

IN STRICTEST CONFIDENCE

Annex A

Governance Boundaries - Post Office Limited

1. Post Office Limited is required to comply with the Articles of Association of Post Office Limited, and the policy on Corporate Governance for Subsidiary Companies.
2. A number of areas of Post Office Limited governance are reserved to the Consignia plc Board - see the left hand column below.
3. Areas of governance delegated to the Post Office Limited Board are indicated in the right hand column.

<u>Matters Reserved to the Consignia plc Board in respect of Post Office Limited</u>	<u>Matters Delegated to Post Office Limited Board</u>
Statutory Requirements	Statutory Requirements
<ul style="list-style-type: none"> • Approval of financial forecasts for the Group as a whole to the DTI • Approval of any significant change in accounting policies or practices on the recommendation of the Audit Committee • Nomination or removal of Directors • Approval of any amendment to the Articles of Association for Post Office Limited. 	<ul style="list-style-type: none"> • Approval of half year and full year accounts • Appointment of directors, once nominations are received from the Consignia plc Board • Appointment or removal of the Company Secretary
Combined Code Requirements	Combined Code Requirements
<ul style="list-style-type: none"> • 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 any transaction for which Special Shareholder consent is required • 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 	<ul style="list-style-type: none"> • Approval of major capital projects (with costs lower than £20m) • Approval of material contracts of the company in the ordinary course of business (the acquisition and disposal of assets lower than £20m) other than where Special Shareholder consent is required • Approval of risk management strategy including internal control arrangements

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Management	Management
<ul style="list-style-type: none"> • Approval of Post Office Limited's commercial strategy and annual operating plan • Approval of the Group's commercial strategy and annual operating budget • Any amendment of the matters delegated to the Post Office Limited Board. • Approval of plans for 'Top Y' development and succession 	<ul style="list-style-type: none"> • Recommendation of Post Office Limited's commercial strategy and annual operating budget to the Consignia plc Board • Approval of pay/compensation policy for Post Office Limited staff and agents • Approval of changes to Post Office Limited's management and control structure, including major restructurings • Approval of plans for senior management development and succession below 'Top Y' • Establishment of Board Sub-Committees, their terms of reference and membership • Approval of creation of Post Office Limited subsidiaries • Appointment to Boards of Post Office Limited subsidiaries • Approval of the health and safety policy • Approval of the environmental policy • Approval of the equal opportunities policy
Miscellaneous	Miscellaneous
<ul style="list-style-type: none"> • Approval of amendments to trust deeds of Consignia pension schemes • Appointment and remuneration of the chairman and trustees of main Consignia pension schemes 	<ul style="list-style-type: none"> • Appointment of specified individuals to authenticate the Post Office Limited seal • Adoption of a new Post Office Limited seal

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