined below. For more detail on any of the claims, and the likelihood they would be awarded, please refer to the legal advice note.

<b>Potential Legal Costs and Payment</b> <i>Likelihood of potential award broken down in more detail in legal advice note</i>	N/A	[REDACTED]	N/A	N/A
<b>Total Expected Exit Costs</b>	N/A	[REDACTED]	N/A	N/A

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& Industrial Strategy**Table 3 – Entitlement to Incentive Plans***LDOS as 31/08/21 in Option 2 – Recommended Option*

AI currently participates in the incentive plans detailed below. If AI secures “good leaver status” the expected value of his incentives with an assumption of ‘on-target entitlement’ is £254,320 and stretch is £327,080. This is detailed below:

Performance years	Potential Award (Total entitlement)	Potential Award – pro-rated for LDOS (as of 31 August 2021)	Comments	Payment date
<b>Transformation Incentive *</b>				
<b>2020-21</b>	£97,920	£97,920	<i>Transformation Incentive replaces STIP 2020-21; full entitlement</i>	March 2022
<b>STIP</b>				
<b>2021-22</b>	£97,920	£40,800	<i>Pro-ration 5/12 months</i>	August 2022
<b>LTIP</b>				
<b>2018-21</b>	£122,400	£0	<i>Target missed</i>	-
<b>2019-22</b>	£122,400	£98,600	<i>Pro-ration 29/36 months</i>	August 2022
<b>2020-23</b>	Plan withdrawn	£0	<i>Plan withdrawn</i>	-
<b>2021-24</b>	£122,400	£17,000	<i>Pro-ration 5/36 months</i>	August 2024
<b>TOTALS</b>				
<b>On-target entitlement</b>	<b>£563,120</b>	<b>£254,320</b>	-	-

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Stretch	£773,608	£327,080	-	-
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Any payment is subject to the respective scheme rules and the Committee's approval for every individual scheme. Stretch is awarded if we overachieve on our company performance targets and the Committee would need to agree this. For the only historic scheme here (LTIP 2019-22) we are tracking under company performance target and therefore it is unlikely that stretch will be awarded in this case.

\*Please note: the eligibility period for the Transformation Incentive Scheme is 1<sup>st</sup> April 2020 to 31<sup>st</sup> March 2021.

#### Table 4 – Publication in Annual Reports

*LDOS as 31/08/21 in Option 2 – Recommended Option*

Table below details when the exit packages will be made publicly available through the publication of our annual reports.

Package	Payment	Pay out date	Publication date
<b>12 Months Base Salary</b>	£244,800	31-Aug-21	21/22 Annual Report (31 Dec 22)
<b>12 Months Benefits</b>	£71,200	31-Aug-21	21/22 Annual Report (31 Dec 22)
<b>TI Scheme 2020-21 (12/12 month accrual)</b>	£97,920	Mar-22	21/22 Annual Report (31 Dec 22)
<b>STIP 2021-22 (5/12 month accrual)</b>	£40,800	Aug-22	22/23 Annual Report (31 Dec 23)



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<b>LTIP 2018-21</b> (target missed)	£0	-	-
<b>LTIP 2019-22</b> (29/36 month accrual)	£98,600	Aug-22	22/23 Annual Report (31 Dec 23)
<b>LTIP 2020-23</b> (no scheme)	£0	-	-
<b>LTIP 2021-24</b> (5/36 month accrual)	£17,000	Aug-24	24/25 Annual Report (31 Dec 25)

**Table 5 – Entitlement to Incentive Plans**

LDOS as 15/05/21 in Options 1A.

AI currently participates in the incentive plans detailed below. If AI secures "good leaver status" the expected value of his incentives with an assumption of 'on-target entitlement' is £201,960. This is detailed below:

Performance years	Potential Award (Total entitlement)	Potential Award – pro-rated for LDOS (as of 15 <sup>th</sup> May 2022)	Comments	Payment date
<b>Transformation Incentive *</b>				
<b>2020-21</b>	£97,920	£97,920	<i>Transformation Incentive replaces STIP 2020-21; full entitlement</i>	March 2022
<b>STIP</b>				
<b>2021-22</b>	£97,920	£12,240	<i>Pro-ration 1.5/12 months</i>	August 2022
<b>LTIP</b>				
<b>2018-21</b>	£122,400	£0	<i>Target missed</i>	-



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<b>2019-22</b>	£122,400	£86,700	<i>Pro-ration 25.5/36 months</i>	August 2022
<b>2020-23</b>	Plan withdrawn	£0	<i>Plan withdrawn</i>	-
<b>2021-24</b>	£122,400	£5,100	<i>Pro-ration 1.5/36 months</i>	August 2024
<b>TOTALS</b>				
<b>On-target entitlement</b>	<b>£563,120</b>	<b>£201,960</b>	-	-

**Table 6 – Entitlement to Incentive Plans**

*LDOS as 15/05/22 in Options 1B.*

AI currently participates in the incentive plans detailed below. If AI secures "good leaver status" the expected value of his incentives with an assumption of 'on-target entitlement' is £381,560. This is detailed below:

Performance years	Potential Award (Total entitlement)	Potential Award – pro- rated for LDOS (as of 15 <sup>th</sup> May 2022)	Comments	Payment date
<b>Transformation Incentive *</b>				
<b>2020-21</b>	£97,920	£97,920	<i>Transformation Incentive replaces STIP 2020-21; full entitlement **</i>	March 2022
<b>STIP</b>				
<b>2021-22</b>	£97,920	£97,920	<i>Full entitlement</i>	August 2022
<b>2022-23</b>	£97,960	£12,240	<i>Pro-ration 1.5/12 months</i>	August 2023

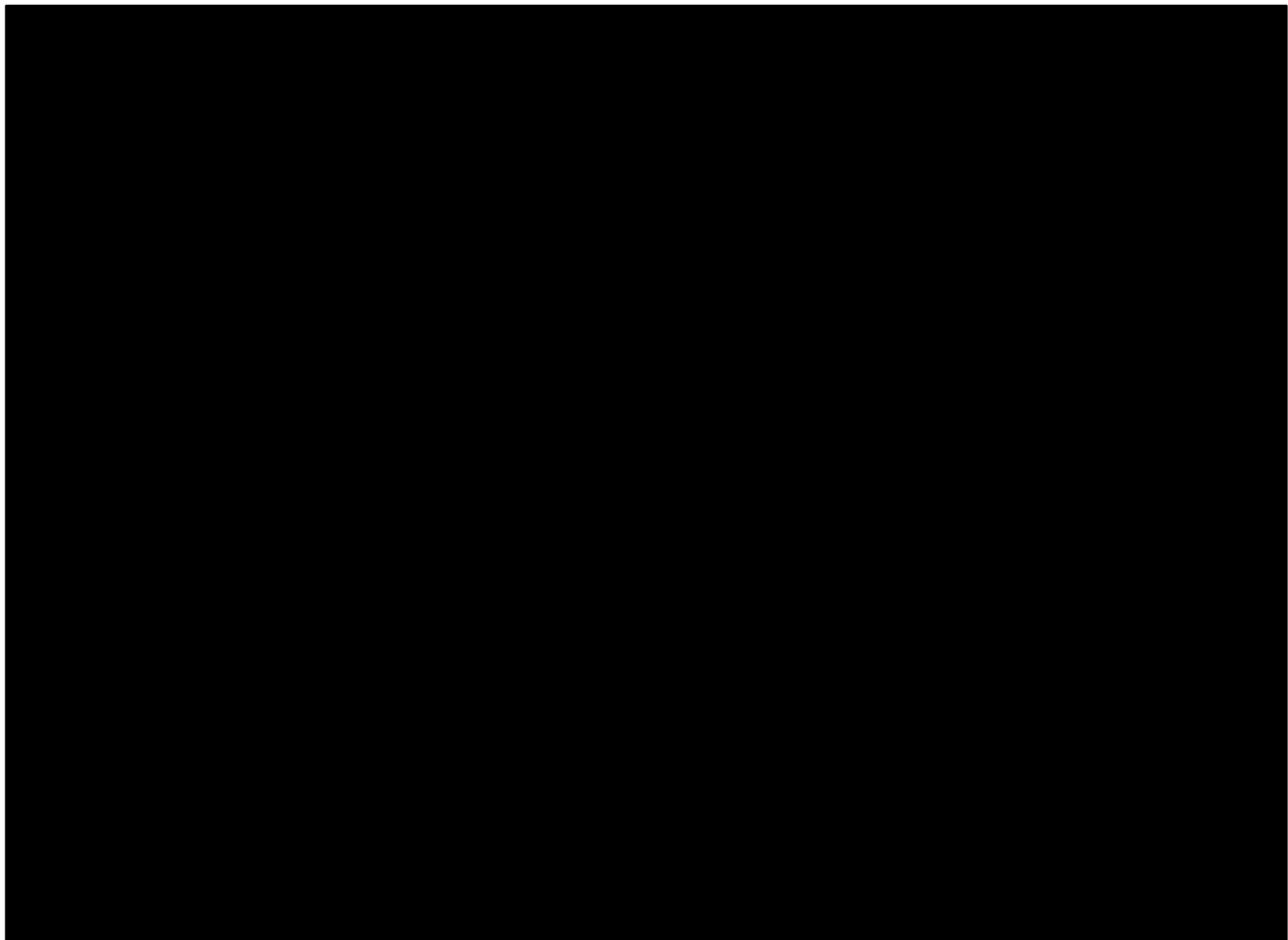
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LTIP				
<b>2018-21</b>	£122,400	£0	<i>Target missed</i>	-
<b>2019-22</b>	£122,400	£122,400	<i>Full entitlement</i>	August 2022
<b>2020-23</b>	Plan withdrawn	£0	<i>Plan withdrawn</i>	-
<b>2021-24</b>	£122,400	£45,900	<i>Pro-ration 13.5/36 months</i>	August 2024
<b>2022-25</b>	£122,400	£5,100	<i>Pro-ration 1.5/36 months</i>	August 2025
<b>TOTALS</b>				
<b>On-target entitlement</b>	<b>£563,120</b>	<b>£381,480</b>	-	-

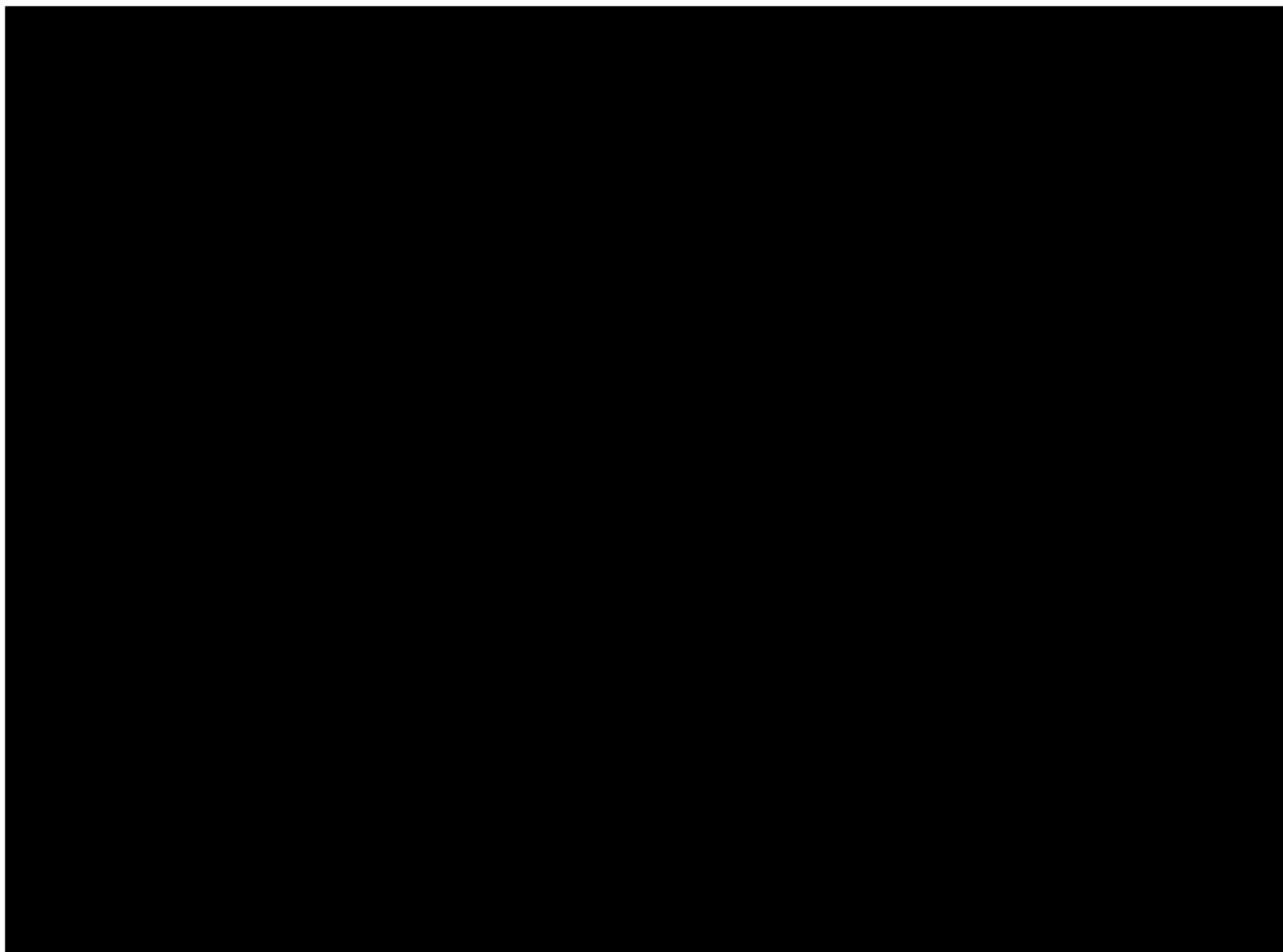
\*\* It is POL's position that we would not intend to pay out the Transformational Incentive Scheme payment despite the pay out date (March 2022) being within AI's worked notice period, due to scheme rules that state bonus ineligibility if the employee is "dismissed for a reason other than... a Special Case... prior to the Payment Date."



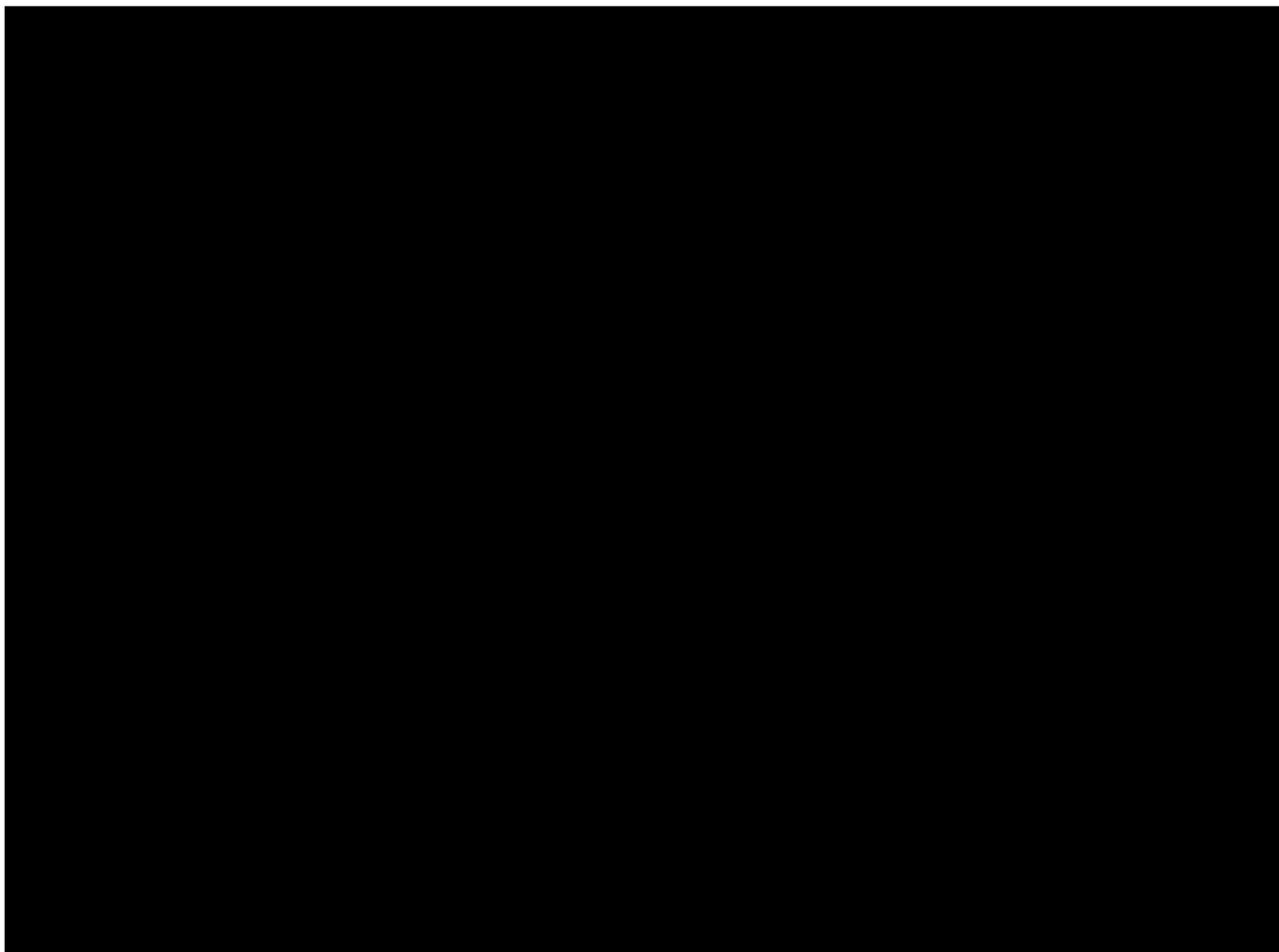
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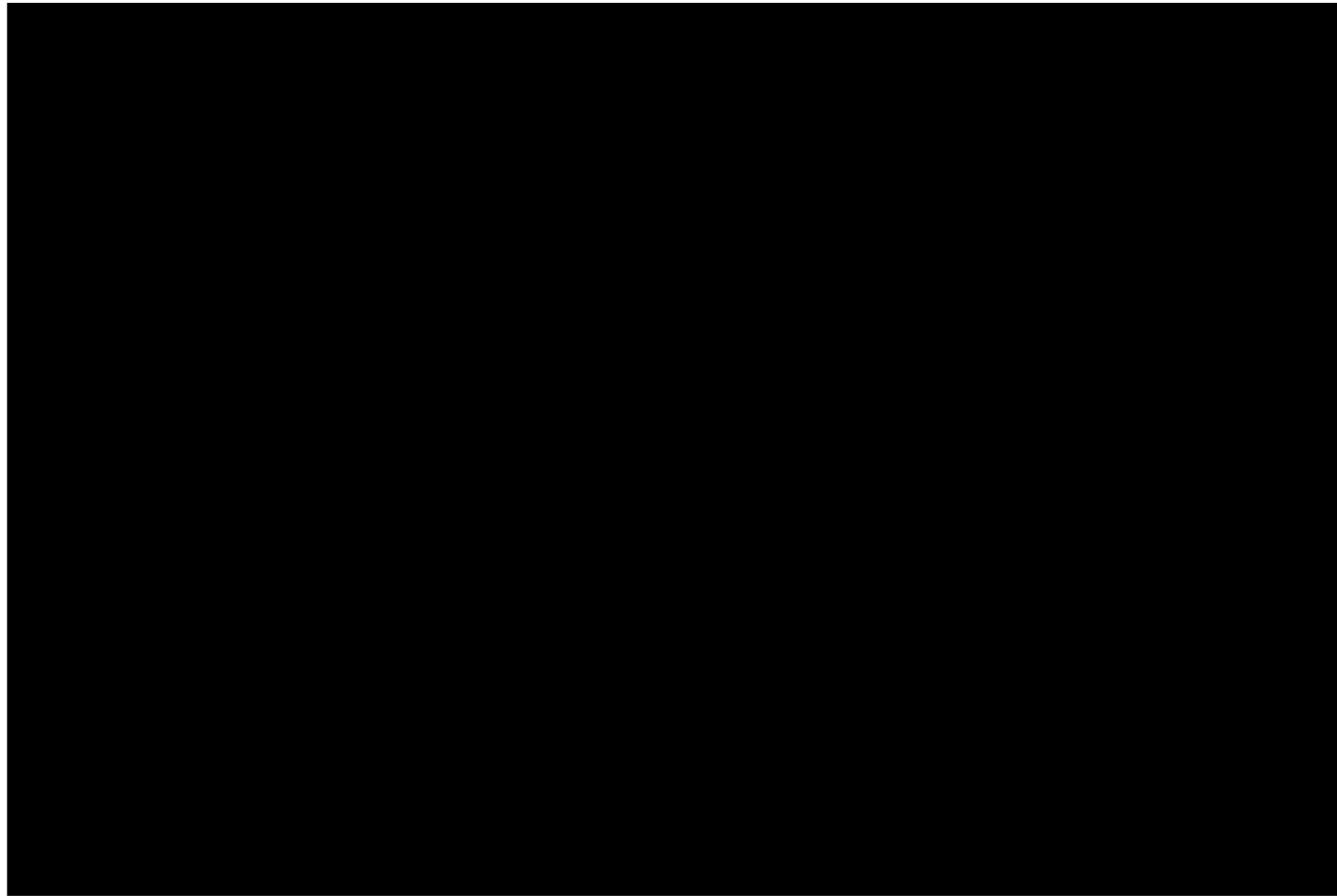
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**Linklaters LLP**

30 April 2021