
From: Diane Blanchard [GRO]
Sent: Mon 11/04/2016 9:34:20 AM (UTC)
To: Victoria Moss [GRO]
Subject: FW: MI meeting next week

Here you go.....



Diane Blanchard

PA to Tim Parker, Chairman &
Alwen Lyons, Company Secretary

Finsbury Dials
20 Finsbury Street
London
EC2Y 9AQ

[GRO]

[GRO]

From: Jane MacLeod
Sent: 10 April 2016 23:57
To: sarah.t.isted [GRO] ann-marie.stone ([GRO])
Cc: Nicholas Kennett; Jonathan E Hill; Susie Hayward; Ben Foat; Alwen Lyons; joe.fox [GRO]
Subject: RE: MI meeting next week

Hi Sarah

Thanks for your email.

Just so we're all on the same page (and to those cc'd, please shout if you think my positioning is wrong!), I thought it might be helpful to re-state the 'first principles' behind the proposed session: this arose from a discussion at the GE training session as to how the POL Board should get oversight of the FS business and assurance that POL is operating the business appropriately; this obviously stems initially from the board's collective duties as directors, and is underpinned by the fact that POL is an AR for each of POMS and Bol.

Accordingly, I think the starting point must reference what the FS business (in this specific context) comprises, and what oversight should the POL board have over each aspect? The various components are:

- The insurance distribution business undertaken by POMS which is a regulated entity with its own board. Accordingly POL's interest is as a shareholder so what information should it require to have oversight over its subsidiary?
- In addition, POL acts as AR for POMS in the distribution of certain products through the network – in particular Over 50s life and travel insurance
- The savings & mortgage products which are sold to consumers through the face to face network channel in branch, via FS and MS 'specialists', and via online and contact centres. POL has no prudential risk in relation to these products (which is borne by Bol), and the back office processing is also undertaken by Bol. As AR for Bol, POL has contractual responsibilities to Bol which include regulatory compliance; however the regulatory risk is borne by Bol
- Payment and similar services in branch include bill payment, banking services, Moneygram etc – there are contractual obligations imposed on POL under each of these contracts.

- Provision of foreign currency which in turn is sourced from FRES. Depending on how the order for the currency is placed, the regulatory/AML risk is either born directly by POL or by FRES
- Wholesale foreign currency services operated by FRES which is a separately incorporated company in which Pol has a 50% shareholding.

It strikes me that each of these raise different issues and responsibilities and therefore potentially different levels of oversight, and it would be useful to re-consider these different obligations, as that will then drive the type of MI that should support the Board's oversight.

The background to this review includes the fact that up until October 2015 the Board had established a separate FS committee which considered operational and risk issues associated with the FS business. Following the completion of Hawk at least part of the business of this Committee was taken over by POMS and my concern at the time was that by reviewing FS risk separately, the ARC was unable to get a proper overview of risk across the business. However since then the MI that had been provided to the FS committee has not been provided to the Board or any committee at all.

I will separately ask our Company Secretary to circulate the packs for the last 2 Committee meetings in 2015 so as to indicate the nature of the information provided at that time. This may be helpful in identifying what further information should be provided to the Board/ARC to ensure that the Board is able to properly discharge its duties.

I hope that this is helpful in positioning the focus of the discussion on Thursday. Please let me know if this is different to what you expected!

Kind regards,

Jane



Jane MacLeod

General Counsel
Ground Floor

20 Finsbury Street
LONDON

EC2Y 9AQ

Mobile number: GRO

From: sarah.t.isted GRO [mailto:](mailto:sarah.t.isted@postoffice.co.uk) GRO

Sent: 07 April 2016 13:42

To: Jane MacLeod

Cc: ann-marie.stone GRO

Subject: MI meeting next week

Dear Jane,

I hope you are well. We are looking forward to the meeting to discuss MI next Thursday. I am planning to bring along a fellow partner, Will Amos, who specialises in conduct MI and was previously the director of wholesale and investment banking at the FCA and so has a strong understanding of what the regulator expects. I think he'll add a lot to the discussion but please do let me know if you have any concerns about this.

In terms of the meeting itself, would you like us to bring some questions for the group to consider or do you have a planned agenda already? We're happy to support if you would like us to do so.

I look forward to seeing you next week.

Kind regards

Sarah

Sarah Isted

PwC | Partner

Office: [GRO] | Mobile: [GRO]

Email: [GRO]

PricewaterhouseCoopers LLP

7 More London Riverside, London, SE1 2RT

<http://www.pwc.co.uk>

Alternative Contact: [GRO] | PA | Phone: [GRO] [GRO]

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