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Background on POL Board and Governance

We understand a meeting between Kelly and the Perm Sec is being scheduled, at which they will discuss some of these issues.

1. How the Board is Appointed

The Chair is a ministerial appointment, meaning that the Minister selects from three 'appointable' candidates. The current chair, Tim Parker was appointed in October 2015, and re-appointed for a further four years in 2018.

Appointment of all other board members also requires ministerial consent, and the minister must approve the job description and remuneration. In addition, the shareholder Non-Executive Director (NED; Tom Cooper) would normally sit on the selection panel.

NEDs are typically appointed for 3 years and can serve two terms. Tom Cooper joined UKGI shareholder in November 2017 and joined the POL board in March 2018.

Two members of POL's executive team also sit on the Board: the CEO and CFO. These are both typically permanent appointments but are currently both interims. Please find below a list of current Board members and their appointment dates.

| Role | Name | Start Date | Term Expires |
|--------------------|-----------------------------|------------------------------|----------------|
| Interim CEO | Alisdair Cameron | Appointed as CFOO 28/01/2015 | N/A (Employee) |
| <i>Interim CFO</i> | <i>Awaiting appointment</i> | - | - |
| NED | Timothy Franklin | 19/09/2012 | 19/09/2019 |
| Chair | Timothy Parker | 01/10/2015 | 31/09/2022 |
| NED & SID | Ken McCall | 21/01/2019 | 20/01/2022 |
| NED | Carla Stent | 21/01/2019 | 20/01/2022 |
| NED | Shirine Khoury-Haq | 24/05/2018 | 23/05/2021 |
| UKGI NED | Tom Cooper | 27/03/2018 | N/A |

**Afua Kyei has accepted the role as interim CFO but has not yet been appointed.*

2. How you can make changes to the board

The shareholder is entitled to appoint or remove any Director (board member) at any time. It would be good corporate practice to raise any serious concerns about the Board with the Chair first, and a high bar should be passed before using these provisions.

3. Further clarity on why the Minister has not been able to attend board meetings

It is possible for the Minister to attend the Board as an observer or an external speaker, and Baroness Neville-Rolfe attended a POL Board meeting when she was Minister for

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the Post Office. A Board dinner could also be a good opportunity for the Minister to meet Board members. We are happy to discuss these options with POL. We have informed POL that you would be keen to talk to the Board and suggest that you ask Tim and Al about this option when you see them on Wednesday.

While a one-off engagement would likely be welcomed by the Board, there are risks associated with regular attendance. It could affect the dynamics of board discussions and create confusion around the Board's operational freedom and the Minister's distance from their decisions.

4. Establishment of a protocol of information sharing with POL

Following your request that we establish stronger information sharing arrangements with POL, we have considered options and would like to recommend that we set this out in the formal 'Shareholder Relationship Framework Document' between BEIS, UKGI and POL. The Framework Document is a long-term document that is intended (among other things) to set out (i) certain obligations with which POL is expected to comply and (ii) how the parties will interact with each other. The Framework Document is being finalised as part of Post Office's wider corporate restructuring project, which has been delayed due to POL's focus on the litigation case. We hope to complete this over the next few months and would be happy to discuss this with you in greater detail.

This approach would build on current arrangements, whereby POL's Articles of Association entitle the shareholder to ask for any information it likes, which POL must comply with provided they are reasonable. POL is also required to provide information on financial, investment and network performance on a more frequent basis. A specific protocol has been agreed in relation to the litigation, because POL requested greater safeguards to protect legally privileged information. Including a specific commitment on information-sharing in the Framework Document will provide a strong foundation for the future. If you are happy with this, we would be comfortable with you mentioning this during your meeting on Wednesday.

At working level, we are continuing to work with Private Office to ensure that the Minister is kept up to date on developments with POL in a timely manner.