



POST OFFICE LIMITED BOARD MEETING

Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD

**MINUTES OF A MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON THURSDAY 17
SEPTEMBER 2020 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ BY CONFERENCE CALL AT 13.30 HRS¹**

Present:

Tim Parker	Chairman (TP)
Ken McCall	Senior Independent Director (KM)
Tom Cooper	Non-Executive Director (TC)
Carla Stent	Non-Executive Director (CS)
Zarin Patel	Non-Executive Director (ZP)
Lisa Harrington	Non-Executive Director (LH)
Alisdair Cameron	Group Chief Finance Officer (AC)
Nick Read	Group Chief Executive (NR)

In attendance:

Veronica Branton	Company Secretary (VB)
Ben Foat	Group General Counsel (BF)
Rodric Williams	Head of Legal – Dispute Resolution & Brand (RWI)
Declan Salter	GLO Director (DS) (from 2.15 pm)
Richard Taylor	Group Corporate Affairs and Communications Director (RT) (Item 7.)
Richard Watson	General Counsel – UKGI (RW)
Catherine Emanuel	Herbert Smith Freehills (AW) (Item 7.)
Sir David Calvert-Smith	QEB Hollis Whiteman (DCS)
Zoe Johnson QC	QEB Hollis Whiteman (ZJ)
Nick Vamos	Peters & Peters Solicitors LLP (NV)
Charlotte Tregunna	Peters & Peters Solicitors LLP (CT)
Brian Altman QC	2 Bedford Row (BA)

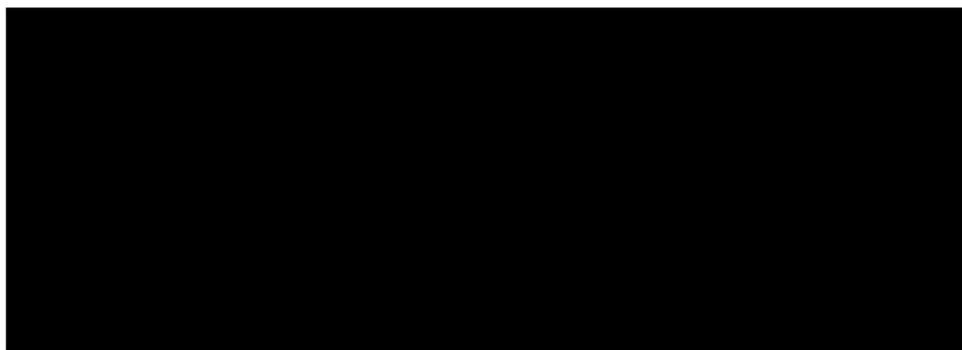
Apologies: N/A**Agenda Item****Action****1. Welcome and Conflicts of Interest**

A quorum being present, the Chairman 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.

2. Minutes and Matters Arising

The Board **APPROVED** the minutes of the Board meeting to discuss the CCRC cases held on 27th August 2020.

The Board **NOTED** the action log.

3.**3.1**

¹ Participation in the meeting was entirely via Microsoft Teams from participants' personal addresses. In such circumstances the Company's Articles of Association (Article 64) require that the location of the meeting be deemed as the chairman's location. However, it was not deemed appropriate to record personal addresses on the Company record. As such, the Registered Office is recorded as the meeting location.



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD

4.
4.1





POST OFFICE LIMITED BOARD MEETING
Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD

4.2

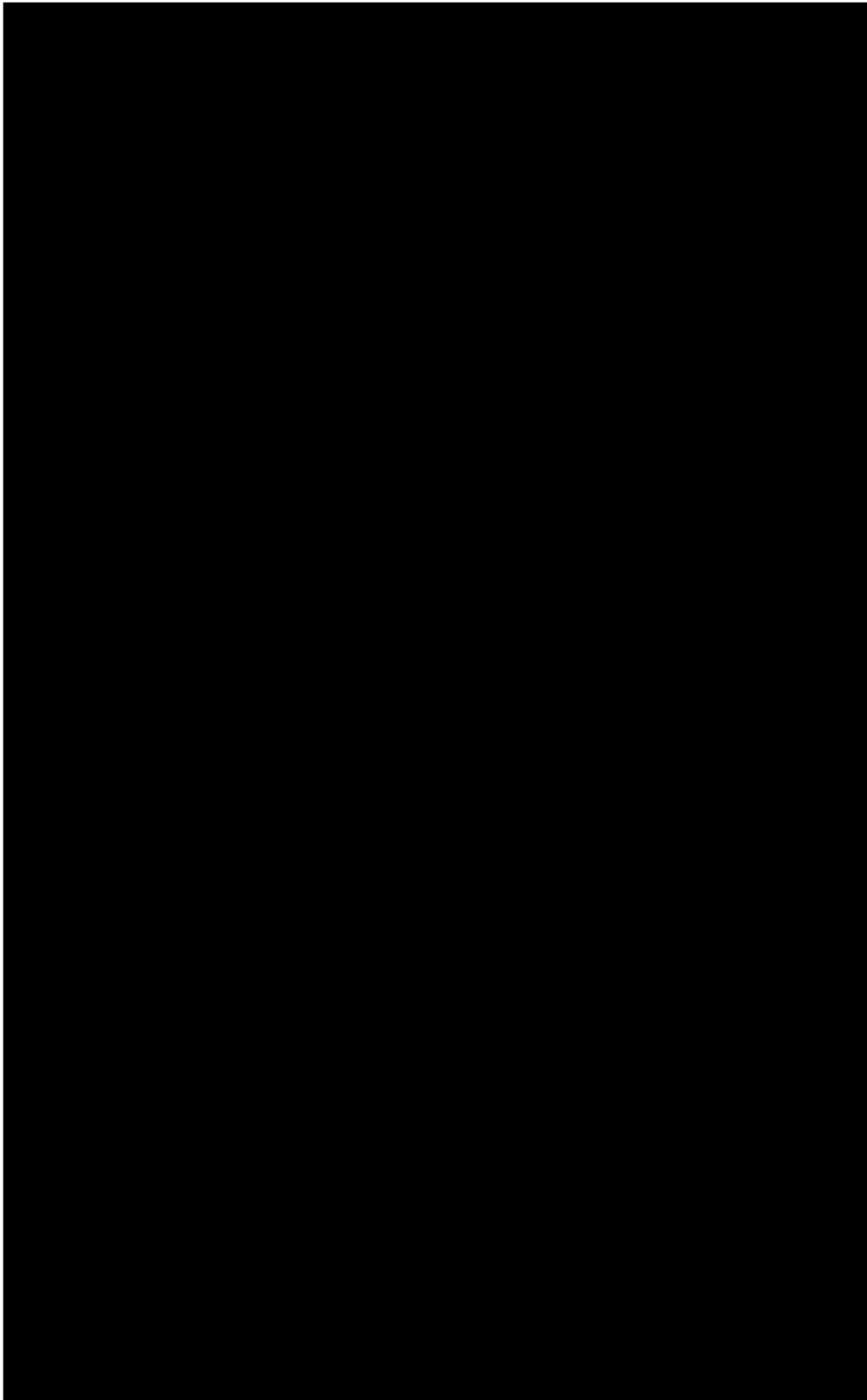
5.

5.1

5.2



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD

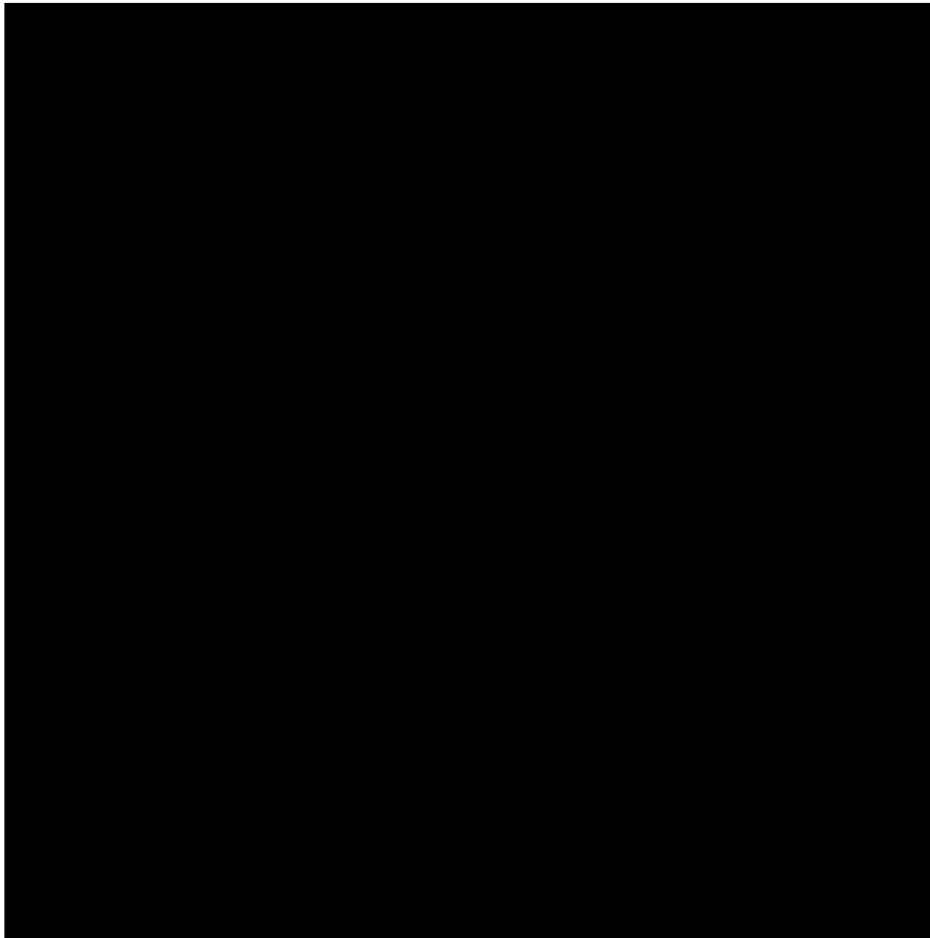


**Action: BA/
ZJ**



POST OFFICE LIMITED BOARD MEETING
Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD

5.3



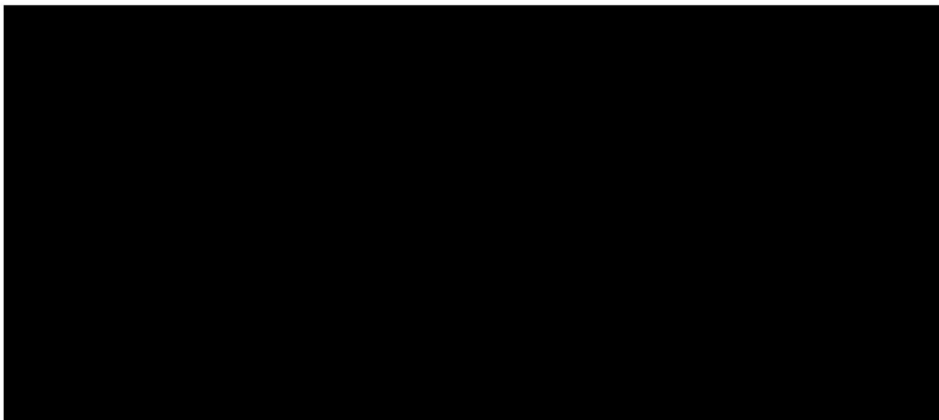
Action: BA/
ZJ

Action: BA/
ZJ

6.

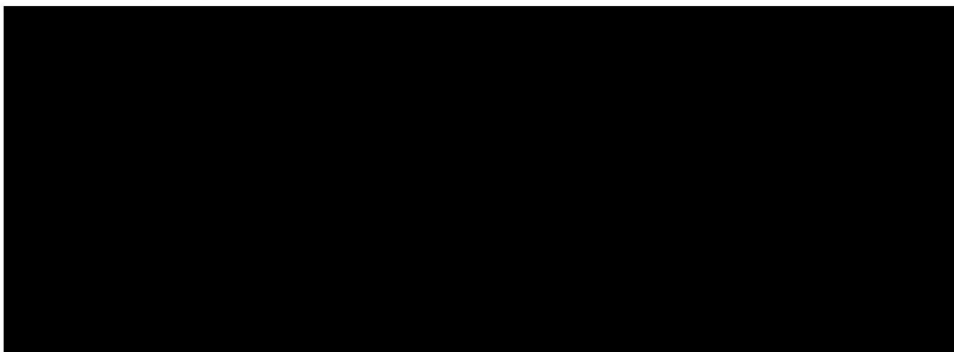
Tom Cooper noted that it was not possible to tell the difference between a correction transaction and a sale. That was difficult for the ongoing business position and asked what was being done to remedy this situation. Declan Salter reported that he had received assurances on the position, including the questions the call handler had to ask before payment was accepted; however, he would be visiting the Swindon office to see the position first hand.

7.

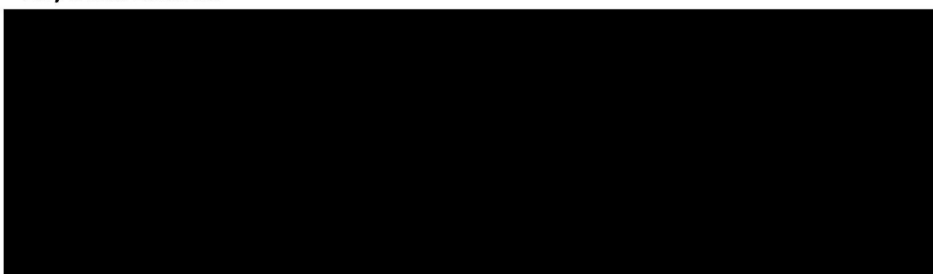


**POST OFFICE LIMITED BOARD MEETING*****Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD***

8.



9.

Any Other Business**Action: D**
C-S**Action: BF**

Zarin Patel requested an update on the Historical Shortfalls Claim Scheme. Declan Salter reported that 2,246 claims had been received, quantified at £67m before internal committee and panel review. A de minimis of 20k was proposed at the bottom end of scheme, which would reduce costs and also allow us to issue offer letters in first week of November 2020. We wanted to have addressed 90% of the claims within the first year.

Ken McCall noted that we wanted to be in position to have resolved a large number of the claims. That would provide closure for those individuals. Declan Salter explained that the rules of the Scheme had to be circulated before claims could be closed. Claimants had to choose to accept the offer and if they did not could choose to go to mediation. The first milestone would be sending the offer letters. Zarin Patel asked whether there was anything in the offer letters that could set a precedent. Declan Salter explained that there was a veto right for the internal committee that sought to avoid that position. We were making arrangements to pay 21 distress cases next week.

Al Cameron noted that the estimated costs of the mediation scheme had increased to a degree that made it unclear that we could afford them and we had received no confirmation that the Government was going to meet these costs. As things stood the current headroom position at the end of the financial year would be £0.

Tom Cooper noted that an envelope of costs would have to be agreed by the Board, as had been decided earlier in the year, and this would then have to be agreed by the Government. Government did not think it was paying for the HSCS Scheme claims other than the sum that had been included in the funding request. Richard Watson noted that we needed to seek approval of the communications about the Scheme with BEIS. £20k had been the average claim received by GLO claimants and there would be questions about this coming to Ministers and others. Declan Salter reported that he was preparing information for discussion with the Department later in the month. He was aware of the issues raised by Al Cameron and would not be making payments that could make the company insolvent. If we did not have the money we would have to continue making decisions about the claims but not make the payments. Tom Cooper advised that we

**POST OFFICE LIMITED BOARD MEETING*****Strictly Confidential and Subject to Legal Privilege – DO NOT FORWARD***

could not create a position which left the Minister with no options and this was why we had proposed the funding envelope approach. Carla Stent noted that the key issue was what we could afford now and there needed to be a cap. Al Cameron noted that he did not understand how we could cap this base. Tim Parker noted that we had far more claimants than anticipated and asked for clarification of how the funding envelope was going to work.

Tim Parker suggested that at the Board meeting on 22nd September 2020, the Board:

- revisit the decisions taken on the HSCS
- review the extent to which payments were obligatory
- consider whether we were able to impose a cap and how would that work with respect to individual cases, noting that the Scheme had far more applicants that we had anticipated.

TP noted that he could understand the Government's position but we were a business and had to understand how the cashflows would interact with the Scheme. Tom Cooper thought we had the controls in place to respond to the current position. Ken McCall agreed that we had set a process in place and had not yet made payments so needed to review the current position, the costs, the options and how we should progress. The directors could not allow anything to happen that would make POL insolvent. Tim Parker added that we had always acknowledged that we could not control the number of applicants and had believed it appropriate to publicise the existence of the Scheme widely; unless we had fixed tariffs it was unclear what we could do to contain the costs. Carla Stent thought that it would be appropriate to agree to make payment for the distress cases identified but review the 20k de minimis proposed.

The costs and other matters would be discussed again on 22nd September 2020.

There being no further business the Chairman declared the meeting closed at 4.00 pm.

GRO

Chairman

02/11/2020 16:57