

Post Office Limited
("the Company")
Matters Reserved to the Board

A. Purpose

1. The Board is collectively responsible for setting the Company's strategic direction and primary business objectives. It establishes a robust governance framework and ensures that the Company has financial and human resources required to achieve its agreed objectives.
2. The Company is required to operate in accordance with the Companies Act 2006, the Company's Articles of Association (the Articles) and any other applicable and appropriate regulatory requirements. The Company seeks to comply with the Financial Reporting Council's UK Corporate Governance Code 2018, where appropriate¹.
3. The Directors' statutory duties are set in the Companies Act 2006. One of the primary duties of the Directors is to promote the success of the Company for the benefit of its Shareholder² and taking into account the interests of key stakeholders.

B. Matters Reserved to the Shareholder

4. In accordance with the Company's Articles, the Shareholder may, by special resolution, direct the directors to take, or refrain from taking, any specified action (Article 45).
5. Article 8.1 (A) – (F) sets out certain powers reserved to the Shareholder regarding Company Matters, which may occur and be effective only with prior written consent from the Shareholder:
 - i. Appointment, reappointment or removal from office of any director, chief executive (or equivalent) or Chair of the Company (Articles 8.1 (A) (i)-(iii), 40, 42, 44)³.
 - ii. Any change in the prescribed minimum number of directors of the company (Article 8.1 (B) (via the Nominations Committee).
 - iii. The appointment of any person other than a director of the company as an alternate director of any director of the company (Article 8.1 (C)).
 - iv. Any action taken by any company or the Board (including any appointment, removal or re-designation) which would have the effect that the Board ceased to include directors appointed to the post of

¹ As required under section 9.4 of the Framework Document between Post Office Limited, the Department of Business, Energy & Industrial Strategy (now the Department for Business and Trade (DBT)), & UK Government Investments (UKGI) (the Framework Document).

² DBT

³ The recruitment and appointment process for a director of the Company including engagement terms of external search agents for appointments and formation of interview panel (FD section 7.3 (iii)) must be approved by the Nominations Committee for recommendation to the Shareholder. This must then be approved by the Shareholder. The interview panel makes a recommendation of appointment at the end of the recruitment process to the Shareholder.

The Shareholder shall appoint one senior UK Government official as the representative director to the POL Board (FD section 7.3 (ii)).

The Shareholder shall appoint the Chair of the POL Board (FD section 7.3 (i)). This appointment is a public appointment and must follow the rules set out in the *Governance Code on Public Appointments*.

- Chair, chief executive and finance director (or directors carrying out the general functions denoted by such posts) (Article 8.1 (D)).
- v. Approval or variation of director and officer remuneration⁴ and/or terms and conditions of employment or engagement (Articles 8.1(E), 50-52 (via the Remuneration Committee).
 - vi. Declaration or payment of a dividend or other distribution outside of the Group Strategic Plan (Article 8.1 (F)).
 - vii. Any distribution, payment or return to Shareholders of the Company out of capital of the Company (Articles 8.1 (G), 76).
6. Article 8.1 (H) – (Z) sets out the powers reserved to the Shareholder relating to Group Matters, which may occur and be effective only with prior written consent from the Shareholder:
- i. The alteration or deletion of, or the ratification of any breach of, all or any part of the Articles (Articles 8.1 (H)).
 - ii. Voluntary winding up or entry into administration of the company (Article 8.1 (I)).
 - iii. Redemption or purchase of the Company's own shares or reduction in share capital (Article 8.1 (J)).
 - iv. Set up of a new subsidiary company or any action relating to shares in the Company (Article 8.1 (K)).
 - v. Any action relating to shares held by the Company in a subsidiary or associated undertaking⁵ or in First Rate Exchange Services Holdings Limited (while an associated undertaking of a member of the Group) or in any other associated undertaking of a member of the Group (Article 8.1(L)).
 - vi. The amalgamation or merger of the Company with any other company or business undertaking (Article 8.1 (M)).
 - vii. The creation or granting of any encumbrance relating to the Company's business, undertaking, assets or Shares unless arising in the ordinary course of business⁶ (Article 8.1 (N)).
 - viii. Making of a loan, granting of credit or giving of a guarantee or indemnity apart from intra-group arrangements entered into in the ordinary course of business⁷ (Article 8.1 (O)).
 - ix. The restructure or reorganisation of the Group structure such that the Company's shareholding in its subsidiary undertakings is altered or amended (Article 8.1 (P)).
 - x. The actual or proposed presentation of a petition to appoint an administrator of the Company (Article 8.1 (Q)).
 - xi. Change to accounting reference date, practice or policy if different from the Group and unless required by law or generally accepted accounting principles (Article 8.1 (R)) (via Audit, Risk and Compliance Committee).

⁴ Encompassing: salary, share options, bonuses (including long-term and short-term incentive plans), benefits in kind and pension rights. Exit packages outside the Group policies and procedures will also require approval.

⁵ An associated undertaking is defined an entity over which a company has significant influence but cannot exercise control (pursuant to International Accounting Standard 28) and normally demonstrated by 20-50% shares held. A subsidiary undertaking is defined as (a) holds a majority of the voting rights in it, (b) or is a member of it and has the right to appoint or remove a majority of its board of directors, or (c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it (s.1159 CA 2006).

⁶ This is a factual analysis that must be conducted on a case-by-case basis.

⁷ As previously defined.

- xii. The appointment, remuneration of any person who is not a member of the Group as a director of any member of the Group (other than the company and a member of the Group that is regulated by the FCA (Article 8.1 (S)) (delegated to the Remuneration Committee)
- xiii. The additional remuneration of any employee (but not salary arrangements) of a member of the Group in their capacity as a director of a member of the Group (Article 8.1 (S) (delegated to the Remuneration Committee)).
- xiv. The establishment of (or approval of any agreement to establish) a new pension scheme by the company (Article 8.1 (T)).
- xv. The adoption of or any material variation or amendment of a Group Strategic Plan previously adopted (Article 8.1 (U) and Group Business Plan (Section 4.2 Framework Document)⁸.
- xvi. The adoption, material variation or amendment to a Group Strategic Plan previously adopted (Article 8.1 (V)).
- xvii. Entry into a Relevant Transaction⁹ whereby the Company's interest in an asset is lost meaning it can no longer perform the business of the Company as per the Group Strategic Plan (Article 8.1 (W)).
- xviii. The entry into or implementation of a Relevant Transaction¹⁰ by the Company involving actual or likely spend or liability in excess of £50,000,000 (Article 8.1 (X)) (on recommendation from the Investment Committee).
- xix. The entry by the Company into any Relevant Transaction¹¹ which is not on commercial terms and is not considered by the Board to be in the interests of the company (Article 8.1 (Y)).
- xx. Any action in relation to the Post Office Trade Mark which prevents the Group using the Trade Mark, including sale, assignment, charging, mortgaging, granting of licence or disposal (Article 8.1 (Z)).
- xxi. The borrowing of funds from any source other than another member of the Post Office Group, Article 8.1 (Z) (AA)).

C. Duties & Responsibilities

- 7. In addition to its legal duties, the Board has the following specific responsibilities:
 - i. Setting the strategic direction of the Group by developing a Group Strategic Plan and Group Business Plan;
 - ii. Establishing the Group's purpose and values;
 - iii. Setting the Company's risk appetite and ensuring a proper framework exists for the management of risk;
 - iv. Maintenance of proper accounting and tax records, as required by the Companies Act 2006;
 - v. Maintenance of a sound system of internal control so that the Company can meet its statutory and regulatory obligations;
 - vi. Maintenance of the reputation of the Company as a public institution, including consideration of new products and activities which may

⁸ Subsidiary Company Business Plans require the approval of the Company and Shareholder.

⁹ Relevant Transaction is any transaction which is not (i) in the ordinary course of business, (ii) intra-group; or (iii) approved in the Group Strategic Plan (Article 2).

¹⁰ As previously defined

¹¹ As previously defined

- attract public interest or have an impact on the value of the Company's brand;
- vii. Ensuring regular and active communications with the Shareholder, particularly on the Company's performance against the Strategic Plan and other key indicators;
 - viii. Delegation of authority to Board Committees according to their respective Terms of Reference;
 - ix. Delegation of authority to the Group Chief Executive;
 - x. Formal evaluation of the performance of the Board and Board Committees; and
 - xi. Ensuring that any statutory or administrative requirements for the use of public funds are complied with, having regard to the requirements under the Articles of Association, the Framework Document and associated guidance.
8. Pursuant to Article 49, the Board may delegate any of the powers conferred to them under the Articles to any executive director or committee as they see fit. Whilst the Board may choose to so delegate, the following matters are reserved to the Board, unless a specific delegation is in place (the Board may revoke any delegated authority granted):
- i. **Approve** for recommendation to the Shareholder on those matters requiring Shareholder consent, as specified in the Articles (see paragraph B above)¹²;

Strategy & Management

- ii. **Approve** the Group's purpose, and values;
- iii. **Approve** the Funding Agreement with the Shareholder and monitoring of the achievement of milestones contained within the plan;
- iv. **Approve** the adoption of and **review** annually the criteria for measurement of performance (Key Performance Indicators) and management¹³;
- v. **Review** and **monitor** necessary corrective action required in light of reviews of performance against the Group Business Plan;
- vi. **Approve** succession plans for directors of Group Companies and **monitor** diversity, talent management and succession plans for senior leaders of the Group (delegated to the Remuneration and Nominations Committees).

Ownership, Capital Structure & Constitution¹⁴

- vii. **Approve** the change of the Company Name, trading name or Registered Office for any member of the Group;

Financial Reporting & Controls

¹² Certain matters may be approved by a Board Committee. Please refer to the Delegated Authorities Table.

¹³ The Company is required to provide quarterly reports to the Shareholder on the targets and budgets set out in the GSP and the performance of the branch network (FD Section 13).

¹⁴ All other matters require Shareholder consent (see paragraph B above).

- viii. **Approve** the Annual Report and Accounts (on recommendation from the Audit, Risk and Compliance Committee);
- ix. **Approve** the half-yearly results¹⁵ (on recommendation from the Audit, Risk and Compliance Committee);
- x. **Approve** the recommendation for declaration of dividend and payment of interim dividend (within the Group Strategic Plan) (Articles 68 – 69)¹⁶;
- xi. **Approve** the Risk Policy incorporating the approach to risk appetite (on recommendation from the Audit, Risk & Compliance Committee);¹⁷
- xii. **Review** the Company's risk management systems, internal controls and key systems (delegated to the Audit, Risk & Compliance Committee);¹⁸
- xiii. **Approve** changes to accounting reference date, practice or policy by the Company as required by law or generally accepted accounting principles (delegated to the Audit, Risk & Compliance Committee);
- xiv. **Approve** of Group treasury, including methods of mitigating against foreign currency exposure and any use of financial derivatives (delegated to the Audit, Risk & Compliance Committee);
- xv. **Monitor** the independence of the external auditor (delegated to the Audit, Risk & Compliance Committee);
- xvi. **Approve** the appointment or termination of appointment of the Head of Internal Audit, and **approve** the Internal Audit Charter and annual Internal Audit Plans (delegated to the Audit, Risk & Compliance Committee);
- xvii. **Approve** the agreed annual external audit plans and approach to risk assessment and the scope and plan of their audits (delegated to the Audit, Risk & Compliance Committee);
- xviii. **Approve** the Group's policy on non-audit services by the auditor (delegated to the Audit, Risk & Compliance Committee);

Financial Commitments

- xix. **Approve** the entry into or implementation of a transaction (OPEX spend) by the Company involving actual or likely spend or liability¹⁹ up to £50,000,000;
- xx. **Approve** the entry into or implementation of a transaction by the Group involving actual or likely spend or liability in excess of £5,000,000 excluding VAT for Post Office Management Services Limited, and £2,000,000 excluding VAT for Payzone Bill Payments Limited;

¹⁵ Where produced

¹⁶ Declaration or payment of any dividend outside of the Group Strategic Plan requires Shareholder consent (see paragraph B above). The Company is required to consent declarations of dividends *within* the Group Strategic Plan for Subsidiary Companies.

¹⁷ The Audit, Risk & Compliance Committee has delegated authority for the approval of the risk appetite statements for different risk groupings developed under the Risk Policy.

¹⁸ As per the Risk Policy, the Board shall provide oversight of (and direction on) the management on the key strategic business risks that could threaten the delivery of the Post Office's strategic objectives, with the Audit, Risk & Compliance Committee advising the Board of the key strategic risks it should have regard to.

¹⁹ See appendix for approvals required for unlimited liabilities and indemnities. There are certain matters where there is a risk of loss or liability or a wider risk which should be escalated to the Board (and, in some instances, the Shareholder). These instances may also come under the matters requiring Shareholder consent.

- xxi. **Approve** change spend over £5,000,000 excluding VAT for the Group (£2,000,00 excluding VAT for Payzone Bill Payments Limited);
- xxii. **Approve** the Group pension strategy and any material changes to pension arrangements for the Group, in particular reflecting the rate of contribution made.

Appointment and Senior Remuneration

- xxiii. **Approve** the appointment or removal of the Secretary (Article 66);
- xxiv. **Approve** the appointment, remuneration²⁰ or dismissal of senior employees²¹ (delegated to the Nominations and Remuneration Committees);
- xxv. **Approve** the appointment, reappointment, removal and remuneration of directors for Subsidiary Companies²² (delegated to the Nominations and Remuneration Committees);
- xxvi. **Approve** the Group Remuneration Policy²³ (on recommendation from the Remuneration Committee);
- xxvii. **Approve** the introduction of and any changes to any long or short term incentive scheme, and performance criteria and any awards made under such schemes (delegated to the Remuneration Committee)²⁴;
- xxviii. **Approve** the appointment, reappointment or removal of the Group's principal professional advisors,²⁵ including the external auditor (on recommendation from the Audit, Risk & Compliance Committee);
- xxix. **Approve** of the appointment of external facilitators for Board and Committee evaluations (delegated to the Nominations Committee);

Governance

- xxx. **Ensure** delivery of obligations on the Company under the Postal Services Act 2011, including the publication of the annual Network Report and Postal Heritage Report;
- xxxi. **Approve** the adoption of the Company policies related to business operation and/or strategic matters and identified within the approved policy framework as requiring Board level oversight (some policies may be approved by Board Committees in accordance with the key policy framework);
- xxxii. **Authorise** a Conflict of Interest (Article 54 (A));
- xxxiii. **Approve** overall levels of insurance for the Company, including directors' and officers' liability insurance and any arrangement for

²⁰ Encompassing: salary, share options, bonuses (including long-term and short-term incentive plans), benefits in kind and pension rights. Exit packages outside the Group policies and procedures will also require approval.

²¹ Defined as any member of the Strategic Executive Group, , other than executive directors, and employees proposed to carry a salary in excess of £250,000 per annum.

²² The Nominations Committee may also approve the nominations for appointment, reappointment or removal of any statutory director who is an employee of the Group to an associated undertaking of the Group and the appointment, reappointment or removal of the Shareholder Representative to an associated undertaking (First Rate Exchange Services Holdings Limited).

²³ This incorporates the establishment of any profit-sharing, share option, bonus or any other incentive schemes for employees of any Group Company.

²⁴ Remuneration of Executive Directors requires Shareholder approval.

²⁵ This consists of advisors specifically mentioned in the Group Annual Report & Accounts including but not limited to, the Group's solicitors, actuary and financial advisors.

- indemnity of directors (delegated to the Audit, Risk & Compliance Committee)²⁶;
- xxxiv. **Approve** the adoption of and changes to Matters Reserved to the Board (including appendices²⁷) and Board Committee Terms of Reference (on recommendation from the relevant committee for the relevant committee);
- xxxv. **Approve** the process for the annual review of Board and Board Sub-Committee Effectiveness (delegated to the Nominations Committee);
- xxxvi. **Approve** the authority delegated to the Group Chief Executive (or equivalent) and the division of responsibilities between the chair, chief executive and senior independent director (on recommendation of the Nominations Committee);
- xxxvii. **Approve** the Group's overall corporate governance arrangements ;
- xxxviii. **Approve** any Group Key Policies requiring Board approval under the Group Key Policy Framework.²⁸

D. Delegation to Committees

9. The Board may delegate authority for specified responsibilities to Committees of the Board. The Terms of Reference for these Committees will be approved by the Board. The duties of each Committee are contained in the Terms of Reference. The Committees of the Board are:
- i. Audit, Risk & Compliance Committee
 - ii. Nominations Committee
 - iii. Remuneration Committee
 - iv. Investment Committee
10. The Board has authority to establish additional Committees of the Board from time to time.

E. Delegation to the Group Chief Executive Officer

11. The Group Chief Executive Officer (Group CEO) is granted full authority for the day-to-day running of the business of the Company, including authority to make changes to the management, approve agreements (including novation, extension and/or variation of such agreements), and to accept risks, rights and obligations on behalf of the Company (including NDAs, Letters or Intent or exclusivity obligations), other than those matters reserved to the Board and Shareholder for its decision and subject to the limit of authority of up to £5,000,000 excluding VAT and any applicable internal policies and processes.
12. The Group CEO is also authorised to sub-delegate such authority as he or she sees fit, including the power to further sub-delegate, provided that any such sub-delegation shall be within the limits of authority set out above and evidenced in writing (see Spend Approval Limits Appendix).

²⁶ The Company must consider if the Group policy is sufficient or whether additional cover is required.

²⁷ Including: Spend Approval Limits, Authorised Signatories, Records of Spend Approvals and Authorised Signatories, Approval of unlimited liabilities and indemnities and Delegated Authorities

²⁸ Review and approval of the Group Key Policy Framework is delegated to the Audit, Risk & Compliance Committee. This Committee also has delegated authority to approve the Tax Strategy. Policies may otherwise be approved as outlined in the Group Key Policy Framework.

F. Composition and Governance

Membership

13. The minimum number of directors is two (Article 37), but there is no maximum. Appointment and any change to the minimum number of directors is subject to the appropriate Shareholder approval.
14. Normally, terms of office will be three years for a maximum of two terms. However, this is at the discretion of the Shareholder.
15. The composition of the Board is at the discretion of the Shareholder²⁹: The current composition of the Board is:
 - i. An Independent Non-Executive Director Chair;
 - ii. A Senior Independent Non-Executive Director;
 - iii. Four Independent Non-Executive Directors;
 - iv. One Shareholder Non-Executive Director;
 - v. Two Postmaster Non-Executive Directors; and
 - vi. Two Executive Directors, being the Group CEO and Group Chief Finance Officer.

Secretary

16. The Group Company Secretary, or his or her nominee, shall not be a member of the Board but shall act as Secretary to the Board and shall keep minutes and records of each meeting, as required by the Companies Act 2006.
17. Minutes of each meeting will be circulated to the Chair for approval and then to all members of the Board. Minutes will be formally approved and signed at the next meeting.

Quorum

18. The quorum for the transaction of business at a Board meeting shall be two directors (Article 59).

Meetings

19. The Board shall meet as often as required, and not less than once every quarter. A separate Strategy session will be held at least once a year. The Board may meet in person, by telephone or by other electronic means, so long as each member can contribute to the business of the meeting simultaneously (Article 64).
20. Meetings may be convened by the Secretary to the Board, at the request of the Chair, or any other director, at any time.

²⁹ This includes any persons holding these positions as an alternate or as an interim.

21. Notice of each meeting shall be given to all members of the Board and any other person required to attend, at least 3 working days before each meeting.
22. Other Group employees and/or external consultants may attend for part or the whole of any Board meeting at the invitation of the Chair.
23. Resolutions may be made in writing³⁰ if signed by all directors entitled to receive notice of the meeting (Article 63).
24. The Non-Executive Directors shall meet at least twice per year without the executive directors being present.

G. ANNUAL REVIEW AND APPROVAL

25. The Board will undertake an annual review of its performance and the content of the Matters Reserved (subject to the Articles of Association). The Board will approval any changes to these Matters Reserved pursuant to the annual review or whenever so required.

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board	February 2015	1.0	February 2015
Post Office Limited Board	08/04/2020	2.0	09/04/2020
Post Office Limited Board	03/06/2021	2.1	04/06/2021
Post Office Limited Board	29/03/2022	2.2	30/03/2022
Post Office Limited Board	12/07/2022	2.3	13/07/2022
Post Office Limited Board	28/03/2023	2.4	29/03/2023
Post Office Limited Board	26/09/2023	2.5	26/09/2023
Post Office Limited Board	28/11/2023	2.6	29/11/2023
Post Office Limited Board	25/03/2024	2.7	26/03/2024

H. Appendices

Spend Approval Limits

The Board has delegated to the Group Chief Executive Officer (CEO) spend approval of up to £5,000,000 and the Group CEO recommends to the Board the following standard spend approval limits subject to applicable internal policies and processes³¹:

Job Title	Spend Approval Limit
Group Chief Finance Officer (CFO)	£4,000,000
Strategic Executive Group Member ³²	£2,000,000
Group General Counsel	£2,000,000
Group Chief Retail Officer	£2,000,000
Strategy and Transformation Director	£2,000,000

³⁰ This includes electronic circulation and signature.

³¹ OPEX spend may be approved in accordance with these levels. CAPEX spend requires prior approval from the Investment Approvals and Delivery Group. The spend is measured over the life of the contract or project.

³² These are executives reporting directly to the Group Chief Executive Officer (Strategic Executive Group), other than the Group Chief Finance Officer and excludes Personal, Executive Assistants or Team Supports who report directly to a Strategic Executive Group member.

Group Corporate Affairs, Brand and Communications Director ³³	£2,000,000
Direct Reports to the Strategic Executive Group ³⁴	£250,000

The Group CEO may sub-delegate up to his spend limit of £5,000,000 and determine the conditions of that delegation. Such delegation must be provided to the Group Company Secretary in writing.

The Group CFO and Strategic Executive Group member may delegate up to their £4,000,000 and £2,000,000 spend approval limits respectively, on a permanent or *ad hoc* basis, to their direct reports or below, provided such delegation is provided to the Group Company Secretary in writing. For the avoid of doubt, direct reports to the Strategic Executive Group members automatically have a £250,000 delegation, unless the Strategic Executive Group member advises the Company Secretariat otherwise³⁵.

Authorised Signatories & Company Seal Authority³⁶

The following positions are approved to sign documents that will bind the Company such as, but not limited to, contracts, statements of work, change notes, order forms and terms & conditions.³⁷ Signature is subject to applicable internal policies, processes and documented exceptions:

- Any Statutory Director;
- The Group Company Secretary³⁸;
- The Deputy Company Secretary
- Any member of the Strategic Executive Group³⁹; and
- Any Senior Assistant Company Secretary.

The following positions⁴⁰ are permitted to sign employment contracts and similar HR related agreements (together "HR Contracts"), or Postmaster contracts, including franchise agreements as part of the DMB programme (together "Postmaster Contracts") (for the purpose as specified only) as set out below:

Job Title	Purpose
People Functional Services Manager	HR Contracts

³³ This includes positions equivalent to the role of the Group Corporate Affairs, Brand and Communications Director, and any persons holding this position in the interim.

³⁴ Please note that although the Group Chief Retail Officer, the Strategy and Transformation Director, and the Group Corporate Affairs, Brand and Communications Director, are direct reports to a SEG member, they each have £2m delegated spend approval limit as above.

³⁵ This does not apply to Personal, Executive Assistants or Team Supports who report directly to a Strategic Executive Group member.

³⁶ This current update to the authorised signatories list was approved by the Board at its meeting on 28th March 2023.

³⁷ The Board authorised the Company Secretariat to keep a list of authorised signatories in its meeting on 22 January 2016 (see minute reference 69 of 2016).

³⁸ This includes any persons holding this position in the interim.

³⁹ These are executives reporting directly to the Group Chief Executive Officer (Strategic Executive Group) , other than executive directors and excludes Personal, Executive Assistants or Team Supports who report directly to a Strategic Executive Group member.

⁴⁰ Or positions equivalent to this. Authority is given to the role holder where job titles are modified or updated however the scope of the role remains the same. The Company Secretary will determine if it is appropriate to update the authorised signatories list following a change in job titles.

People Lead Team	Postmaster Contracts
Talent Acquisition Team	
People Business Partnering Team	
Retail Engagement Director	
Senior Postmaster Onboarding Manager	
Lead Onboarding Manager	
Onboarding Team Manager	

Any one of the following positions is approved to authenticate the affixing of the Company Seal pursuant to Article 78 (C):

- A Statutory Director;
- Group General Counsel;
- Group Company Secretary⁴¹
- Deputy Company Secretary; or
- Senior Assistant Company Secretary.

The following positions⁴² are permitted to sign standard Post Office intellectual property licensing letters⁴³ (for this specified purpose only):

- Head of Brand
- Group Corporate Affairs, Brand and Communications Director

The following position⁴⁴ is permitted to sign fraud recovery letters with a value up to £250,000 (for this specified purpose only):

- Banking Director

The following position⁴⁵ is permitted to sign IT Software Sales Orders subject to an eCAF and up to the amount of £250,000 (for this specified purpose only):

- IT Vendor Manager – Software

The following position is permitted to sign exit assistance notices and termination letters (for this specified purpose only)⁴⁶:

- Procurement Director

Records of Spend Approvals and Signatories

The Group Company Secretary is authorised to keep a list of individuals who hold authority to approve spend, are authorised signatories and may authenticate the Company Seal from time to time. Any changes in persons appointed the relevant positions must be notified to the Group Company Secretary in writing.

⁴¹ This includes any persons holding this position in the interim.

⁴² Or positions equivalent to this.

⁴³ Or where any amendments are made within the Post Office house position. This will be determined by the Legal team. Non-standard licences and licences that require stronger/wider obligations or indemnities from Post Office, will go through the contract approval process before signature.

⁴⁴ Or positions equivalent to this. Authority is given to the role holder where job titles are modified or updated however the scope of the role remains the same. The Company Secretary will determine if it is appropriate to update the authorised signatories list following a change in job titles.

⁴⁵ Or positions equivalent to this.

⁴⁶ The termination of contracts, whereby exiting or ending the agreement does not trigger any liabilities nor additional costs, are exempted from requiring an eCAF and may be signed by the Procurement Director. Termination outside of these parameters (for example, where early exit fees apply) will be subject to the contract approval process.

Liabilities and Indemnities⁴⁷

Where Post Office Limited enters into arrangements/contracts as either a supplier of services or as a customer to third parties, there are categories of loss (or liability or indemnity) which cannot be limited by law (listed in (a) below) and others, which as common practice, are required for all contracts. If this is the case, the following rules shall apply:

- i. If an unlimited liability/indemnity is for one of the following “standard liabilities,” no additional approval is required and approval is required under the spend approval limits;
 - a. Categories of loss that cannot be limited by law:
 - death
 - personal injury
 - fraud
 - fraudulent misrepresentation
 - b. Categories of loss which reflect industry practice:
 - breach of third party intellectual property rights (IPR);
 - breach of Confidentiality;
 - breach of Data Protection; and
 - breach of applicable law.
- ii. If departure is required from the standard unlimited liabilities and indemnities (listed above), the Qualified Legal Counsel⁴⁸ will provide a risk note on the liabilities and indemnities which will be approved by the Contract Owner and Qualified Legal Counsel and, where required (such as where liabilities or indemnities are medium/ high risk), the Group Legal Director.
- iii. Annex 1 sets out Post Office Limited’s approach to liabilities and indemnities.
- iv. Liability and indemnity provisions in Settlement Agreements and Secondment Agreements arise frequently, therefore specific approvals are provided for those in approach set out in section C, Annex 1.

There are certain matters where there is a risk of loss or liability or a wider risk which should be escalated to the Board (and, in some instances, Shareholder)⁴⁹:

 - a granting of a security in excess of £5m⁵⁰;
 - a new area of business which might bring the Group within the scope of oversight of a regulator to which it has not previously been subject⁵¹;
 - a matter which gives rise to risk in excess of £5m in maintaining service commitment to customers in line with the Group’s social purpose (for which the Group has an averse risk statement)⁵²;

⁴⁷ This approach was approved by the Board on 28 September 2022.

⁴⁸ A Qualified Legal Counsel (qualified lawyer) is ‘...someone who holds a legal professional qualification which allows them to practice in English and Wales or another jurisdiction. This includes lawyers such as Barristers, CILEX practitioner or Chartered Legal Executive, Northern Ireland, Republic of Ireland and Scottish solicitor’ (SRA, 2021).

⁴⁹ Please consult the matters reserved to the Shareholder consent in paragraph B above.

⁵⁰ See also Article 8.1 (AA) & (X)

⁵¹ See also Article 8.1(Z)

⁵² Subject to Article 8.1(X)

- a matter which could risk disruption to the credit facility (averse risk appetite – the Company is to ensure loan remains below £950m with maintenance of £200m headroom)⁵³; or
- a matter where there is realistic possibility of Competition and Markets Authority intervention⁵⁴.

Annex 1 – Current Market Standard Unlimited Liabilities and Indemnities Position (See separate document)

Delegated Authorities (see separate document)

⁵³ Refer also to the Treasury Policy and Article 8.1(AA)

⁵⁴ See also Article 8.1(Z)