

Grant Thornton UK LLP
30 Finsbury Square
London EC2A 1AG

Post Office Limited
100 Wood Street,
London
EC2V 7ER

12/10/2023 | 11:30 BST

Dear Sarah

Post Office Limited – Corporate Governance Support – Scope of Work

We refer to the Agreement which is to be read in conjunction with this Scope of Work. This Scope of Work incorporates the terms of the attached contract made between the Post Office Limited and Grant Thornton UK LLP dated 12/10/2023 | 11:30 BST. This Scope of Work shall form part of the Agreement for the Services set out herein.

All terms defined in the Agreement shall apply to this Scope of Work unless expressly stated otherwise.

The purpose of this letter (the "**Scope of Work**") is to provide Grant Thornton UK LLP ("**you**") with instructions regarding the form and content of the work that Post Office Limited (the "**Company**") requires you to carry out (the "**Instructions**").

1. SCOPE OF WORK

- 1.1 Your role will involve the preparation of the Report (as defined below) and set out in more detail in the "Instructions" in Section 2. As set out in Section 2, the production of the Report will involve consideration of the Company's current corporate governance, practices and procedures, its known gaps or self-identified improvement opportunities and recommendations as to what areas the Company could improve on, taking into account the Company's unique position including its ownership structure, commitment to social purpose and its strategy. To the extent that it is necessary for you to evaluate the Company's existing framework to make recommendations, such evaluation should be done as against appropriate standards. For this purpose, the appropriate standards would be the UK Corporate Governance Code 2018 mapped against the Central Government Code 2011 save to the extent that you consider that during your work, given the Company's unique corporate complexion, the aforementioned industry standards are not applicable in any respect. In the case of the latter, you should make this clear in the Report and suggest alternative ways in which the Company's current corporate governance framework could be enhanced and/or revised in order to better align with the Company's purpose and strategic objectives and/or best practice of organisations of a similar size and who operate in the similar markets and sectors.
- 1.2 The Company is committed to working openly and transparently and assisting you in every aspect of the engagement. It will be important for there to be an open collaborative dialogue between you and the Company. The Report will be produced for the Company's internal purposes. You may wish to note, however, that the statutory public inquiry (chaired by Sir Wyn Williams) (the "**Inquiry**") will be examining governance, current practice and procedure and considering recommendations for the future. It is therefore likely that the Report will be relevant to the Inquiry's work and therefore disclosable to the Inquiry. Therefore, the Company may share this Scope of Work document as well as the Report with appropriate

third parties on a non-reliance basis. That may include the ongoing Inquiry and other third parties, such as Government departments concerned with the Company's governance. In the event that the Report is submitted by the Company to such third parties, the Company must provide prior notice to such third parties that they may not rely on the Report, the Services or Scope of Work and that if they intend to share or disclose the aforementioned further, it must also be on a non-reliance basis.

- 1.3 You are being engaged in an advisory capacity only, and any support that you give under the terms of this letter, whether by way of report or otherwise, is not intended to be used as expert evidence before a court. It follows that your advice will not be subject to the Civil Procedure Rules and Practice Directions ("**CPR**"), which are the rules governing the conduct of civil proceedings in England and Wales.
- 1.4 Throughout this process you should maintain a level of objectivity consistent with your role as an experienced professional advisor. The Company makes clear, however, that you are expected to liaise with individuals within the Company for the purposes of gathering information, including information relating to known gaps the Company will advise of, proposed or in-flight recommendations and the information that is available as a result of company self-assessments and for developing practical recommendations which the Company may then consider and determine if they wish to take forward.
- 1.5 In your capacity as an advisor, the Company requires you to exercise reasonable skill and care when carrying out your instructions and to provide your objective and unbiased opinion.
- 1.6 If, having read this letter, the attached contract, or any further documents which we provide as part of the onboarding process, you feel that you may not, after all, have the appropriate experience and expertise to carry out your instructions, please let us know immediately and in any event, before the commencement of substantive work on the engagement.
- 1.7 Please also make clear in the Report if you have been unable to reach a definite opinion, for example due to insufficiency or redaction of information.

2. **INSTRUCTIONS**

Background

- 2.1 The Company is wholly owned by the Secretary of State for Business and Trade (the "**Shareholder**"), who holds a special share in the Company, the rights of which are enshrined in the Company's Articles of Association. The relationship between the Shareholder, its representative (UK Government Investments Ltd) and the Company, and the Shareholder's expectations of the Company, is set out in the Shareholder Relationship Framework Document (March 2020).
- 2.2 Since 2019, when the Company reached a settlement agreement with 555 former or serving sub-post masters who had brought claims against it, the Company has conducted an exercise of internal and external scrutiny and improvement in the light of the findings of the High Court (Fraser J.), including in relation to its corporate governance. It now seeks to carry out a review of its corporate governance with a view to considering what further changes, if any, need to be made in order to ensure its governance operates in line with industry standards and/or best practice in support of delivery of its purpose and strategy.

The Company has undertaken a number of improvements to try and ensure that the Board and Group Executive (GE) are properly briefed on the operational management of the Company and matters which require Board and GE oversight, so that the Board and GE are able to provide appropriate guidance and challenge.

Objectives

- 2.3 Against this background, the Company's specific objectives for the Report are to:

- 2.3.1 Assist the Company in understanding:
- (A) Whether the Company's current corporate governance framework, practices and procedures, across the tiers of management and governance structures, meet the appropriate standards (referred to above), taking into account its ownership structure, commitment to social purpose and strategy.
 - (B) The changes the Company should consider making to improve its corporate governance framework, practices and procedures, across the tiers of management and governance structures,, to meet the appropriate standards (referred to above).
 - (C) The changes the Company should consider making to improve its corporate governance framework, practices and procedures, across the tiers of management and governance structures,, to improve accountability, responsibility, fairness, and enable clearer and faster decision making.
 - (D) The changes the Company should consider making to improve its corporate governance framework, practices and procedures, across the tiers of management and governance structures,, to enable greater transparency and responsiveness.
 - (E) How any such recommended changes fit in with a wider programme of change within the Company, and in particular Programme Ethos, which provides oversight of the various transformation workstreams and identifies areas of mutuality. Further details of which will be provided at the kick off meeting.

Your instructions

- 2.4 Your instructions are to:

- 2.4.1 Use the methods detailed in 2.5 to formulate an understanding of the Company's governance processes and structures across various tiers of management. This will include:
- (A) the Board to Group Executive sub-committee level (comprising the Board, the Group Executive, and the GE sub-committees) (the "**BGE Level**"), and;
 - (B) the Business Unit Level (comprising any sub-sub committees, working groups and pillar boards whether formally or informally constituted) (the "**BU Level**");
 - (C) any other individual or groups who have had decision making processes concerning the governance of the organisation delegated to them as identified by the Company.
 - (D) The interaction between the entities listed at A to C.
- 2.4.2 Consider this against the benchmarks of:
- (A) the relevant industry standard as outlined in Section 1.1 that are comparable to typical business operations equivalent to the size of the Company;
 - (B) the best practices of organisations with comparable structures where you consider there is no industry equivalent due to the Company's constitution
- 2.4.3 To make recommendations as to what next steps (including policies, procedures or changes) the Company should take in order to ensure that it meets the appropriate industry standard and/or benchmark.
- 2.4.4 Throughout, there should be a particular focus on how;
- decisions, MI and policies flow both up and down the management structure – with a view of establishing whether they support effective decision making in line with the strategy and governance standards
 - the practical application of governance structures affect actions, feedback loops and decision making outcomes

Methods

- 2.5 In order to complete the work, you will, as deemed appropriate, refer to the following information and sources:
- 2.5.1 The written documents which comprise the Company's current corporate governance framework (which the Company shall provide to you), including but not limited to policies, terms of reference, delegated authorities, organisation structure, codes or manuals that set out the Company's approach to governance;
 - 2.5.2 Minutes or any relevant documentation provided to you which capture actions from key decision making bodies within the Company
 - 2.5.3 Liaison with other ongoing reviews within the business (such as those related to culture and ethics, refer 2.5.6) and the prior company self-assessment exercises, such as board effectiveness reviews, in order to ensure all reviews input into each other and work collaboratively to produce suggested recommendations that work across the business as a whole;
 - 2.5.4 If you deem it appropriate, interviews with a selection of current, departing and former employees (if it is considered their views on the current governance

structures are appropriate) provided they consent to such interviews and attend them within your requested timescales. This may include, but is not limited to:

- (A) at BGE Level: the Chair, the Senior Independent Director, GE members, Board members;
- (B) at BU Level: Postmaster Non-Executive Directors, less senior members of staff who can provide a "user's" perspective on governance issues, and employees who are members of sub-sub committees, working groups or pillar boards whether formally or informally constituted. The Company commits to providing any necessary assistance on the committee structure below/beyond BGE Level to enable you to identify and conduct interviews with any person for the purposes of undertaking your work;
- (C) the Company Secretary, and the Company Secretarial Team, the National Federation of SubPostmasters, the Communication Workers Union and Unite;
- (D) any other individual or group who you deem to have had management and governance responsibilities delegated to them e.g. Internal Audit, Compliance and Assurance.

2.5.5 If you deem it appropriate, the use of the online survey platform (the **Platform**) to assess the practical application of governance practices within the Company, subject to the terms set out in Section 4 of this Agreement.

2.5.6 If you deem it appropriate, information and findings derived from reviews of the Company that are comparable to or compatible with this review. The key workstreams are set out in appendix A and we shall provide you with further details on the programmes in a timely manner.

2.6 Should you require further documentation, have questions about particular documentation, or require assistance with contacting particular individuals to conduct interviews, then please direct queries to the Company's Group Company Secretary, Rachel Scarrabelotti

Outputs

2.7 You will prepare a written report using the information obtained from the methods detailed in Paragraph 2.5 (the **Report**). The Report should take into account the Company's objectives set out at paragraph 2.4 above and specifically identify:

2.7.1 the extent to which the Company's current corporate governance framework, practices and procedures meet the appropriate standards as outlined in the Report and/or relevant market practice to achieve the purpose and strategy;

2.7.2 where they do not, identify the reasons and the status of any related remediation currently in-flight, the potential options for the Company to help improve and / or achieve compliance and the method(s) by which those options can be implemented (against which the Company will seek to measure future progress);

2.7.3 include any other comments on the Company's current corporate governance framework such as best practice considerations

2.8 Subject to Paragraph 2.9, the final version of the Report will be submitted to the Company by the end of January 2024, with the draft version of the report submitted to the Company one week prior to this deadline. These deadlines will be dependent on appropriate people being available and attending interviews in the timescales requested by you, together with the timeliness and completeness of the information and explanations provided. You will need to notify us in writing as soon as practical if you envisage a delay to the timeline. Any extension to the timeline must be agreed by the Company in writing.

2.9 The review of and submission of a draft report specifically on the Company's governance structures, processes and systems in relation to remuneration, to assess for consistency of

good corporate governance practices and that this is in alignment with the role of DBT as described within the Company's core constitutional documents and its duties will be completed within 4 weeks of your appointment subject to all relevant documentation being provided on execution of the contract. The content of that report will subsequently then also be incorporated into the Report to be provided under paragraph 2.8 above including any further observations and/or recommendations which may arise as a consequence of our further work.

- 2.10 Notwithstanding the scope of this letter, responsibility for decisions related to the operations of the Company will remain solely with the directors of the Company and not you. The directors should perform a credible review of the Report in order to inform any decision made by the Company.
- 2.11 During the course of your work, you will provide interim short form reports which seek to capture themes arising from your information gathering exercise in the form of a Red, Amber, Green report ("RAG reports").
- 2.12 Within the first four weeks of commencement of your field work you will provide an Interim report covering findings related to the appropriateness of the governance structures at Remuneration Committee level ("RemCo Report"). Any further findings which may arise related to this specific topic during our further work will be captured and highlighted in the Report.

Form of Report

- 2.13 Please comply with the following requirements in preparing the Report:
 - 2.13.1 give details of any literature or other material on which you have relied in making the Report;
 - 2.13.2 include a statement setting out the substance of all facts and instructions, whether written or oral, which are material to the opinions expressed in the Report or upon which those opinions are based;
 - 2.13.3 if there is a range of opinion on any matters dealt with in the Report, summarise that range of opinion and give reasons for your own opinion;
 - 2.13.4 include an executive summary of the conclusions reached by you;
 - 2.13.5 if you are not able to give your opinion without qualification, state that qualification; and
 - 2.13.6 include a declaration regarding conflicts of interest.
 - 2.13.7 Please sign and date the Report, and include any relevant titles, qualifications and honours.
- 2.14 Should you require further guidance as to the structure of your written Report, please contact the Company's Group Company Secretary.

Amendments to the Report

- 2.15 As this is an advisory engagement, you should show the Company drafts of the Report for discussion. The Company agrees that this is done on the basis that drafts are subject to revision and alteration and no reliance should be placed on them. The Company will bring to your attention any issues in the draft report that it suggests it might be clarified prior to its finalisation. A document remains 'draft' for these purposes until it has been manually signed by a Grant Thornton UK LLP partner.
- 2.16 We note that the Report will reflect facts that are known to you at the time of its issuance. You agree to undertake reasonable endeavours to raise with the Company information which comes to your attention during subsequent work on this matter to the extent that it may have a material impact on your original conclusions. However, you are under no absolute

obligation to do so, nor to amend the Report (or any report to the Company in any form) following its issuance.

3. **INQUIRY CONFIDENTIAL INFORMATION**

- 3.1 The Inquiry requires that information it provides to the Company (and other Core Participants in the Inquiry) is kept confidential and those needing access to such information are required to provide to the Inquiry signed undertakings for the Inquiry's consideration. It is likely that this Report will be disclosed to the Inquiry for Phases 6 and 7.

4. **USE OF THE ON-LINE SURVEY PLATFORM**

- 4.1 The Platform, should it be used for this engagement, will be supported by your sub-contractor, **GRO** who will produce a standalone report, the outputs of which will inform your work (document review and interviews) and be integrated into the Report. Access to the Platform is intended to facilitate the Company's participation in the Services and is granted to the Company on a one-year licence. This licence is subject to the conditions of use set out below.
- 4.2 Conditions of use of the Platform: The Company undertakes that:
- 4.2.1 the users (individuals identified by the Company to complete the survey) (the **Users**) shall only access the Platform using valid login credentials provided by you;
- 4.2.2 it will use reasonable endeavours to prevent any unauthorised access to, or use of, the Services and/or the report (including promptly notifying you of when a User's access should be suspended or removed) and, in the event of any such unauthorised access or use, promptly notify **GRO**
- 4.2.3 access to the Platform shall not involve the Company or the Users supplying, selling, renting, sublicensing, leasing, using, downloading, accessing, copying, disseminating, distributing, circulating, publishing, displaying, reproducing or otherwise exploiting whether for profit or otherwise, except as expressly set out in this Agreement;
- 4.2.4 the Users, use the Services and the Report in accordance with this Agreement;
- 4.2.5 the Users, use the Services solely for lawful purposes;
- 4.2.6 it shall be responsible for any User's breach of this Agreement;
- 4.2.7 the Users, do not disseminate, distribute, publish, circulate or provide misleading or inaccurate data based upon the Services; and
- 4.2.8 neither the Company, nor the Company assisting any third party, shall use the Services or report to build or attempt to build, a product or service which competes with the Services and/or the report.
- 4.2.9 This Agreement shall not prevent Grant Thornton UK LLP from entering into similar agreements with third parties, or from independently developing, using, selling or licensing documentation, products and/or services which are similar to those provided under this Agreement.
- 4.3 In respect of the board survey, **GRO** will Process Personal Data about the Company and individuals associated with the Company (such as board members, staff and others), which could include the following: personal identification, contact details and designation. **GRO** will hold Personal Data as Data Processor where the Company accesses and uses the Platform.
- 4.4 **GRO** is based in and operates from Sweden.

4.5 Disclaimer

4.5.1 The Platform is provided on an “as is” basis and you do not make any representations or warranties, including without limitation, representations or warranties relating to the timeliness, currency, continuity, accuracy, completeness, merchantability, or fitness for a particular purpose of the Platform. By using the Platform, the Company acknowledges that every business decision involves the assumption of a risk and that you, in making the Platform available to the Company, do not underwrite that risk, in any manner whatsoever. You shall not be liable for any loss caused in whole or in part by the Company’s use of the Platform.

4.5.2 The Company acknowledges that no component of the Platform shall constitute any financial, legal, investment or any other professional advice.

4.5.3 The Company will take reasonable steps to not deliberately nor negligently introduce viruses, worms, bombs, Trojan horses and trap doors to the Platform. To the fullest extent permitted by law, you will not be liable for any loss or damage caused by a virus, distributed denial-of-service attack, or other technologically harmful material that may infect the Company’s computer equipment, computer programs, data or other proprietary material due to the Company’s use of the Platform.

The Platform reports arising from the governance diagnostic are confidential and prepared exclusively for you.

4.5.4 The Platform reports are prepared based on the accuracy and honesty of the response provided by your Users. We will not verify the accuracy or completeness of such information. There may therefore be errors in such information. No warranty or representation as to the accuracy or completeness of any such information or of the content of the Platform reports relating to such information is given nor can any responsibility be accepted for any loss arising therefrom. We would request that you check our understanding of the facts carefully and advise us of any inaccuracies or changes.

4.5.5 Liability arising in relation to the Platform – Notwithstanding the Supplier Liability Cap under the attached contract, your total aggregate liability for all claims or losses or liabilities arising in relation to or caused by the operation of the Platform and the Company’s use of it (including but not limited to negligence and breach of contract or other duty) shall be: IRRELEVANT which the parties agree to be fair and reasonable in all the circumstances. If the liability cap in this clause is found to be unenforceable for any reason, the Supplier Liability Cap of IRRELEVANT of the value of the fees in aggregate, but shall in no event exceed IRRELEVANT shall apply. For the avoidance of doubt, this should be seen as forming part of the overall Supplier Liability Cap, and not in addition to it.

5. FORM OF COMMUNICATIONS

5.1 We would be grateful if you could ensure that all communications on this matter are addressed to the Company’s Group Company Secretary.

5.2 Please mark any correspondence or other documents, including any draft or final Report, to the effect that such communications are confidential. This is in case any such documentation finds its way into the possession of a third party.

5.3 Please treat all Confidential Information disclosed to you during this instruction in accordance with clause 14 of contract.

APPENDIX A

1. Programme Ethos
2. Ethics Review
3. Sprint Review
4. POL's Enterprise Level Current Corporate Governance Framework Document
5. Deloitte's Review of the Effectiveness of Internal Audit / Governance at POL
6. ED&I Review