

	<p>Action 3 (PZBPLB 22/40 (a)(i)): AG stated that a standing agenda item was the review of Payzone Bill Payments Limited’s (“PZBPL”) cash position in the performance review. As such, this action was closed.</p> <p>Action 4 (PZBPLB 22/42 (c)(ii)): ■ had provided a summary of the actions arising from the investigation in the meeting slide deck. The Board agreed that an update on the investigation would be kept as a standing item of the Board meeting agendas to give assurance to the Board that actions arising from the investigation were being progressed. This action was closed.</p> <p>Action 5 (PZBPLB 22/42 (d)): AG explained that the only contract that was outstanding was with Vodafone and this was now in the final stages of negotiations. All other contracts had been finalised. OW stated that for good governance, these contracts needed to be captured as part of PZBPL’s integration into Post Office Limited (“POL”). The recommendation from POL was to continue to contract with Vodafone. This action remained opened.</p> <p>Action 6 (PZBPLB 23/05 (c)): AG explained that a number of Key Performance Indicators (KPIs) had not been captured in the meeting pack. Nevertheless, recommendations of the KPIs that would be of particular interest to the Board would be presented to the Board at the October 2023 meeting. This action remained opened.</p> <p>Action 7 (PZBPLB 23/07): ■ explained that she had spoken to ■ (■, Post Office Limited) and he had said that there were not currently any upcoming Board trainings being offered by the external law firms. As such, ■ suggested to the Board that she would do some research and put forward a recommendation to Rachel Scarrabelotti (Group Company Secretary, Post Office) for an external governance provider to conduct the PZBPL Board trainings. This action remained opened.</p> <p>Action 8 (PZBPLB 23/11 (a)): The POL and PZBPL loan agreement was still in draft form and external counsel were drafting the agreement. AG felt that engaging with external legal counsel to help with the drafting of this agreement felt excessive. In response to AG, ■ explained that the POL legal team were stretched and that banking was not the PZBPL Senior Legal Counsel’s speciality. As such, from a risk perspective this is why the agreement needed a cheap but external view. AG thought that this connected to the cash challenge and the loan would incur a high interest rate. MJ explained that the interest was the standard market rate. POL had to pay interest on its working capital facility otherwise this would be state aid. ■ said that the interest payment may impact cash flow however he would check the interest rate. OW stated that the PZBPL Board should only be concerned if what PZBPL was paying was unjustifiable. The Board asked ■ and MJ to check interest rate. This action remained opened.</p> <p>Action 9 (PZBPLB 23/11 (b)): There was no further update. This action remained open.</p>	<p>■/MJ</p>
23/16	BUSINESS UPDATE INCORPORATING	
(a)	<p><u>2023/24 Q1 Performance Review</u></p> <p>■ introduced this item and the paper was taken as read.</p> <p>■ outlined some positives regarding PZBPL’s 2023/24 Q1 performance. There was a £34,000 upside in telecoms due to Vodafone UK’s imminent merger with</p>	

Three UK. This was delaying a forecasted commission reduction. Nevertheless, there was a £100,000 upside in revenue from Evri. Royal Mail strikes had pushed customers to alternative providers such as Evri however, the upside was more profitable with Royal Mail than with Evri.

MJ asked if the shift in customer behaviour due to the Royal Mail strikes had remained to which ■ said yes. MJ suggested that it would be good for the Board to see data on the transactions time spreads of transactions and asked if it was possible to get data on the times of day that transactions are made. In response to MJ and AG, ■ said that he would get the data. Furthermore, it was said that the Board did not have data to prove that longer opening hours would help increase transactions. AG added that the Board could also look at the drop and collect spread of transactions.

In response to MJ's question on transport and card acceptance, ■ said that different rail companies and a lot of the money was funding the onboarding and completion of the contract. There was a possibility that The Northern contract would be signed in the next week. Moreover, network access fees would probably be pro-rata.

■ continued that PZBPL had to put in much more revenue guarantee conditions in the contract and that so much of the work was about migrating customers from their traditional payment route. PZBPL had to change the mechanics on new deals to underwrite the revenue.

Furthermore, ■ highlighted that clients liked PZBPL for its urban demographic. Also, for the elderly, the Post Office brand was important to them. Also, PZBPL hoped to supply this at 0 CAPEX (Capital Expenditure).

Regarding card acceptance, there were delays to getting the Payzone+ AT150 device accredited. Also, PZBPL had struggled to protect its back book. OW asked if the VAT issue persisted and if that impact was going to grow given Post Office Group's mails position.

Regarding slide 21 of the deck, PZBPL revenue - outturn for the year, there was a continuation of upside in service fees. The service fee retention budget was the biggest upside in PZBPL and there were positives in Telco from the delayed Vodafone commission reduction. PZBPL were targeting retail growth in certain areas and as such, the plan over the next 6 months was to challenge PayPoint's dominance in urban areas.

Furthermore, ■ explained some negative trends. There had been energy price reductions. Also, previously, pre-pay were paying more than post-pay customers. There had been price adjustments in April and July which was why energy was down in PZBPL and Post Office. AG added that this meant that a customer got more for their pound of energy. Customers were topping up less frequently and the warm weather meant that people were consuming less energy.

Regarding slide 22, consolidated revenue, OW asked if PZBPL and Post Office were working on a "3+9" forecast. AG explained that the 3+9 forecast would include PZBPL and would be submitted in the next week. AG also said that once he had the draft 3+9 forecast, he would send it through to OW.

There were 145,000 re-issued vouchers and a Year to Date (YTD) revenue of £12.2m. Also, £1m of the Payout income had been brought forward and as

	<p>that he thought would be useful to update the Board on. As such, [REDACTED] presented a one week dashboard (from the week commencing 19th June 2023) of PZBPL's progress against its KPIs. Outbound calls had increased hence AG said that work had been done to ascertain what the reasons for this were. The aim was to bring the number of outbound calls down as the increased outbound calls had an effect on helpdesk resource. Also, there was a correlation between improving service levels and the cost of service.</p> <p>In response to [REDACTED] AG said that the sooner PZBPL could get more Drop & Collect installations, the sooner PZBPL could realise revenue.</p> <p>Furthermore, the target to reduce the amount of non-transacting stores was motivational however, OW questioned if PZBPL should be setting to achieve this target if it was unachievable. Moreover, in response to [REDACTED] question as to what a 'Super Agent' was, AG explained that PZBPL had a network over and above the normal network that were just stockists of keys and cards. AG had previous conversations with [REDACTED] as to whether PZBPL had been charging Super Agents appropriately.</p> <p>Furthermore, the Board questioned how PZBPL had a direct debit collection rate of over 100%. AG explained that PZBPL was doing well in this area because of aged debt and that PZBPL was collecting debt earlier than needed. Additionally, PZBPL had effective controls in place to collect debt. Moreover, AG said that PZBPL only collected debt twice a week therefore agents had a 2-3 day float.</p> <p>As such, the Board DISCUSSED PZBPL's KPIs.</p>	
(c)	<p><u>HR/Culture Update (verbal)</u></p> <p>AG gave a brief update on PZBPL's HR/culture matters and explained that he would present a few items in this regard at the October 2023 Board meeting. Moreover, he was conscious of the impact that PZBPL's integration into Post Office Limited could have on employees.</p> <p>Furthermore, AG outlined the following points:</p> <ul style="list-style-type: none"> • PZBPL had completed a full talent review. • PZBPL also issued an employee engagement survey which had 72% engagement. AG would present the results to the Board at its next meeting to show staff sentiment. • The work on the bonuses had been completed however, PZBPL was awaiting POL's Remuneration Committee decision to approve these bonuses. The bonus payment overall was approximately £260,000 across 41 staff members. • Work had been completed regarding PZBPL's diversity dashboard. At the management level, there was really strong female talent especially in finance and retail. <p>OW suggested that the Board should dedicate time for a HR/Culture discussion at its next meeting.</p> <p>Accordingly, the Board NOTED and HR/Culture Update.</p>	AG
23/17	[REDACTED]	
	[REDACTED]	

	<p>[REDACTED]</p> <p>[REDACTED]</p> <p>[REDACTED]</p>	
23/18	<u>GOVERNANCE BEST PRACTICE IMPLEMENTATION UPDATE</u>	
	<p>[REDACTED] introduced this item and explained that monthly meetings between [REDACTED] (Post Office), [REDACTED] and [REDACTED] (Post Office) were being held to address the intercompany balances.</p> <p>A loan agreement for £18m was going to be formalised and this would include a credit facility, however, this agreement was still in draft. OW asked when the agreement would be finalised with POL Board to which PD responded that it would be finalised at the September 2023 POL Board meeting. PD also said that he would circulate the loan agreement to the PZBPL Board via email.</p> <p>[REDACTED]</p> <p>AG asked [REDACTED] if the PZBPL management team and Board would get an opportunity to comment on the Mazars report. [REDACTED] explained that she had not seen the final report however her understanding was that comments on the earlier draft should not be too different.</p> <p>As such, the Board NOTED the Governance Best Practice Implementation Update.</p>	
23/19	<u>LEGAL RISK REPORT</u>	
	<p>[REDACTED] <i>joined the meeting at 10:37 am.</i></p> <p>[REDACTED] introduced this paper which was taken as read. She thanked [REDACTED] for a comprehensive report and she hoped that the Board would not be surprised by anything in the report.</p> <p>There were no 'red' risks and whilst there were a number of 'amber' risks, good work was being done to mitigate these risks. Nevertheless, the key risk was in relation to governance which was a theme central to the Post Office Group.</p> <p>Moreover, [REDACTED] explained that PZBPL were receiving support from [REDACTED] (Post Office) for the risk report. [REDACTED] outlined the main risks which were governance, the dispute resolution with [REDACTED] and the intercompany loan documentation. [REDACTED]</p> <p>[REDACTED] A lot of governance was being swept up in the Apollo report and actions</p>	

	<p>flowing form that. The loan documentation issue was being resolved through a new loan agreement.</p> <p>Moreover, there were some pre-acquisition contracts (mostly telecommunications) that were not novated. There had been discussions within PZBPL as to how to deal with these contracts going forward. Also, head office was subject to a plan which the PZBPL Commercial Manager would address.</p> <p>Regarding the point on contract cleansing work detailed in the paper, AG explained that work was being done to replace these contracts within the PZBPL entity.</p> <p>The Board NOTED the Legal Risk Report.</p> <p>■ left the meeting at 10:44 am.</p>	
23/20	<u>2022/23 ANNUAL REPORT AND ACCOUNTS UPDATE (VERBAL)</u>	
	<p>■ provided an update on the 2023/23 Annual Report and Accounts and explained that the PZBPL 2022/23 annual report and accounts was currently with PwC (PricewaterhouseCoopers International Limited).</p> <p>As such, the Board NOTED the 2023/23 Annual Report and Accounts Update.</p>	
23/21	<u>MEETING EFFECTIVENESS FEEDBACK</u>	
	AG thought that the meeting was efficient.	
23/22	<u>ANY OTHER BUSINESS</u>	
(a)	<p><u>Group Legal Policy</u></p> <p>■ introduced this item and explained the background behind the Group Legal Policy. The Legal Policy was originally written in 2016 and the Policy was subsequently released as a group policy. The policy clarifies and formalises the roles and responsibilities throughout the Post Office Group and the Policy has been updated to include findings from the Post Office Group Litigation Order, Historical Issues Judgement and the Hamilton case (Hamilton & Others v Post Office Ltd). Furthermore, the policy flags that the role of the Post Office Group legal team is an advisory one and that lawyers have additional duties of independence to the courts.</p> <p>As such, the Group Legal Policy was APPROVED by the Board.</p>	
23/23	<u>NEXT BOARD MEETING</u>	
(a)	The Board noted that the date of the next ordinary meeting is 12 th October 2023.	
(b)	There being no further business the meeting closed at 10:48 am.	

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Chair

Date

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