



Engagement Letter

Provision of professional services support in relation to Project Ruby

1 Date

1.1 4 July 2024

2 Parties to this Engagement Letter

National Federation of Subpostmasters
Evelyn House
22 Windlesham Gardens
Shoreham-by-Sea
BN43 5AZ
(NFSP, the Client, you)

Grant Thornton UK LLP
30 Finsbury Square
London
EC2P 2YU
(Grant Thornton, GT, we, us)

3 Introduction

3.1 This letter (the **Engagement Letter**), together with our standard terms and conditions (further details of which are provided in paragraph 12 below) (the **Terms and Conditions**) sets out the basis on which Grant Thornton will provide you with the services set out in Appendix A in connection with assessment of the commercial options available to NFSP to re-define purpose and vision (**Project Ruby**, the **Project** or the **Purpose**).

3.2 Words and phrases defined in clause 1 of the Terms and Conditions will have the same meanings in this Engagement Letter.

4 Scope of work

4.1 The services to be provided by us pursuant to this Engagement Letter (the **Services**) are detailed in Appendix A. We will work with your management team (**Management**) to carry out our work set out in this Engagement Letter. For the avoidance of doubt, your management will solely be responsible for any management decisions.

4.2 Where, in the course of performing our agreed scope of work, we assist Management in drafting the appropriate documents to support the Project (the Client Documents), such documents will be Client Documents and will not contain Grant Thornton branding. The directors of the Client will be responsible for reviewing drafts of the Client Documents prior to finalisation, and for approving the Client Documents for formal adoption by the Client.

4.3 Our work is limited to the scope of our engagement as defined in Appendix A. You are responsible for determining whether the scope of our work specified in this letter is sufficient for your purposes in the context of Project Ruby. If we were to perform additional procedures or extend the scope of our work into other areas, we might identify other matters that would be reported to you. This would be the subject of an addendum to this letter or a separate engagement letter, depending upon the circumstances.

4.4 During the course of the engagement, we may show drafts of our output to you. We draw your attention to clause 3.5 'Drafts and updating work' in the Terms and Conditions. A document remains 'draft' for these purposes until it has been manually signed by a Grant Thornton UK LLP partner or director or electronically signed using an Advanced Electronic Signature such as DocuSign.

4.5 Draft copies of our output will be provided to the directors of NFSP to confirm the factual accuracy of the information contained therein.

4.6 We will require a written representation from the directors of NFSP to confirm the factual accuracy of the information contained in our output.

5 Timetable

- 5.1 Our work is expected to take place over 12 weeks, commencing on 12 August 2024.
- 5.2 We will work with you to meet this expected timetable but point out that our ability to meet this deadline will be most notably dependent on the availability of Management and the timeliness and completeness of the information and explanations provided.

6 Confidentiality

- 6.1 Our report and related communications including attachments (together, the **Deliverables**) will be addressed to the Client. We draw your attention to clause 3.4 'Liability to Addressees only' and clause 7.1 'The Addressees' confidentiality obligations' in the Terms and Conditions.
- 6.2 Notwithstanding clause 7.1 'The Addressees' confidentiality obligations' in the Terms and Conditions, we hereby agree that you may disclose our Deliverables to your professional advisers in connection with the Purpose without our prior written consent but in each case strictly on the basis that prior to disclosure you inform such parties that (i) disclosure by them is not permitted without our prior written consent, and (ii) we accept no duty of care nor assume responsibility to any person other than the Addressee(s).

7 Conflicts of interest and independence

- 7.1 To maintain the independence of the process, the Project will be conducted by a partner and team separate to the advisory teams working with Post Office Limited (POL). In addition, the report will be reviewed by a partner independent of the advisory work to ensure the objectivity of our Services.
- 7.2 The Client have been informed of the various roles that Grant Thornton UK LLP has been requested to fulfil for POL. By agreeing to the terms of this Engagement Letter, you confirm your understanding of the roles that Grant Thornton UK LLP is undertaking for POL and you consider that there are no conflicts of interest or independence in relation to these roles.
- 7.3 We draw your attention to clause 2.1 'Relationship checking' in the Terms and Conditions.

8 Fees

- 8.1 In accordance with normal professional practice, our fees are based upon the degree of responsibility and skill involved and the time necessarily spent on the engagement. Our total fees of £ 150,000 plus expenses and VAT will be invoiced to and payable by the Client and are due on presentation of our invoice. We will invoice you on a monthly basis throughout delivery of the Services, or we will invoice you on issue of our final report, whichever date is earlier. These charge out rates have applied since 1 January 2024, albeit we reserve the right to amend them in the future after prior notification to you.
- 8.2 We draw your attention to clauses 4.1, 14.4 and 14.5 of the Terms and Conditions.
- 8.3 For the avoidance of doubt our fees are not contingent on the outcome of this engagement. If this engagement is terminated before completion of the Services, we will invoice the Client for the time costs incurred by us at our normal scale rates for this type of work (up to and including the date on which we are notified that our engagement has been terminated).

Fee assumptions

- 8.4 Our fees are based on the following assumptions:
- There is no change to the scope of the work as set out in this letter
 - We will have disclosed to us all relevant financial and operational records and related information, and the information we require will be reliable and will be provided to us without undue delay
 - We will receive full co-operation from all relevant personnel at, and other professional advisers to, the Client
 - We are given appropriate access to all information and people involved in this assignment from the Client management teams we reasonably require in the course of our work
 - Project Ruby completes on 31 October 2024

If these assumptions are not met, we reserve the right to charge an additional fee for any extra work involved in carrying out the engagement.

9 Engagement team

- 9.1 Our proposed engagement team will include the following roles:

- The Engagement Leader, Oliver Bridge, who will be responsible to you for this engagement
 - The Engagement Supervisor, Galyna Tkalenko, who will manage the assignment on a day-to-day basis
- 9.2 Other Grant Thornton UK LLP resources will be utilised on this engagement, as appropriate.
- 9.3 Together, the above comprise the 'Engagement Team' and will work with the appropriate members of Management.

10 Limitation of liability

- 10.1 We draw your attention to clause 9 'Limitation of liability' in the Terms and Conditions. The limitation of liability referred to in that clause refers to all assignments undertaken by us for you in relation to the Purpose, whether the subject of this Agreement or another engagement letter/agreement.

11 Data Protection

- 11.1 We may need to Process Personal Data about you and individuals associated with you (such as clients, staff, trustees and others), which could include the following: personal identification and contact details, employment related information or financial data. We will hold the Personal Data as Data Controller. Our privacy notice on our website (www.grantthornton.co.uk/en/privacy) contains further details as to how we may use, process and store Personal Data.

12 Additional terms and conditions of engagement

- 12.1 The additional detailed Terms and Conditions, version: T&C 05 -24, available from the '**Terms and conditions**' link at the bottom of our website (www.grantthornton.co.uk) apply to the Services as if they were set out in this Engagement Letter and should be read and understood in conjunction with it as they form an important and integral part of the overall terms of our Agreement.
- 12.2 A copy of our Terms and Conditions is available upon request.

13 Acceptance of terms

- 13.1 We should be grateful if you would confirm your agreement to the terms of this contract, including the Terms and the Conditions, by signing this Agreement.

Grant Thornton UK LLP

Grant Thornton UK LLP

I accept the terms of this Agreement for and on behalf of National Federation of Subpostmasters

Signed GRO Date 15/07/2024

Print name ROBERT CLACK

Role COMMERCIAL & RETAIL DIRECTOR

Appendix A - Scope of Work

1 Project

1.1 The Client's objective is to redefine their purpose and vision by assessing options to become a self-sufficient, profitable operation, with subpostmasters remaining at the core

1.2 Our work will include:

Working collaboratively, NFSP and Grant Thornton will perform the following activities through data analysis, interviews and surveys:

- Agree the current purpose and vision of NFSP as seen by NFSP, Post Office Limited (POL) and a selection of subpostmasters, the strategic goals that have been in place and how these have been executed in recent years
- Hold interviews and discussions with NFSP stakeholders including the POL to
 - Understand the value NFSP has to POL and the subpostmasters,
 - Understand the current and future challenges in the market that NFSP could be used to overcome. This will include consideration of the mail market and any likely future challenges / changes e.g. competition, regulations
 - Understand the current funding, income and cost environment of NFSP and how this relates to its current operating model
- Gain an independent understanding of the external landscape for NFSP's future including opportunities to access new or increasing revenue streams, any barriers to entry and the needs and requirements of key stakeholders
- Understand any limitations and opportunities for the future internal landscape in line with the external landscape including skills and capabilities, investment, cost savings
- Create a list of commercial options available to NFSP and undertake assessment against success criteria for each scenario. This will include financial and market considerations as per the UK markets
- By challenging the current status quo and seeking alignment with stakeholders, support your Management to define the future purpose and vision of NFSP.

Project Outcomes

- Re-defined purpose and vision for NFSP that will support a sustainable future for subpostmasters and POL
- A list of fit-for-purpose commercial strategy options available to NFSP assessed against success criteria (including financial impact)
- Support NFSP Management's decision around which commercial strategy option to take forward into next phase which will include more detailed modelling and market analysis

1.3 Output of our work will include:

To support the Project outcomes as listed in the above section, our output will be a Client Document outlining the proposed purpose and vision for NFSP that will support a sustainable future, and all of our wider observations and proposed options for your Management's consideration.



Certificate Of Completion

Envelope Id: 24106F5B1FA440A2929A3224BF8A659F Status: Completed
Subject: Complete with DocuSign: NFSP_letter of engagement 4 July 24.pdf
Document Type: Letter of Engagement/Contract
ID: NFSP_letter of engagement 4 July 24
ID Type: Take On assignment
Service Line: Advisory - Deals & Business Consulting
Source Envelope:
Document Pages: 4 Signatures: 2 Envelope Originator:
Certificate Pages: 2 Initials: 0 Charlotte Underwood
AutoNav: Enabled 30 Finsbury Square
EnvelopeId Stamping: Enabled London, _ EC2A 1AG
Time Zone: (UTC) Dublin, Edinburgh, Lisbon, London IP Address: GRO

Record Tracking

Status: Original Holder: Charlotte Underwood Location: DocuSign
5/7/2024 | 09:54 GRO

Signer Events

Signature	Timestamp
Grant Thornton UK LLP GRO Oliver Bridge - Partner Security Level: Email, Account Authentication (None)	Sent: 5/7/2024 09:56 Viewed: 5/7/2024 14:04 Signed: 5/7/2024 14:04
Signature Adoption: Pre-selected Style Using IP Address: GRO	

Electronic Record and Signature Disclosure:
Not Offered via DocuSign

Robert Clack GRO Retail Director NFSP Security Level: Email, Account Authentication (None)	GRO Signature Adoption: Pre-selected Style Using IP Address: GRO	Sent: 5/7/2024 14:04 Viewed: 15/7/2024 11:12 Signed: 15/7/2024 11:21
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Electronic Record and Signature Disclosure:
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In Person Signer Events	Signature	Timestamp
Editor Delivery Events	Status	Timestamp
Agent Delivery Events	Status	Timestamp
Intermediary Delivery Events	Status	Timestamp
Certified Delivery Events	Status	Timestamp
Carbon Copy Events	Status	Timestamp
Witness Events	Signature	Timestamp
Notary Events	Signature	Timestamp
Envelope Summary Events	Status	Timestamps

Envelope Summary Events	Status	Timestamps
Envelope Sent	Hashed/Encrypted	5/7/2024 09:56
Certified Delivered	Security Checked	15/7/2024 11:12
Signing Complete	Security Checked	15/7/2024 11:21
Completed	Security Checked	15/7/2024 11:21

Payment Events	Status	Timestamps
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