

CB(01)02

CONSIGNIA plc BOARD

MATTERS RESERVED TO THE BOARD

(Note from the Secretary)

Following a review, which took account of best external practice, The Combined Code and recommendations of the Institute of Chartered Secretaries and Administrators, an updated list of Matters Reserved to the Board, Annex A, was produced and agreed by the Post Office Board (PO99/133). The list attached at Annex B represents an updated version which encompasses changes brought about by the change of status to a plc.

The Board is invited to Agree to the Matters Reserved to the Board as set out in Annex B.

April 2001

ANNEX A

MATTERS RESERVED TO THE POST OFFICE BOARD

STATUTORY REQUIREMENTS

- Approval of half year and full year accounts
- Approval of monthly financial forecasts to the DTI
- Approval of any significant change in accounting policies or practices on the recommendation of the Audit Committee
- Appointment or removal of The Secretary
- Recommendations (to DTI) for appointment or removal of auditors

COMBINED CODE REQUIREMENTS

- Approval of major capital projects (with costs in excess of £20m)
- Approval of material contracts of the company in the ordinary course of business (the acquisition and disposal of assets in excess of £20m)
- Approval of contracts of the company not in the ordinary course of business (including all strategic acquisitions or joint ventures where the transaction total is in excess of £10m)
- Approval of major investments, including the acquisition or disposal of interests of more than 5% in the voting shares of any company or the making of any takeover bid
- Approval of risk management strategy including internal control arrangements

MANAGEMENT

- Approval of the Group's commercial strategy and annual operating budget
- Approval of plans for senior management development and succession
- Approval of changes to the Group's management and control structure, including major restructurings
- Approval of main postal price changes
- Approval of pay policy for staff and agents
- Establishment of Board sub-committees, their terms of reference and membership (currently the Audit, Investment and Remuneration Committees)
- Appointment to boards of 'direct' Post Office subsidiaries
- Approval of the health and safety policy
- Approval of the environmental policy
- Approval of the equal opportunities policy

MISCELLANEOUS

- Approval of amendments to trust deeds of Post Office pension schemes
- Appointment and remuneration of the chairman and trustees of main Post Office pension schemes
- Appointment of specified individuals to authenticate the Post Office seal
- Adoption of a new Post Office seal

ANNEX B

MATTERS RESERVED TO THE CONSIGNIA plc BOARD

STATUTORY REQUIREMENTS

- Approval of half year, full year *and regulated* accounts
- Approval of financial forecasts to the DTI
- Approval of any significant change in accounting policies or practices on the recommendation of the Audit Committee
- Appointment or removal of *Directors* and the Company Secretary

COMBINED CODE REQUIREMENTS

- Approval of major capital projects (with costs in excess of £20m)
- Approval of material contracts of the company in the ordinary course of business (the acquisition and disposal of assets in excess of £20m)
- Approval of contracts of the company not in the ordinary course of business (including all strategic acquisitions or joint ventures where the transaction total is in excess of £10m)
- Approval of major investments, including the acquisition or disposal of interests of more than 5% in the voting shares of any company or the making of any takeover bid
- Approval of risk management strategy including internal control arrangements

MANAGEMENT

- Approval of the Group's commercial strategy and annual operating budget
- Approval of plans for senior management development and succession
- Approval of changes to the Group's management and control structure, including major restructurings
- Approval of main postal price changes
- Approval of pay policy for staff and agents
- Establishment of Board sub-committees, their terms of reference and membership
- Appointment to boards of 'direct' Consignia plc subsidiaries
- Approval of the health and safety policy
- Approval of the environmental policy
- Approval of the equal opportunities policy

MISCELLANEOUS

- Approval of amendments to trust deeds of Consignia pension schemes
- Appointment and remuneration of the chairman and trustees of main Consignia pension schemes
- Appointment of specified individuals to authenticate the Consignia plc seal
- Adoption of a new Consignia plc seal