

Post Office Limited – Strictly Confidential

POLB 16(5th)
POLB 16/37 – 16/39

POST OFFICE LIMITED
(Company no. 2154540)
(the 'Company')

Minutes of a Board meeting held at 12.00 noon on 29th June 2016
at Warren House, Warren Road, Kingston Upon Thames, Surrey, KT2 7HY.

Present:

Tim Parker	Chairman
Richard Callard	Non-Executive Director
Alisdair Cameron	Chief Financial Officer
Tim Franklin	Non-Executive Director (part item 38 & item 39)
Virginia Holmes	Non-Executive Director
Ken McCall	Senior Independent Director
Carla Stent	Non-Executive Director
Paula Vennells	Chief Executive

In Attendance:

Alwen Lyons	Company Secretary
Neil Hayward	Group People Director
Natasha Wilson	Director, Reward & Pensions
William Weir	Willis Towers Watson

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INTRODUCTION

- (a) The Chairman opened the meeting, and welcomed Neil Hayward, Group People Director, Natasha Wilson, Head of Reward and Pensions, and William Weir, Actuary Willis Towers Watson.
- (b) 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

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PATHFINDER

- (a) Neil Hayward introduced the paper explaining the conclusion of the consultation process and the recommendation to the Board. He clarified the changes made to the pensions proposal following the member consultation to:
 - Close the DB Plan to future accrual at the end of the current financial year, March 2017;
 - Change the benefits accrued pre-2012, to revalue in line with RPI instead of CPI (subject to final confirmation from the Cabinet Office).
- (b) Neil Hayward explained that the Board were being asked to approve the submission of a recommendation to the Plan

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Trustee on the 5th July for consideration at the Trustee meeting on the 15th July.

- (c) The Board recognised the implications of the pension proposal on individuals and discussed the proposed changes.
- (d) Tim Franklin joined the meeting.
- (e) William Weir explained the assumptions made in his advice to the Company, and that the self-sufficiency approach proposed would protect the members' accrued benefits and de-risk the plan.
- (f) It was recognised that the Trustee and the Plan Executive would not have much time before their July meeting to consider the proposal and that it might need to be discussed again at the September Trustee Board.
- (g) Virginia Holmes acknowledged the legal and actuarial advice received by the Company and affirmed her support for the proposal.
- (h) Having considered all the points raised in the Board paper, predicated on legal and actuarial advice, the Board approved a submission to the Plan Trustee recommending:
 - 1. To close the DC Plan to future accrual at the end of the current Financial Year (March 2017)
 - 2. Benefits accrued pre-2012 (whether final salary or CSDB) will revalue in line with RPI (subject to final confirmation from Cabinet Office).
 - 3. Benefits built up from 1 April 2012 to increase in line with CPI.
 - 4. DB Plan members will join the Post Office Pension Plan ('the DC Plan') from 1 April 2017.
 - 5. The Dc Plan will be improved with an enhanced employer contribution rate of 1% as per the initial proposal.
 - 6. Death in Service lump sum benefits will increase to a rate of 4x salary (=2x if members have financial dependents) from 1 April 2017
 - 7. Ill health benefits will be provided (subject to medical consent) at a rate of half pay until the individual reaches age 65 or returns to work.
- (i) The Board delegated authority to the Group Executive to action post closure options at the appropriate time.

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DATE OF THE NEXT MEETING

- (a) It was noted that the next meeting of the Board would be on 25 July 2016.

GRO

Chairman

Date

25/7/16