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Exhibit WITN00740128

POST OFFICE LTD

Post Office Short Term Incentive Plan (STIP) Outturn and Payments for 2014/2015

1. Purpose

The purpose of this paper is:

- 1.1 To approve the payment of the STIP for Paula Vennells, Chief Executive for the financial year ending 2014/2015.
- 1.2 To approve the payment of the STIP for Chris Day, former Chief Financial Officer for the financial year ending 2014/2015.
- 1.3 To approve the payment of the STIP for Alisdair Cameron, Chief Financial Officer for the financial year ending 2014/2015.

2. Background

- 2.1 The STIP for Paula Vennells, Chief Executive, Chris Day, former Chief Financial Officer, and Alisdair Cameron, Chief Financial Officer is based 80% on the Post Office Scorecard and 20% on personal objectives. The CEO has a total on-target potential of 48% of salary and the CFO a total on-target potential of 40% of salary.
- 2.2 The STIP payment for the financial year 2013/2014 paid to the Paula Vennells was £76,808 and to Chris Day was £54,042.

3. Scorecard Outturn

- 3.1 The Post Office Scorecard 2014/2015 was based on 4 sections Growth, Customer, People and Modernisation.
- 3.2 Details of the target and actual performance are shown in appendix 1.

Chief Executive

- 3.3 The STIP payment to be made to the Chief Executive based only on the results of the scorecard (excluding payment for achievement of personal objectives) is £68,832. The Chief Executive was scored at 80% against her personal objectives which equates to £19,200. The total payable is £88,032 (35.2% of salary). See appendix 2 for the Chief Executive's personal objectives.

Chief Financial Officer

3.4 Chris Day

The STIP payment to be made to Chris Day based only on the results of the scorecard (excluding payment for achievement of personal objectives) is £41,108. Chris was scored at 50% against his personal objectives which equates to £7,167. The total payable is £48,275. (22.4% of salary or 26.9% taking into account pro-rata for 10 months). See appendix 3 for the Chief Financial Officer's personal objectives.

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3.5 Alisdair Cameron

The STIP payment to be made to Alisdair Cameron based only on the results of the scorecard (excluding payment for achievement of personal objectives) is £13,174. Alisdair was scored at 50% against his personal objectives which equates to £2,297. The total payable is £15,471. (6.4% of salary or 26.9% taking into account pro-rata for just under three months). See appendix 3 for the Chief Financial Officer's personal objectives.

4. Recommendation

The Remuneration Committee has met, reviewed and endorsed these recommendations which it now commends to the Board for formal approval. The Board is asked to:

- 4.1 Approve the STIP payment for Paula Vennells, Chief Executive, Chris Day, former Chief Financial Officer, and Alisdair Cameron, Chief Financial Officer.

Neil Hayward
Group People Director
May 2015

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Appendix 1
Post Office Scorecard 2013/2014 STIP Measures - Results

Appendix 1 – STIP Performance 2014/2015

	% of target	Threshold	Target	Stretch	2014/2015	% Achieved	Outturn % of target
Growth							
Total Revenue (excluding NSP) £m	20.0%	915.0	925.0	945.0	870.0	0.0%	0.0%
Operating profit £m	25.0%	99.0	99.0	119.0	100	103.3%	25.83%
Customer							
Easy to do business with	15.0%	47.0%	47.0%	49.0%	26%	0.0%	0.0%
People							
Engagement Index %	15.0%	58.0%	58.0%	60.0%	62%	166.7%	25.0%
Modernisation							
Crown Profit/(Loss) £m	12.5%	0.0	0.0	3.0	(3.0)	0.0%	0.0%
Network Conversions (Mains & Locals)	12.5%	1,650	1,650	1,750	2,039	166.7%	20.83%
Total							71.7%

Notes:

For the Chief Executive and the Chief Financial Officer the performance measures above comprise 80% of the target bonus. The payment delivered by the scorecard measures, therefore, is 57.4% of target bonus.

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Appendix 2 – Personal Objectives for Paula Vennells, 2014/2015**1. Building capability and talent in the senior leadership team**

- a) Continue to reshape the Executive Committee, in line with the strategy and timetable agreed with the Nominations Committee and Board, ensuring the top team has the capabilities needed to deliver the 2020 strategy, and that they are well motivated and supported to do so.
- b) Personally sponsor the new SLT development programme being rolled out from Q1. Working with the Group People Director, ensure there are clear plans in place for increasing the capability and diversity of the SLT, to facilitate the delivery of our commercial objectives and to raise the bench strength for Executive Committee succession.

2. Driving through culture change including mutual ways of working

- a) Ensure the Post Office delivers against the milestones to mutualisation identified in the 2020 Strategic Plan, including:
 - i. Ensuring the business strongly supports and makes full use of the Post Office Advisory Council following its launch in March 2014;
 - ii. Announcing the Post Office's public purpose with mutualisation milestones, in Q1 of 2014/15, and then working with the Board and Executive Committee to ensure a successful first year of accounting for performance against this definition;
 - iii. Championing the development of new working relationships with the NFSP, the unions, sub-postmasters and staff to support the delivery of our collective long-term financial interests; and
 - iv. Personally leading the Executive Committee's drive to "connect to the edges", achieving greater visibility across the business through regular visits to branches and other parts of the organisation beyond 148 Old Street.
- b) Lead the delivery of the other cultural changes identified in our 2020 Strategic Plan, with a particular focus on modelling and embedding the commercial disciplines, customer focus and retailer mindset needed to secure the Post Office's financial sustainability.

3. Transforming the business

- a) Chair the Transformation Committee, at least for the first six months of 2014/15 (reviewing the position at the end of H1), ensuring the organisation is clearly focussed on delivering the key transformational programmes consistent with the timescales and outcomes needed to secure our 2020 strategy.
- b) Stay closely involved in the work to reform the organisation's operating model (the 'Business Transformation' programme), ensuring this is progressed at pace and with the right thought leadership needed to drive our strategic cost reduction agenda and promote innovative ways of working.
- c) Support and challenge others in the Executive Committee team who have lead accountabilities to deliver the revenue growth and cost reductions that are required to underpin our strategic plan, both in 2014/15 and beyond.

4. Strengthening our external relationships

Continue to strengthen relationships with key stakeholders to facilitate the implementation of the 2020 Strategic Plan. Focus in particular on building strong, strategic level relationships with key commercial partners, including:

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- a) Royal Mail – holding regular meetings at CEO level to ensure that both organisations are appropriately focussed and working collaboratively in pursuing the growth opportunities in the parcels market (e.g. collections and returns).
- b) Bol - ensure that the Post Office manages its relationship with the Bank effectively to deliver our growth ambitions in FS, including through:
 - holding regular meetings at CEO/Chair level;
 - sponsoring continued joint team building initiatives, including considering the case (by end Q3) for closer structural integration;
 - ensuring clear joint milestones are in place by end Q1 for FSSC oversight.
- c) Retailers and Multiples – ensure the organisation is continuing to strengthen the way it manages its relationship with key retail partners, engaging them at the right level and in the right way to maximise the successful delivery of both the network transformation and network expansion programmes, consistent with the commitments made to the Government, and also to pursue opportunities around collections and returns where appropriate. Ensure all major multiples/retailers are visited at CEO or Director level during the year.

5. Project Sparrow

Personally lead the programme to ensure the risks and issues are being tightly managed, keeping the Board closely updated on progress. Ensure there is a clear plan in place by end Q1 for managing the risks and challenges associated with the mediation scheme, and that it is then implemented.

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Appendix 3 – Personal Objectives for Chris Day, 2014/2015**1. Managing business performance – hitting the numbers and driving commercial value:**

- a) Hold Commercial Committee / ExCo to account for the delivery of all key financial outcomes
 - i) Total net income £925m
 - ii) EBIT £99m / EBITDAS (£61m)
 - iii) Cost: income ratio improvement to \leq £106%

- b) Accelerating delivery of Financial Services transformation:
 - i) Complete full FS P&L (H1)
 - ii) Sustain and increase personal commercial challenge through Board FSSC / BOI SEC / Commercial Committee / QBRs

STRETCH TARGET: De-risk FS budget / exceed top line by £5m

- c) Maximise commercial value of Mails business:
 - i) Ensure PO is not disadvantaged though MSA / DA contractual review
 - ii) Accelerate focus on:
 - a. Collections & returns
 - b. Parcels market
 - c. SME's – Commercial Committee

STRETCH TARGET: De-risk Mails budget / exceed top line by £6m

- d) Seek alternative sources to create income contingency (GS / Telephony)

2. Cost reduction – reducing fixed costs tactically and strategically (by \geq 20% by 19/20):

- a) Deliver £34m of 'tactical' cost savings in budget

STRETCH TARGET: £2m direct savings v budget

- b) Deliver FY14/15 Business Transformation programme cost effectively

STRETCH TARGET: Identify BTr £3m in year savings**3. Delivering an effective Corporate Financial Strategy, setting the course for financial self-sufficiency:**

- a) Treasury
 - i) Up rated focus on cash management / working capital to (a) reduce volatility of controllable cash, and (b) monitor release of cash (Finance Committee)

STRETCH TARGET: further £25m improvement in government facility 'headroom'

- b) Tax
 - i) Secure HMRC agreement to \geq 55% VAT recovery rate

STRETCH TARGET: £3m contribution to EBIT in excess of budget

- c) Insurance

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- i) Optimise (a) insurance cover / excess agreement for three 'core' policies, and (b) organisational / governance arrangements (with GC)

4. Maximise the functional effectiveness of new wider responsibilities:

- a) Challenge and support CIO to deliver IT Transformation on time and to budget
- b) Deliver Finance system separation from RMG with uprated MI completed on time (Sept 2014) and within budget
- c) Further improve Procurement 'in-life' contract management

STRETCH TARGET: £2m direct savings v budget

5. Building a FTSE100 – standard finance function to further drive commercial value and ensure value for money on all spend:

- a) Further enhance external reputation to support talent attraction / retention (speaking events / networking / award nominations) (ongoing)
- b) Develop FLT leadership capability and succession plans for all L4 roles and above (Q3)
- c) Complete roll-out and adoption of Finance Competencies (Q2)