

MINUTES OF A MEETING OF THE AUDIT, RISK AND COMPLIANCE COMMITTEE (THE "COMMITTEE") OF POST OFFICE LIMITED (THE "COMPANY" OR "POL") HELD ON MONDAY, 29 JANUARY 2018 AT 20 FINSBURY SREET, LONDON EC2Y 9AQ AT 09.00AM

ACTION

1. WELCOME AND CONFLICTS OF INTEREST

A quorum being present, the Chair opened the meeting. The Directors declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

AB joined the meeting by telephone.



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2. POMS ARC REPORT

Irrelevant

3. MINUTES OF THE MEETING HELD ON 23 NOVEMBER 2017, MATTERS ARISING AND ACTIONS LIST

- 3.1 The minutes of the meeting held on 23 November 2017 were approved and authorised for signature by the Chairman.
- 3.2 The actions status report was noted as accurate. There were no actions due which had not been addressed in advance of the meeting or through the meeting papers.



4. MANAGEMENT OF KEY OPERATIONAL RISKS

Irrelevant

(c) Classification of Group Litigation Costs

Following a request from the Board, the classification of spend associated with Group litigation was being reviewed with EY. Litigation had traditionally been accounted for as an operating cost and charged to EBITDAS. However, the view of the Board was that litigation was not a cost of trading. The Chairman noted that the impact of any decision in this area on both short and long term incentive plans would need to be considered by the Company's Remuneration Committee.

Separately, AC advised that he was working to ensure that any off-balance sheet financing was reported as transparently as possible.

PV, TP and JH joined the meeting.

Irrelevant



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4.4

Irrelevant

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RH left the meeting. SS joined the meeting.

Irrelevant

Irrelevant



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Irrelevant

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Irrelevant

BF joined the meeting.

7. DEEP DIVE

Irrelevant

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(b) Litigation

As a result of the Postmaster litigation, the recovery of agent losses and prosecutions have become significantly more challenging, thereby increasing the risk that the deterrent effect of such recovery actions or prosecutions will be diminished. However, AC advised that more targeted audits had resulted in issues being identified earlier. As a result, agent losses had stabilised during Q3 2017/18. In response to a query from KM as to where agent losses figures should be reported, AC advised that they were covered in detail in the Conduct Report which would be presented at the March 2018 Board meeting. The Chairman advised that she was happy for the figures to be reported wherever thought appropriate, so long as they were reported.

BF left the meeting. MD joined the meeting.

Irrelevant



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Irrelevant



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- 11.2 There being no further business the Chairman declared the meeting closed at 11:00am.

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Chair

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Date