

TERMS OF REFERENCE**POST OFFICE BOARD**

PURPOSE	The Post Office Board is collectively responsible for ensuring the company is run in accordance with its stated purpose / shareholder interest and with prudent and effective controls
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ROLE	JOB TITLE	CURRENT INCUMBENT
CHAIR	Post Office Chairman	Alice Perkins
MEMBERS	Senior Independent Director (Retail expertise) Non-executive director 2 (FS expertise) Non-executive director 3 (Chair of Audit) Non-executive director 4 Chief Executive Officer Chief Financial Officer	Neil McCausland Les Owen Vacant Vacant Paula Vennells Chris Day
OTHER ATTENDEES	By invitation of the Chairman	
SECRETARIAT	Company Secretary	Alwen Lyons

QUORUM	Two members (one Executive Director, one Non Executive Director) and Company Secretary
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FREQUENCY	Every two months, but more frequently if required, and to fit in with decision making cycles for ET and Sub-committees
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AREAS OF CONTROL : <ul style="list-style-type: none"> • Establish and maintain company's vision, mission and values • Approval of the business' strategic plan and annual operating plan & budget • Approval of the Funding Agreement ensuring delivery of the milestones in the plan • Delegation of authority to management • Approval of the recommendations from sub-committees (see sub-committee Powers & Authorities) and the Executive Committee on specific issues and reserved matters • Formal evaluation of the Board, Board sub-committee and individual director performance • Accountable to the shareholder and responsible to stakeholders

SPECIFIC POWERS & AUTHORITIES :

- Approval of major capital projects (over £3m)
- Approval of material contracts in the ordinary course of business (> £10m annual value)
- Approval of material contracts not in the ordinary course of business (including all strategic acquisitions, purchase of shares and joint ventures)
- Approval of major asset disposals (> £1m)
- Appointment of specified individuals to authenticate the Post Office Ltd Seal
- Approval of the annual report, half-yearly and yearly accounts
- Appointment or removal of the auditor
- Approval of any significant change in accounting policy or practices
- Appointment or removal of Managing Director, Finance Director and Company Secretary
- Approval of all senior manager bonus schemes
- Approval of salary changes for Managing Director, Finance Director and Company Secretary

TERMS OF REFERENCE

AUDIT SUB-COMMITTEE

PURPOSE	The Audit Sub-Committee is responsible for i) determining the business' risk appetite, ii) applying the corporate reporting, risk management and internal control principles, and iii) maintaining appropriate relations with the company's auditor
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ROLE	JOB TITLE	CURRENT INCUMBENT
CHAIR	Non-executive director	Vacant
MEMBERS	Post Office Chairman Non-executive director 1 (FS expertise) Non-executive director 3	Alice Perkins Les Owen
OTHER ATTENDEES	Chief Executive Chief Financial Officer Legal & Compliance Director	Paula Vennells Chris Day Susan Crichton
SECRETARIAT	Company Secretary (or Assistant)	Alwen Lyons ()

QUORUM	Two members (one Non-executive director and one Executive Director)
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FREQUENCY	Quarterly, follows Risk & Compliance Committee and precedes PO Board
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AREAS OF CONTROL : <ul style="list-style-type: none"> • Approval of both the internal and external audit plans • Reviewing progress on addressing audit recommendations • Approval of: <ul style="list-style-type: none"> risk strategy, risk appetite levels, approval of the compliance strategy, approval of assurance strategy, internal controls, and risk based priorities for internal audit • Reviewing the auditors' management letter • Reviewing the draft annual report, half-yearly and yearly accounts

SPECIFIC POWERS & AUTHORITIES :

- Recommending the appointment or removal of the auditor to the Board
- Recommendation of any significant change in accounting policy or practices
- Recommending the annual report, half-yearly and yearly accounts to the Board for approval
- Setting

TERMS OF REFERENCE**REMUNERATION & APPOINTMENT SUB-COMMITTEE**

PURPOSE	The Remuneration & Appointment Sub-Committee is responsible for making recommendations to the Board in respect of executive and senior management appointments, salary policy and bonus arrangements
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ROLE	JOB TITLE	CURRENT INCUMBENT
CHAIR	Non-executive director	Neil McCausland
MEMBERS	Post Office Chairman Non-executive director Non-executive director	Alice Perkins
OTHER ATTENDEES	Managing Director Human Resources Director Chief Finance Officer	Paula Vennells HR Director Chris Day
SECRETARIAT	Company Secretary (or Assistant)	Alwen Lyons ()

QUORUM	Two (both Non- Executive Directors)
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FREQUENCY	Twice a year for remuneration, ad hoc for appointments
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AREAS OF CONTROL: <ul style="list-style-type: none"> Accountable for appointment of all directors and senior managers (in REMCO population) Reviewing the incentive and bonus arrangements for all senior managers in the business Reviewing salary increases for all directors and senior managers (in REMCO population) Reviewing overall pay and reward policies for all staff and subpostmasters Reviewing business' senior manager development policy, talent policy and succession plans
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SPECIFIC POWERS & AUTHORITIES :

- Appointment of non-Board Directors
- Appointment of other senior roles (formerly REMCO roles)
- Recommendation to the Board of all senior management bonus schemes
- Approval of all senior management bonus payments in line with agreed schemes
- Approval of all non-board director & REMCO salary changes
- Approval of pay & reward policies for all staff and subpostmasters (other than those reserved for the Board)
- Approval of senior manager development policy, talent policy and succession plans

TERMS OF REFERENCE

HEALTH & SAFETY SUB-COMMITTEE

PURPOSE	The Health & Safety Sub-Committee is responsible for ensuring that the business has in place and adheres to robust policies and standards to ensure, so far as is reasonably practicable, the health, safety and welfare at work of all his employees and Subpostmasters
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ROLE	JOB TITLE	CURRENT INCUMBENT
CHAIR	Non-executive director	
MEMBERS	Human Resource Director General Counsel / Company Secretary Chief Operating Officer Network & Sales Director Head of Risk & Compliance	HR Director Susan Crichton Mike Young [REDACTED]
OTHER ATTENDEES		
SECRETARIAT	National Safety, Environment and Wellbeing Manager	[REDACTED]

QUORUM	Two
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FREQUENCY	Quarterly, preceded POL Board
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AREAS OF CONTROL : <ul style="list-style-type: none"> • Heath & Safety policy, safety management systems, consultation processes, training and communication • Wellbeing and Health benefits policy • Accident at work monitoring • Review of H&S action plans • H&S Risk Register review • H&S Internal Controls • Environmental impacts and wider Corporate Social Responsibility • Disability impacts, especially in terms of DDA

SPECIFIC POWERS & AUTHORITIES :
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- Recommendation on the H&S policy to the Board
- Recommendation on H&S internal controls to the Audit Committee
- Recommendations on H&S risk management to the Risk & Compliance

PENSIONS SUB-COMMITTEE

TERMS OF REFERENCE

PURPOSE	The Pensions Sub-Committee is responsible for making recommendations to the Board in respect of Pensions provision within Post Office Ltd
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ROLE	JOB TITLE	CURRENT INCUMBENT
CHAIR	Chief Financial Officer	Chris Day
MEMBERS	HR Director Legal & Compliance Director Non-executive Director	Susan Crichton
OTHER ATTENDEES	The Pensions Specialist should attend and facilitate meetings	
SECRETARIAT	Assistant Company Secretary	

FREQUENCY	Quarterly
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QUORUM	Two Directors
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AREAS OF CONTROL
<ul style="list-style-type: none"> • Reviewing funding levels and contribution rates and negotiation/discussion with the relevant Trustee(s) • Agreeing discretionary benefits for POL • Agreeing the design and structure of all POL pension arrangements • Reviewing the strategic investment strategy impacting on POL occupational pension schemes and associated life assurance and income protection arrangements • Review and recommend to the Board the pensions accounting assumptions for the annual Group accounts • Liaison with the Governance Body of the Royal Mail Statutory Pensions Scheme including recommendations of attendees to RMSPS Liaison Committee Meetings • Approving deficit recovery strategies (or recommending recovery strategy to the Board where the costs exceed the delegated authority) • Appointment and remuneration of the Chairman and Trustees of the Post Office pension schemes • Approval of amendments to trust deeds of the main POL arrangements • The Committee would also represent POL in discussions with the Trustees of POL's occupational pension schemes.

SPECIFIC POWERS & AUTHORITIES

a) Financial materiality levels for the Pension Committee

Decisions with Cash or P&L impact will be in line with existing delegated authorities with any decision with an impact of up to £2 million on a cumulative basis in each financial year residing with the Pensions Committee and above £2 million requiring POL Board approval

Examples of decisions with an impact of less than £2 million include:

- Approval of Consultancy spend
- Approval of Life Assurance and Income Protection premiums
- Approval of Trustee Indemnity Insurance Premiums
- Approval of minor amendments to Pension Scheme benefits

For decisions which impact upon the pension liabilities or assets which are of a non-cash or non P&L nature, the delegated authority level will be as follows:-

- Pensions Committee up to £10 million impact
- POL Board any matter with an impact above £10 million

b) New pension arrangements

The Pensions Committee should make a recommendation to the POL Board regarding the introduction of new pension schemes. The POL Board will be requested approve these.

**POST OFFICE LIMITED
REMUNERATION COMMITTEE
TERMS OF REFERENCE**

PURPOSE

The purpose of the Remuneration Committee is to recommend to the Board the remuneration strategy and any changes to individual elements of the remuneration package for executive directors of Post Office Limited (the Company); members of the Group Executive who report directly to the Chief Executive; other significant senior level appointments with comparable remuneration; and to provide an oversight function for the remuneration of the directors of the Post Office Management Services Limited (POMS) board, as determined by the Board. Any changes in remuneration for directors of the Company must be approved in advance by the Shareholder. The remuneration of the Chairman and of non-executive directors will be set by the Shareholder.

A. COMPOSITION AND GOVERNANCE

1. The Remuneration Committee is constituted as a sub-committee of the Board and its Chairman shall be appointed by the Board. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
2. Members of the Committee shall be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
3. The Committee shall be made up of at least two independent non-executive directors. Only non-executive directors shall be eligible to be members of the Committee such that no individual shall be involved in determining their own remuneration.
4. In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
5. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Remuneration Committee for a period of more than six years.
6. Only members of the Committee have the right to attend Committee meetings. The Chief Executive and the Group People Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
7. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
8. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
9. If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.

10. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team.
11. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
12. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
13. If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.
14. Training will be provided by the Company for members of the Committee, as required. Such training may take the form of internal briefings, attendance at formal courses and conferences and/or sessions with external advisers.
15. Members of the Committee shall conduct an annual review of the Committee's performance.

B. MEETINGS

1. The Committee shall meet as often as required but not less than three times each year. The Committee 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.
2. The quorum necessary for the transaction of business shall be 2 members.
3. Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
4. Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

C. DUTIES AND RESPONSIBILITIES WITH REGARD TO THE COMPANY

The main duties and responsibilities of the Committee with regard to the Company are:

1. to recommend to the Board the remuneration strategy for the Chief Executive, executive directors and those members of the Group Executive who report directly to the Chief Executive, always taking into account the remuneration policy set for other employees.
2. in determining such strategy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the Code) and associated guidance. The objective of such strategy should be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should

be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

3. review the ongoing appropriateness and relevance of the remuneration strategy.
4. with the consent of The Secretary of State for Business, Innovation and Skills, determine each element of the total individual remuneration package of the Chief Executive and other executive directors, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes.
5. to determine the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:
 - base salary
 - short term incentive (annual bonus)
 - Long Term Incentive Plan
 - pension provision
 - benefits such as car or car allowance, private health, holidays
 - contractual terms such as notice periods
6. to keep under review the contractual terms applicable to executive directors such that payments made are fair to the individual and to the company, that success, rather than failure, is rewarded and that the duty to mitigate loss is fully recognised.
7. to work with the Nominations Committee in respect of new hires, such that the Remuneration Committee can recommend to the Board an appropriate level of remuneration which will attract talent but not be excessive.
8. to receive information on each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any member of the current Group Executive.
9. to review the overall total remuneration of the Senior Group (defined as the Chief Executive, executive directors and members of the Group Executive) compared both with external market comparators and with the remuneration of other employees in the Group.
10. to review and recommend to the Shareholder the implementation of, or changes to, performance related incentive schemes for the executive directors, Group Executive members and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan.
11. to review and agree the criteria for, and the outturn of, performance related pay arrangements for executive directors and Group Executive members, subject to authorisation from the Shareholder.
12. to review the total outturn of performance related pay arrangements across the business.
13. to approve any exit package for any individual with a salary above the lowest salary within the Group Executive membership, where the exit package would be in excess of contractual obligations.
14. to undertake any other function delegated to the Committee by the full Board.

D. DUTIES AND RESPONSIBILITIES WITH REGARD TO POMS

The main duties and responsibilities of the Committee with regard to POMS are as follows, to provide an oversight function for remuneration of senior executives within POMS:

1. to ensure the remuneration strategy for and any appointments to the POMS board is consistent with remuneration policies within the Company, always taking into account the remuneration policy set for other employees.
2. to ensure each element of the total individual remuneration package of the executive directors of POMS, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes is consistent with remuneration policies within the Company.
3. to ensure the elements which will form the remuneration package for an individual in the above group, are consistent with remuneration policies within the Company and may include, but shall not be restricted to:

base salary

short term incentive (annual bonus)

Long Term Incentive Plan

pension provision

benefits such as car or car allowance, private health, holidays

contractual terms such as notice periods

4. to ensure the contractual terms applicable to executive directors of POMS such that payments made are fair to the individual and to the company, that success, rather than failure, is rewarded and that the duty to mitigate loss is fully recognised.
5. to work with the Nominations Committee in respect of new hires to the POMS board such to ensure that levels of remuneration will attract talent but not be excessive and will be consistent with remuneration policies within the Company.
6. to review the overall total remuneration of the Senior Group (defined as any members of the POMS board) compared both with external market comparators and with the remuneration of other employees in the Group.
7. to ensure the criteria for, and the outturn of, performance related pay arrangements for executive directors of the POMS board is consistent with remuneration policies within the Company.

E. ANNUAL REVIEW

1. The Committee will undertake an annual review of its own performance and the Terms of Reference and recommend to the Board any necessary changes.
2. These Terms of Reference were last reviewed in [] 2015.

**TERMS OF REFERENCE OF THE REMUNERATION COMMITTEE AS AGREED
BY THE BOARD ON 25th NOVEMBER 2015 AND REVIEWED BY COMMITTEE
ON 12th APRIL 2016**

PURPOSE

The purpose of the Remuneration Committee is to recommend to the Board the remuneration strategy and any changes to individual elements of the remuneration package for executive directors of Post Office Limited (the Company); members of the Group Executive who report directly to the Chief Executive; other significant senior level appointments with comparable remuneration; and to provide an oversight function for the remuneration of the directors of the Post Office Management Services Limited (POMS) board, as determined by the Board. Any changes in remuneration for directors of the Company must be approved in advance by the Shareholder. The remuneration of the Chairman and of non-executive directors will be set by the Shareholder.

A. COMPOSITION AND GOVERNANCE

1. The Remuneration Committee is constituted as a sub-committee of the Board and its Chairman shall be appointed by the Board. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
2. Members of the Committee shall be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
3. The Committee shall be made up of at least two independent non-executive directors. Only non-executive directors shall be eligible to be members of the Committee such that no individual shall be involved in determining their own remuneration.
4. In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
5. Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Remuneration Committee for a period of more than six years.
6. Only members of the Committee have the right to attend Committee meetings. The Chief Executive and the Group People Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.

7. The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
8. Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
9. If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.
10. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team.
11. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
12. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
13. If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.
14. Training will be provided by the Company for members of the Committee, as required. Such training may take the form of internal briefings, attendance at formal courses and conferences and/or sessions with external advisers.
15. Members of the Committee shall conduct an annual review of the Committee's performance.

B. MEETINGS

1. The Committee shall meet as often as required but not less than three times each year. The Committee 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.
2. The quorum necessary for the transaction of business shall be 2 members.

3. Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
4. Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

C. DUTIES AND RESPONSIBILITIES WITH REGARD TO THE COMPANY

The main duties and responsibilities of the Committee with regard to the Company are:

1. to recommend to the Board the remuneration strategy for the Chief Executive, executive directors and those members of the Group Executive who report directly to the Chief Executive, always taking into account the remuneration policy set for other employees.
2. in determining such strategy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code (the Code) and associated guidance. The objective of such strategy should be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary having regard to views of shareholders and other stakeholders. The remuneration policy should have regard to the risk appetite of the company and alignment to the company's long strategic term goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.
3. review the ongoing appropriateness and relevance of the remuneration strategy.
4. with the consent of The Secretary of State for Business, Innovation and Skills, determine each element of the total individual remuneration package of the Chief Executive and other executive directors, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes.
5. to determine the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:

base salary

short term incentive (annual bonus)

Long Term Incentive Plan

pension provision

benefits such as car or car allowance, private health, holidays
contractual terms such as notice periods

6. to keep under review the contractual terms applicable to executive directors such that payments made are fair to the individual and to the company, that success, rather than failure, is rewarded and that the duty to mitigate loss is fully recognised.
7. to work with the Nominations Committee in respect of new hires, such that the Remuneration Committee can recommend to the Board an appropriate level of remuneration which will attract talent but not be excessive.
8. to receive information on each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any member of the current Group Executive.
9. to review the overall total remuneration of the Senior Group (defined as the Chief Executive, executive directors and members of the Group Executive) compared both with external market comparators and with the remuneration of other employees in the Group.
10. to review and recommend to the Shareholder the implementation of, or changes to, performance related incentive schemes for the executive directors, Group Executive members and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan.
11. to review and agree the criteria for, and the outturn of, performance related pay arrangements for executive directors and Group Executive members, subject to authorisation from the Shareholder.
12. to review the total outturn of performance related pay arrangements across the business.
13. to approve any exit package for any individual with a salary above the lowest salary within the Group Executive membership, where the exit package would be in excess of contractual obligations.
14. to undertake any other function delegated to the Committee by the full Board.

D. DUTIES AND RESPONSIBILITIES WITH REGARD TO POMS

The main duties and responsibilities of the Committee with regard to POMS are as follows, to provide an oversight function for remuneration of senior executives within POMS:

1. to ensure the remuneration strategy for and any appointments to the POMS board is consistent with remuneration policies within the Company, always taking into account the remuneration policy set for other employees.
2. to ensure each element of the total individual remuneration package of the executive directors of POMS, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes is consistent with remuneration policies within the Company.
3. to ensure the elements which will form the remuneration package for an individual in the above group, are consistent with remuneration policies within the Company and may include, but shall not be restricted to:

base salary

short term incentive (annual bonus)

Long Term Incentive Plan

pension provision

benefits such as car or car allowance, private health, holidays

contractual terms such as notice periods

4. to ensure the contractual terms applicable to executive directors of POMS such that payments made are fair to the individual and to the company, that success, rather than failure, is rewarded and that the duty to mitigate loss is fully recognised.
5. to work with the Nominations Committee in respect of new hires to the POMS board such to ensure that levels of remuneration will attract talent but not be excessive and will be consistent with remuneration policies within the Company.
6. to review the overall total remuneration of the Senior Group (defined as any members of the POMS board) compared both with external market comparators and with the remuneration of other employees in the Group.
7. to ensure the criteria for, and the outturn of, performance related pay arrangements for executive directors of the POMS board is consistent with remuneration policies within the Company.

E. ANNUAL REVIEW

1. The Committee will undertake an annual review of its own performance and the Terms of Reference and recommend to the Board any necessary changes.
2. These Terms of Reference were last reviewed by the Committee on 12th April 2016.

Terms of Reference of the Remuneration Committee

The Remuneration Committee (the “Committee”) is a Committee of the Post Office Limited Board (the “Board”), from which it derives its authority and to which it reports after each meeting.

1. Role

The Committee’s main role is to:

- i) make sure that appropriate group remuneration strategies are in place for PO Limited and its subsidiaries to be able to attract, retain and motivate the executive management required to run the Company successfully¹ without paying more than is necessary
- ii) approve and recommend for approval, where required, the remuneration packages of senior executives and fees for Non-Executive Directors
- iii) recommend for the approval of the Shareholder, the criteria for, and outturn of performance related pay arrangements for Executive Directors and executives who report directly to the Chief Executive (STIP)
- iv) recommend for the approval of the Shareholder, performance related incentive schemes and changes to these for Executive Directors, executives who report directly to the Chief Executive and any other eligible employees (LTIP)
- v) have oversight of the group remuneration strategy for the wider organisation.

2. Responsibilities of the Committee

Remuneration Strategy for PO Limited: Executive

- 2.1 a) To **recommend** to the Board for approval the remuneration strategy for the Chief Executive, executive directors and those executives who report directly to the Chief Executive, taking into account the remuneration policy set for other employees.
- b) To **review** the group remuneration strategy annually and recommend any changes to the Board for approval.
- 2.2 To **approve** the remuneration package in respect of new hires proposed by the Nominations Committee. This shall align with the group remuneration strategy approved by the Board. In the case of the Chief Executive and other

¹ In doing so, regard will be paid to the views of the Shareholder and other stakeholders; all relevant legal, regulatory and corporate governance requirements; the risk appetite of the Company and alignment to its long-term strategic goals, structuring of a significant proportion of remuneration to link rewards to corporate and individual performance and designed to promote the long-term success of the company.

executive directors, the remuneration package shall, as set out in the paragraph below, be recommended for **approval** by the Shareholder.

2.3 To **recommend** to The Secretary of State for Business, Energy and Industrial Strategy for approval, each element of the total individual remuneration package of the Chief Executive and other executive directors, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes. The recommendations shall align with the group remuneration strategy approved by the Board.

2.4 To **approve** the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:

base salary
short term incentive (annual bonus)
Long Term Incentive Plan
pension provision
benefits such as car or car allowance, private health, holidays
contractual terms such as notice periods.

The recommendations shall align with the group remuneration strategy approved by the Board.

2.5 To keep under **review** the contractual terms applicable to executive directors such that payments adhere to the group remuneration strategy approved by the Board.

2.6 To **receive information** on each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any executive who reports directly to the Chief Executive.

2.7 To **review** annually the overall total remuneration of the Senior Group (defined as the Chief Executive, executive directors and those executives who report directly to the Chief Executive) compared both with external market comparators and with the remuneration of other employees in the Group.

- 2.8 a) To **recommend** for approval by the Shareholder the implementation of, or changes to, performance related incentive schemes for the Executive Directors, executives who report directly to the Chief Executive and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan (LTIP).
- b) To **review** annually the performance related incentive schemes for the executive directors, executives who report directly to the Chief Executive

and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan (LTIP).

- 2.9 a) To **recommend** for approval by the Shareholder, the criteria for, and the outturn of, performance related pay arrangements (STIP) for executive directors and executives who report directly to the Chief Executive, subject to authorisation from the Shareholder.
- b) To **review** annually the criteria for, and outturn of, performance related pay arrangements (STIP) for executive directors and executives who report directly to the Chief Executive.
- 2.10 To **receive information** on the total outturn of performance related pay arrangements across the business.
- 2.11 To **approve** the exit package for any individual with a salary above the lowest salary of those executives who report directly to the Chief Executive, where the exit package would be in excess of contractual obligations.
- 2.12 To **undertake** any other function delegated to the Committee by the full Board.

Remuneration for Non-Executive Directors

- 2.13 To **recommend** to the Board for **approval** by the Shareholder fees for Non-Executive Directors of PO Limited.

PO Insurance Board²

Remuneration Strategy PO Insurance: Executive

- 2.14 a) To **approve** the remuneration strategy for PO Insurance on the recommendation of the PO Insurance Board.
- b) To **review** annually the remuneration strategy for PO Insurance following its review by the PO Insurance Board.
- 2.15 To **approve** the remuneration package for executive appointments to the PO Insurance Board on the recommendation of the Nominations Committee. The recommendations shall align with the remuneration strategy for PO Insurance.
- 2.16 To **approve** the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:

base salary

² Registered name: Post Office Management Services Limited.

short term incentive (annual bonus)
Long Term Incentive Plan
pension provision
benefits such as car or car allowance, private health, holidays
contractual terms such as notice periods.

- 2.17 To keep under **review** the contractual terms applicable to executive directors of PO Insurance such that they adhere to the remuneration strategy for PO Insurance.
- 2.18 To **review** annually the overall total remuneration of the Senior Group (defined as any members of the PO Insurance Board) compared both with external market comparators and with the remuneration of other employees in the Group.
- 2.19 To **review** annually the criteria for, and the outturn of, performance related pay arrangements for executive directors of the PO Insurance Board. These should align with the remuneration strategy for PO Insurance.

Remuneration Strategy PO Insurance: Non-Executive

- 2.20 a) To **approve** the remuneration framework within which the fees for Non-Executive Directors of the Post Office Insurance Board may be paid where an appointment is recommended by the Nominations Committee.
- b) To **review** annually the remuneration framework for Non-Executive fees for the Post Office Insurance Board.

3. Annual Review

- 3.1 The Committee will undertake an annual review of its own performance and the Terms of Reference and recommend to the Board any necessary changes.

4. Composition and Governance

- 4.1 The Remuneration Committee is constituted as a sub-committee of the Board and its Chairman shall be appointed by the Board. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
- 4.2 Members of the Committee shall be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
- 4.3 The Committee shall be made up of at least two independent Non-Executive directors. Only Non-Executive directors shall be eligible to be members of the

Committee such that no individual shall be involved in determining their own remuneration.

- 4.4 In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
- 4.5 Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Remuneration Committee for a period of more than six years.
- 4.6 Only members of the Committee have the right to attend Committee meetings. The Chief Executive and the Group HR Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
- 4.7 The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
- 4.8 Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
- 4.9 If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.
- 4.10 The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team.
- 4.11 The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 4.12 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
- 4.13 If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such

disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.

- 4.14 Training will be provided by the Company for members of the Committee, as required. Such training may take the form of internal briefings, attendance at formal courses and conferences and/or sessions with external advisers.
- 4.15 Members of the Committee shall conduct an annual review of the Committee's performance.

5. Meetings

- 5.1 The Committee shall meet as often as required but not less than three times each year. The Committee 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.
- 5.2 The quorum necessary for the transaction of business shall be 2 members.
- 5.3 Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.
- 5.4 Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

Recommended by:	Approved by:	Version:	Effective from:
Remuneration Committee	PO Limited Board	V1	
Remuneration Committee	PO Limited Board	V2	25 March 2015
Remuneration Committee	PO Limited Board	V3	25 November 2015
Remuneration Committee	PO Limited Board	V4	30 October 2018

Terms of Reference of the Remuneration Committee

The Remuneration Committee (the “Committee”) is a Committee of the Post Office Limited Board (the “Board”), from which it derives its authority and to which it reports after each meeting.

1. Role

The Committee’s main role is to:

- i) make sure that appropriate group remuneration strategies are in place for PO Limited and its subsidiaries to be able to attract, retain and motivate the executive management and workforce required to run the Company successfully¹ without paying more than is necessary and linking incentives to the company’s vision, mission and values
- ii) approve and recommend for approval, where required, the remuneration packages of senior executives and fees for Non-Executive Directors for Post Office Limited and its subsidiaries
- iii) recommend for the approval of the Shareholder, the criteria for, and outturn of performance related pay arrangements for Executive Directors and the criteria for executives who report directly to the Chief Executive (STIP)
- iv) recommend for the approval of the Shareholder, performance related incentive schemes and changes to these for Executive Directors, executives who report directly to the Chief Executive and any other eligible employees (LTIP)
- v) have oversight of the group remuneration and related policies for the wider organisation
- vi) have oversight of group workforce engagement strategies and outputs.

2. Responsibilities of the Committee

Remuneration Policy for PO Limited: Executive

- 2.1 a) To **recommend** to the Board for approval the remuneration policy for the Chief Executive, executive directors and those executives who report directly to the Chief Executive, taking into account the remuneration policy set for other employees and linking incentives to the company’s vision, mission and values.
- b) To **review** the group remuneration policy annually and recommend any changes to the Board for approval.

¹ In doing so, regard will be paid to the views of the Shareholder and other stakeholders; all relevant legal, regulatory and corporate governance requirements; the risk appetite of the Company and alignment to its long-term strategic goals, structuring of a significant proportion of remuneration to link rewards to corporate and individual performance and designed to promote the long-term success of the company.

Post Office Limited – Terms of Reference, Remuneration Committee

- 2.2 To **approve** the remuneration package in respect of new hires proposed by the Nominations Committee. This shall align with the group remuneration policy approved by the Board. In the case of the Chief Executive and other executive directors, the remuneration package shall, as set out in the paragraph below, be recommended for **approval** by the Shareholder.
- 2.3 To **recommend** to The Secretary of State for Business, Energy and Industrial Strategy for approval, each element of the total individual remuneration package of the Chief Executive and other executive directors, both existing and for new hires, including any increases in salary (whether or not resulting from company-wide pay increases), pension provision and the outturn of performance related pay arrangements and incentive schemes. The recommendations shall align with the group remuneration policy approved by the Board.
- 2.4 To **approve** the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:
- base salary
 - short term incentive (annual bonus)
 - Long Term Incentive Plan
 - pension provision
 - benefits such as car or car allowance, private health, holidays
 - contractual terms such as notice periods.
- The recommendations shall align with the group remuneration policy approved by the Board.
- 2.5 To keep under **review** the contractual terms applicable to executive directors such that payments adhere to the group remuneration policy approved by the Board.
- 2.6 To **receive information** on each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any executive who reports directly to the Chief Executive.
- 2.7 To **review** annually the overall total remuneration of the Senior Group (defined as the Chief Executive, executive directors and those executives who report directly to the Chief Executive) compared both with external market comparators and with the remuneration of other employees in the Group.
- 2.8 a) To **recommend** for approval by the Shareholder the implementation of, or changes to, performance related incentive schemes for the Executive Directors, executives who report directly to the Chief Executive and senior

Post Office Limited – Terms of Reference, Remuneration Committee

managers eligible to be invited to participate in the Post Office Long Term Incentive Plan (LTIP).

- b) To **review** annually the performance related incentive schemes for the executive directors, executives who report directly to the Chief Executive and senior managers eligible to be invited to participate in the Post Office Long Term Incentive Plan (LTIP).
- 2.9 a) To **recommend** for approval by the Shareholder, the criteria for, and the outturn of, performance related pay arrangements (STIP) for executive directors and the criteria for executives who report directly to the Chief Executive, subject to authorisation from the Shareholder.
- b) To **review** annually the criteria for, and outturn of, performance related pay arrangements (STIP) for executive directors and executives who report directly to the Chief Executive.
- 2.10 To **receive information** on the total outturn of performance related pay arrangements across the business.
- 2.11 To **approve** the exit package for any individual with a salary above the lowest salary of those executives who report directly to the Chief Executive, where the exit package would be in excess of contractual obligations.
- 2.12 To **undertake** any other function delegated to the Committee by the full Board.

Remuneration for Non-Executive Directors

- 2.13 To **recommend** to the Board for **approval** by the Shareholder fees for Non-Executive Directors of PO Limited.

PO Subsidiary Boards²

Remuneration Policy, Subsidiary Boards: Executive

- 2.14 a) To **approve** the remuneration policy for subsidiaries on the recommendation of the subsidiary board.
- b) To **review** annually the remuneration policy for subsidiaries following its review by the subsidiary board.

² Currently, Post Office Insurance (registered name, Post Office Management Services Limited) and Payzone Bills Payments Limited.

Post Office Limited – Terms of Reference, Remuneration Committee

- 2.15 To **approve** the remuneration package for executive appointments to PO subsidiary boards on the recommendation of the Nominations Committee³. The recommendations shall align with the group remuneration policy.
- 2.16 To **approve** the elements which will form the remuneration package for an individual in the above group, which may include, but shall not be restricted to:
- base salary
 - short term incentive (annual bonus)
 - Long Term Incentive Plan
 - pension provision
 - benefits such as car or car allowance, private health, holidays
 - contractual terms such as notice periods.
- 2.17 To keep under **review** the contractual terms applicable to executive directors of PO subsidiaries e such that they adhere to the group remuneration policy.
- 2.18 To **review** annually the overall total remuneration of the Senior Group (defined as any members of the subsidiary board) compared both with external market comparators and with the remuneration of other employees in the Group.
- 2.19 To **review** annually the criteria for, and the outturn of, performance related pay arrangements for executive directors of the subsidiary board. These should align with the group remuneration policy for PO Insurance.

Remuneration Strategy Subsidiary Boards: Non-Executive

- 2.20 a) To **approve** the remuneration framework within which the fees for Non-Executive Directors of a Subsidiary Board may be paid where an appointment is recommended by the Nominations Committee.
- b) To **review** annually the remuneration framework for Non-Executive fees for the subsidiary boards.

3. Engagement

- 3.1 To receive information on workforce engagement measures, such as engagement surveys, and outputs from these.
- 3.2 To receive feedback from the Senior Independent Director on employee views.

³ Excluding subsidiary board appointments which are in addition to an executive's primary role and where no additional remuneration applies.

Post Office Limited – Terms of Reference, Remuneration Committee

4. Annual Review

- 4.1 The Committee will undertake an annual review of its own performance and the Terms of Reference and recommend to the Board any necessary changes.

5. Composition and Governance

- 5.1 The Remuneration Committee is constituted as a sub-committee of the Board and its Chairman shall be appointed by the Board⁴. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
- 5.2 Members of the Committee shall be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chairman of the Remuneration Committee.
- 5.3 The Committee shall be made up of at least two independent Non-Executive directors. Only Non-Executive directors shall be eligible to be members of the Committee such that no individual shall be involved in determining their own remuneration.
- 5.4 In the absence of the Chairman of the Committee at any meeting, the Committee members present shall determine who shall chair the meeting.
- 5.5 Members of the Committee will normally serve for a period of three years. Their appointment may be renewed for a further three year period but no director shall serve as a member of the Remuneration Committee for a period of more than six years.
- 4.6 Only members of the Committee have the right to attend Committee meetings. The Chief Executive and the Group HR Director (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Committee Chairman to attend all or part of any meeting, as and when appropriate.
- 4.7 The Company Secretary shall not be a member of the Committee but shall act as Secretary to the Committee and shall keep minutes and records of each meeting and ensure regular reporting by the Committee to the full Board.
- 4.8 Minutes of each meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the

⁴ The UK Corporate Governance Code (16.07.2018), stipulates that Remuneration Committee Chairs should have at least 12 months' experience on a remuneration committee prior to appointment.

Post Office Limited – Terms of Reference, Remuneration Committee

Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.

- 4.9 If so requested by the Board or by the Shareholder, the Committee shall provide an annual report on its activities.
- 4.10 The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the HR team.
- 4.11 The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
- 4.12 The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
- 4.13 If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.
- 4.14 Training will be provided by the Company for members of the Committee, as required. Such training may take the form of internal briefings, attendance at formal courses and conferences and/or sessions with external advisers.
- 4.15 Members of the Committee shall conduct an annual review of the Committee's performance.

6. Meetings

- 6.1 The Committee shall meet as often as required but not less than three times each year. The Committee 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.
- 6.2 The quorum necessary for the transaction of business shall be 2 members.
- 6.3 Meetings may be convened by the Secretary to the Committee, at the request of the Committee Chairman, or by any member of the Committee, at any time.

Post Office Limited – Terms of Reference, Remuneration Committee

- 6.4 Notice of each meeting shall be given to all members of the Committee and any other person required to attend, at least 3 working days before each meeting.

Recommended by:	Approved by:	Version:	Effective from:
Remuneration Committee	PO Limited Board	V1	
Remuneration Committee	PO Limited Board	V2	25 March 2015
Remuneration Committee	PO Limited Board	V3	25 November 2015
Remuneration Committee	PO Limited Board	V4	30 October 2018
Remuneration Committee	PO Limited Board	V5	30 July 2019

POST OFFICE LIMITED
("the Company")
Terms of Reference of the Remuneration Committee

The Remuneration Committee (the "Committee") is a Committee of the Company Board ("the Board") from which it derives its authority and to which it reports after each meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

A. PURPOSE

1. The purpose of the Committee is to:
 - i. Ensure that appropriate Group Remuneration Strategies are in place for the Company and its subsidiaries¹ designed to attract, retain and motivate the executive management and workforce required to run the Company successfully² without paying more than is necessary and linking incentives to the Company's vision, mission and values;
 - ii. Approve for recommendation to the Shareholder the remuneration for Executive Directors and the fees for Non-Executive Directors for the Company, including the Chair;
 - iii. Approve the remuneration packages of individuals who report directly to the Group Chief Executive Officer of the Company, and the remuneration packages of Executive Directors and fees for Non-Executive Directors of the Company's subsidiaries;
 - iv. Approve of the introduction of any long and/or short term incentive scheme (LTIP/STIP), the associated performance criteria and any awards made under such schemes by any Group Company³;
 - v. Have oversight of the Group remuneration and related policies for the wider organisation; and
 - vi. Have oversight of Group workforce engagement strategies and outputs.

B. DUTIES AND RESPONSIBILITIES

Remuneration Policy for the Company: Executive

2. **Approve for recommendation to the Board** the remuneration policy for the Group Chief Executive Officer, executive directors and those executives who report directly to the Group Chief Executive Officer, taking into account the remuneration policy set for other employees and linking incentives to the Company's vision, mission and values.

¹ Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

² In doing so, regard will be paid to the views of the Shareholder (the Department of Business, Energy and Industrial Strategy (BEIS)) and other stakeholders; all relevant legal, regulatory and corporate governance requirements; the risk appetite of the Company and alignment to its long-term strategic goals, structuring of a significant proportion of remuneration to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

³ Remuneration for Executive Directors must be approved by the Shareholder.

Post Office Limited

Terms of Reference of the Remuneration Committee

3. **Review** the Group Remuneration Policy annually and **approve for recommendation to the Board** any changes to the Group Remuneration Policy.

Remuneration Package: Executive Directors

4. **Approve for recommendation to the Shareholder** the remuneration package and terms and conditions of employment for Executive Director appointments, proposed by the Nominations Committee⁴. This may include, but shall not be restricted to:
 - i. Base salary
 - ii. Short term incentive (annual bonus)
 - iii. Long Term Incentive Plan
 - iv. Pension Provision
 - v. Benefits such as car or car allowance, private health, holidays
 - vi. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board.

Remuneration Package: Direct reports to the Group Chief Executive Officer

5. **Approve** the remuneration package for direct reports to the Group Chief Executive. This may include, but shall not be restricted to:
 - i. Base salary
 - ii. Short term incentive (annual bonus)
 - iii. Long Term Incentive Plan
 - iv. Pension Provision
 - v. Benefits such as car or car allowance, private health, holidays
 - vi. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board.

5. **Review** the contractual terms applicable to Executive Directors such that payments adhere to the Group Remuneration Policy approved by the Board.
6. **Review** each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any executive who reports directly to the Group Chief Executive Officer.
7. **Review** annually the overall total remuneration of the Senior Group (defined as the Group Chief Executive Officer, executive directors and those executives who report directly to the Group Chief Executive Officer)

⁴ This shall include any variation of remuneration and/or terms and conditions of employment.

Post Office Limited

Terms of Reference of the Remuneration Committee

compared both with external market comparators and with the remuneration of other employees in the Group.

Long Term Incentive Plan (LTIP)

8. **Approve** the implementation of, or changes to long-term performance related incentive schemes for the Executive Directors⁵, executives who report directly to the Group Chief Executive Officer and senior managers eligible to be invited to participate in the Company's LTIP.
9. **Review** annually the performance related incentive schemes for the Executive Directors, executives who report directly to the Group Chief Executive Officer and senior managers eligible to be invited to participate in the Company's LTIP.

Short Term Incentive Plan (STIP)

10. **Approve** the criteria for, and the outturn of, short-term performance related pay arrangements for Executive Directors⁶ and the executives who report directly to the Group Chief Executive Officer.
11. **Review** annually the criteria for, and outturn of, short-term performance related pay arrangements for Executive Directors⁷ and executives who report directly to the Group Chief Executive.
12. **Receive** information on the total outturn of performance related pay arrangements across the business.

Exit Packages

13. **Approve for recommendation to the Shareholder** of any exit package that would be in excess of the contractual obligations for the Group Chief Executive and Chief Financial Officer.
14. **Approve** the exit package for any individual with a salary above the lowest salary of those executives who report directly to the Group Chief Executive⁸, where the exit package would be in excess of contractual obligations.

Pensions

15. **Approve for recommendation to the Board**, the establishment of (or approval of any agreement to establish) a new pension scheme by any member of the Group⁹.

⁵ Executive Director LTIP arrangements must be approved by the Shareholder.

⁶ Executive Director STIP arrangements must be approved by the Shareholder.

⁷ Executive Director STIP arrangements must be approved by the Shareholder.

⁸ For approval by the Shareholder in the case of the Group Chief Financial Officer.

⁹ The establishment (or approval of any agreement to establish) of a new pension scheme by any member of the Group requires Shareholder approval.

Post Office Limited

Terms of Reference of the Remuneration Committee

16. Have **oversight** of and **approve for recommendation to the Board** any material changes to pension arrangements for Group employees, in particular affecting the rate of contributions required to be made.

Remuneration Policy for the Company: Non-Executive Directors

17. **Approve for recommendation to the Shareholder** the fees for Non-Executive Directors of the Company to the Board, including the Chair.

Remuneration for the Company's Subsidiary Boards¹⁰: Executive

18. **Approve** the remuneration package for statutory executive director appointments to the Company Subsidiary Boards¹¹. These elements will form the remuneration package and exit package for an individual in the above group, which may include, but shall not be restricted to:
- i. Base salary
 - ii. Short term incentive (annual bonus)
 - iii. Long Term Incentive Plan
 - iv. Pension Provision
 - v. Benefits such as car or car allowance, private health, holidays
 - vi. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy.

19. **Approve for recommendation to the Shareholder** the remuneration for any person who is a director of a Subsidiary Company who is not an employee of a member of the Group (unless that company is regulated by the FCA) and any additional remuneration of any employee (not including any salary arrangements for such employee) of a Subsidiary Company in their capacity as a director of a Group Company¹²;
20. **Review** the contractual terms applicable to executive directors of the subsidiaries such that they adhere to the Group Remuneration Policy.
21. **Review** annually the overall total remuneration of the Senior Group (defined as any members of the Subsidiary Boards) compared both with external market comparators and with the remuneration of other employees in the Group.

¹⁰ Post Office Management Services Limited (Post Office Insurance) and Payzone Bills Payments Limited.

¹¹ Excluding Subsidiary Board appointments which are in addition to an executive's primary role and where no additional remuneration applies.

¹² Under the subsidiary articles, directors are not entitled to remuneration for their services to the Company as directors or for any other service which they undertake in their capacity as a director, unless they are a non-executive director. Directors are entitled to expenses that are reasonably and properly incurred.

Post Office Limited
Terms of Reference of the Remuneration Committee

Remuneration Policy for Subsidiary Boards: Non-Executive Directors¹³

22. **Approve** the remuneration framework within which the fees for each Non-Executive Director of a Subsidiary Board may be paid where an appointment is recommended by the Nominations Committee.
23. **Review** annually the remuneration framework for Non-Executive fees for the Subsidiary Boards.

Engagement

24. **Review** workforce engagement measures, such as engagement surveys, and outputs from these.
25. **Review** feedback from the Senior Independent Director on employee views.

C. REPORTING RESPONSIBILITIES

26. The Committee Chair shall **report** to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
27. **Report** to the Board whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed.
28. **Report** on its activities in the Company's annual report and should describe the work of the Committee.
29. **Identify** in the annual report any consultants appointed as remuneration consultants, alongside a statement about any other connection it has with the Company or individual directors.

D. AUTHORITY

30. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
31. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.

E. COMPOSITION AND GOVERNANCE

Membership

32. The Committee Chair¹⁴ and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations

¹³ Section 7.3 of the Framework document. Non-Executive Directors may be appointed for Post Office Management Services Limited, trading as Post Office Insurance.

¹⁴ The UK Corporate Governance Code 2018, stipulates that Remuneration Committee Chairs should have at least 12 months' experience on a remuneration committee prior to appointment.

Post Office Limited

Terms of Reference of the Remuneration Committee

Committee and in consultation with the Chair of the Remuneration Committee.

33. In the absence of the Committee Chair at any meeting, the Committee members present shall determine who shall chair the Committee.
34. It shall consist of at least two independent Non-Executive Directors. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
35. Only Non-Executive Directors shall be eligible to be members of the Committee, such that no individual shall be involved in determining their own remuneration.

Quorum

36. Quorum shall be two members. In the absence of the Chair at any meeting, the Committee members present shall determine who shall chair the meeting.

Committee Secretary

37. The Group Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

Frequency

38. The Committee shall meet as often as required but at least three times per year.

Governance

39. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
40. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
41. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued in good time, one week in advance of the meeting date.
42. The Chair will report regularly to the Board. Minutes of each Committee meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
43. The Secretary shall provide current and new Committee members with any training, briefings or induction required under the supervision of the Chair.

Post Office Limited

Terms of Reference of the Remuneration Committee

44. Only members of the Committee have the right to attend Committee meetings. The Group Chief Executive and the Group Chief People Officer (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Chair to attend all or part of any meeting, as and when appropriate.
45. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the Human Resources team.
46. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
47. If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.

F. ANNUAL REVIEW AND APPROVAL

48. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to the Board for approval (notwithstanding amendments approved by the Committee whenever so required).

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board	25/03/2015	1.1	25/03/2015
Post Office Limited Board	25/11/2015	1.2	25/11/2015
Post Office Limited Board	30/10/2018	1.3	30/10/2018
Post Office Limited Board	20/07/2019	1.4	30/07/2019
Post Office Limited Board	08/04/2020	2.0	09/04/2020

POST OFFICE LIMITED
("the Company")
Terms of Reference of the Remuneration Committee

The Remuneration Committee (the "Committee") is a Committee of the Company Board ("the Board") from which it derives its authority and to which it reports after each meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

A. PURPOSE

1. The purpose of the Committee is to:
 - i. Ensure that appropriate Group Remuneration Strategies are in place for the Company and its subsidiaries¹ designed to attract, retain and motivate the executive management and workforce required to run the Company successfully² without paying more than is necessary and linking incentives to the Company's vision, mission and values;
 - ii. Approve for recommendation to the Shareholder the remuneration for Executive Directors and the fees for Non-Executive Directors for the Company, including the Chair;
 - iii. Approve the remuneration packages of individuals who report directly to the Group Chief Executive Officer of the Company, and the remuneration packages of Executive Directors and fees for Non-Executive Directors of the Company's subsidiaries;
 - iv. Approve of the introduction of any long and/or short term incentive scheme (LTIP/STIP), the associated performance criteria and any awards made under such schemes by any Group Company³;
 - v. Have oversight of the Group remuneration and related policies for the wider organisation; and
 - vi. Have oversight of Group workforce engagement strategies and outputs.

B. DUTIES AND RESPONSIBILITIES

Remuneration Policy for the Company: Executive

2. **Approve for recommendation to the Board** the remuneration policy for the Group Chief Executive Officer, executive directors and those executives who report directly to the Group Chief Executive Officer, taking into account the remuneration policy set for other employees and linking incentives to the Company's vision, mission and values.

¹ Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

² In doing so, regard will be paid to the views of the Shareholder (the Department of Business, Energy and Industrial Strategy (BEIS)) and other stakeholders; all relevant legal, regulatory and corporate governance requirements; the risk appetite of the Company and alignment to its long-term strategic goals, structuring of a significant proportion of remuneration to link rewards to corporate and individual performance and designed to promote the long-term success of the Company.

³ Remuneration for Executive Directors must be approved by the Shareholder.

Post Office Limited

Terms of Reference of the Remuneration Committee

3. **Review** the Group Remuneration Policy annually and **approve for recommendation to the Board** any changes to the Group Remuneration Policy.

Remuneration Package: Executive Directors

4. **Approve for recommendation to the Shareholder** the remuneration package and terms and conditions of employment for Executive Director appointments, proposed by the Nominations Committee⁴. This may include, but shall not be restricted to:
 - i. Base salary
 - ii. Short term incentive (annual bonus)
 - iii. Long Term Incentive Plan
 - iv. Pension Provision
 - v. Benefits such as car or car allowance, private health, holidays
 - vi. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board.

Remuneration Package: Direct reports to the Group Chief Executive Officer

5. **Approve** the remuneration package for direct reports to the Group Chief Executive. This may include, but shall not be restricted to:
 - i. Base salary
 - ii. Short term incentive (annual bonus)
 - iii. Long Term Incentive Plan
 - iv. Pension Provision
 - v. Benefits such as car or car allowance, private health, holidays
 - vi. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board.

5. **Review** the contractual terms applicable to Executive Directors such that payments adhere to the Group Remuneration Policy approved by the Board.
6. **Review** each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any executive who reports directly to the Group Chief Executive Officer.
7. **Review** annually the overall total remuneration of the Senior Group (defined as the Group Chief Executive Officer, executive directors and those executives who report directly to the Group Chief Executive Officer)

⁴ This shall include any variation of remuneration and/or terms and conditions of employment.

Post Office Limited

Terms of Reference of the Remuneration Committee

compared both with external market comparators and with the remuneration of other employees in the Group.

Long Term Incentive Plan (LTIP)

8. **Approve** the implementation of, or changes to long-term performance related incentive schemes for the Executive Directors⁵, executives who report directly to the Group Chief Executive Officer and senior managers eligible to be invited to participate in the Company's LTIP.
9. **Review** annually the performance related incentive schemes for the Executive Directors, executives who report directly to the Group Chief Executive Officer and senior managers eligible to be invited to participate in the Company's LTIP.

Short Term Incentive Plan (STIP)

10. **Approve** the criteria for, and the outturn of, short-term performance related pay arrangements for Executive Directors⁶ and the executives who report directly to the Group Chief Executive Officer.
11. **Review** annually the criteria for, and outturn of, short-term performance related pay arrangements for Executive Directors⁷ and executives who report directly to the Group Chief Executive.
12. **Receive** information on the total outturn of performance related pay arrangements across the business.

Exit Packages

13. **Approve for recommendation to the Shareholder** of any exit package that would be in excess of the contractual obligations for the Group Chief Executive and Chief Financial Officer.
14. **Approve** the exit package for any individual with a salary above the lowest salary of those executives who report directly to the Group Chief Executive⁸, where the exit package would be in excess of contractual obligations.

Pensions

15. **Approve for recommendation to the Board**, the establishment of (or approval of any agreement to establish) a new pension scheme by any member of the Group⁹.

⁵ Executive Director LTIP arrangements must be approved by the Shareholder.

⁶ Executive Director STIP arrangements must be approved by the Shareholder.

⁷ Executive Director STIP arrangements must be approved by the Shareholder.

⁸ For approval by the Shareholder in the case of the Group Chief Financial Officer.

⁹ The establishment (or approval of any agreement to establish) of a new pension scheme by any member of the Group requires Shareholder approval.

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Terms of Reference of the Remuneration Committee

16. Have **oversight** of and **approve for recommendation to the Board** any material changes to pension arrangements for Group employees, in particular affecting the rate of contributions required to be made.

Remuneration Policy for the Company: Non-Executive Directors

17. **Approve for recommendation to the Shareholder** the fees for Non-Executive Directors of the Company to the Board, including the Chair.

Remuneration for the Company's Subsidiary Boards¹⁰: Executive

18. **Approve** the remuneration package for statutory executive director appointments to the Company Subsidiary Boards¹¹. These elements will form the remuneration package and exit package for an individual in the above group, which may include, but shall not be restricted to:
- i. Base salary
 - ii. Short term incentive (annual bonus)
 - iii. Long Term Incentive Plan
 - iv. Pension Provision
 - v. Benefits such as car or car allowance, private health, holidays
 - vi. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy.

19. **Approve for recommendation to the Shareholder** the remuneration for any person who is a director of a Subsidiary Company who is not an employee of a member of the Group (unless that company is regulated by the FCA) and any additional remuneration of any employee (not including any salary arrangements for such employee) of a Subsidiary Company in their capacity as a director of a Group Company¹²;
20. **Review** the contractual terms applicable to executive directors of the subsidiaries such that they adhere to the Group Remuneration Policy.
21. **Review** annually the overall total remuneration of the Senior Group (defined as any members of the Subsidiary Boards) compared both with external market comparators and with the remuneration of other employees in the Group.

¹⁰ Post Office Management Services Limited (Post Office Insurance) and Payzone Bills Payments Limited.

¹¹ Excluding Subsidiary Board appointments which are in addition to an executive's primary role and where no additional remuneration applies.

¹² Under the subsidiary articles, directors are not entitled to remuneration for their services to the Company as directors or for any other service which they undertake in their capacity as a director, unless they are a non-executive director. Directors are entitled to expenses that are reasonably and properly incurred.

Post Office Limited
Terms of Reference of the Remuneration Committee

Remuneration Policy for Subsidiary Boards: Non-Executive Directors¹³

22. **Approve** the remuneration framework within which the fees for each Non-Executive Director of a Subsidiary Board may be paid where an appointment is recommended by the Nominations Committee.
23. **Review** annually the remuneration framework for Non-Executive fees for the Subsidiary Boards.

Engagement

24. **Review** workforce engagement measures, such as engagement surveys, and outputs from these.
25. **Review** feedback from the Senior Independent Director on employee views.

C. REPORTING RESPONSIBILITIES

26. The Committee Chair shall **report** to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
27. **Report** to the Board whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed.
28. **Report** on its activities in the Company's annual report and should describe the work of the Committee.
29. **Identify** in the annual report any consultants appointed as remuneration consultants, alongside a statement about any other connection it has with the Company or individual directors.

D. AUTHORITY

30. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
31. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.

E. COMPOSITION AND GOVERNANCE

Membership

32. The Committee Chair¹⁴ and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations

¹³ Section 7.3 of the Framework document. Non-Executive Directors may be appointed for Post Office Management Services Limited, trading as Post Office Insurance.

¹⁴ The UK Corporate Governance Code 2018, stipulates that Remuneration Committee Chairs should have at least 12 months' experience on a remuneration committee prior to appointment.

Post Office Limited

Terms of Reference of the Remuneration Committee

Committee and in consultation with the Chair of the Remuneration Committee.

33. In the absence of the Committee Chair at any meeting, the Committee members present shall determine who shall chair the Committee.
34. It shall consist of at least two independent Non-Executive Directors. If considered independent at the time of appointment, the Chairman of the Company may be a member of the Committee, but shall not chair it.
35. Only Non-Executive Directors shall be eligible to be members of the Committee, such that no individual shall be involved in determining their own remuneration.

Quorum

36. Quorum shall be two members. In the absence of the Chair at any meeting, the Committee members present shall determine who shall chair the meeting.

Committee Secretary

37. The Group Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

Frequency

38. The Committee shall meet as often as required but at least three times per year.

Governance

39. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
40. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
41. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued in good time, one week in advance of the meeting date.
42. The Chair will report regularly to the Board. Minutes of each Committee meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
43. The Secretary shall provide current and new Committee members with any training, briefings or induction required under the supervision of the Chair.

Post Office Limited

Terms of Reference of the Remuneration Committee

44. Only members of the Committee have the right to attend Committee meetings. The Group Chief Executive and the Group Chief People Officer (or the holder of any equivalent position) shall be informed of the date of each meeting and may be invited by the Chair to attend all or part of any meeting, as and when appropriate.
45. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the Human Resources team.
46. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
47. If there should be disagreement between the Remuneration Committee and the full Board, the Chairman of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.

F. ANNUAL REVIEW AND APPROVAL

48. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to the Board for approval (notwithstanding amendments approved by the Committee whenever so required).

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board	25/03/2015	1.1	25/03/2015
Post Office Limited Board	25/11/2015	1.2	25/11/2015
Post Office Limited Board	30/10/2018	1.3	30/10/2018
Post Office Limited Board	20/07/2019	1.4	30/07/2019
Post Office Limited Board	08/04/2020	2.0	09/04/2020
Post Office Limited Board	03/06/2021	2.0 (no changes)	04/06/2021

POST OFFICE LIMITED
("the Company")
Terms of Reference of the Remuneration Committee

The Remuneration Committee (the "Committee") is a Committee of the Company Board ("the Board") from which it derives its authority and to which it reports after each meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

A. PURPOSE

1. The purpose of the Committee is to:
 - i. Determine and ensure that appropriate Group remuneration policies are in place for the Company and its subsidiaries taking into account all factors the Committee deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code 2018 and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company and Group subsidiaries successfully without paying more than is necessary, having regard to views of the shareholder and other stakeholders;
 - ii. Design remuneration policies and practices to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy, and that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances;
 - iii. Approve for recommendation to the Shareholder the remuneration for Executive Directors and the fees for Non-Executive Directors for the Company, aside from the Chair where the Shareholder will advise the remuneration for the Chair as determined by the Shareholder;
 - iv. Approve the remuneration packages of individuals who are members of the Group Executive and fees for Non-Executive Directors of the Company's subsidiaries;
 - v. Approve of the introduction of any long- and/or short-term incentive scheme (LTIP/STIP), the associated performance criteria and any awards made under such schemes by any Group Company¹.

B. DUTIES AND RESPONSIBILITIES

Remuneration Policy for the Company: Executive

2. **Approve for recommendation to the Board** the remuneration policy for the Executive Directors and those individuals who are members of the Group Executive.

¹ Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

Post Office Limited
Terms of Reference of the Remuneration Committee

Remuneration Package: Executive Directors, Members of the Group Executive, Group boards

3. **Approve** the remuneration package and terms and conditions of employment including any variations thereof for proposed Executive Director, Group Executive (including any interim appointments to the Group Executive), and Subsidiary board appointments (excluding Group board appointments which are in addition to an executive's primary role and where no additional remuneration applies). This may include, but shall not be restricted to:
- i. Base salary
 - ii. STIP
 - iii. LTIP
 - iv. Pension Provision
 - v. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board, the Public Sector Pay and Terms Guidance (PSPTG) (subject to any modifications agreed in the Shareholder Framework Document) and the HMT Senior Pay Guidance (a requirement for all public corporations).

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the remuneration packages for Executive Directors.

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the proposed remuneration of any person who is a director of a Subsidiary Company who is not an employee of a member of the Group (unless that company is regulated by the FCA).

5. **Approve** each element of the remuneration package and total remuneration for new hires and any internal promotions and appointments which are proposed to carry a salary in excess of the lowest salary of any individual member of the Group Executive.
6. **Review** annually the overall total remuneration of the Senior Group (defined as Executive Directors, members of the Group Executive, and Group board appointments including interim appointments) compared both with external market comparators and with the remuneration of other employees in the Group.

Long Term Incentive Plan (LTIP)

7. **Approve** the proposed design of, changes to, and outturn against long-term performance-related incentive schemes for the Executive Directors, members of the Group Executive and senior managers eligible to be invited to participate in the Company's LTIP. Executive Director LTIP arrangements must be approved by the Shareholder.

Post Office Limited

Terms of Reference of the Remuneration Committee

8. **Review** annually the long-term performance related incentive schemes for the Executive Directors, members of the Group Executive and senior managers eligible to be invited to participate in the Company's LTIP.
9. Where final LTIP outturns are in line with Shareholder approval obtained under paragraph 7 above, **Inform** DBT and UKGI officials in respect of the final outturn amounts for performance related LTIP for Executive Directors. Where final LTIP outturns proposed for Executive Directors are not in line with Shareholder approval, additional Shareholder approval must be obtained prior to award.

Short Term Incentive Plan (STIP)

10. **Approve** the criteria for, changes to, and outturn against agreed Plan targets of short-term performance-related pay arrangements for Executive Directors and members of the Group Executive. Executive Director STIP arrangements must be approved by the Shareholder.
11. **Review** annually the criteria for and outturn against agreed Plan of short-term performance related pay arrangements for Executive Directors and members of the Group Executive.
12. Where final STIP outturns are in line with Shareholder approval obtained under paragraph 10 above, **Inform** DBT and UKGI officials in respect of the final outturn amounts for performance related STIP for Executive Directors. Where final STIP outturns proposed for Executive Directors are not in line with Shareholder approval, additional Shareholder approval must be obtained prior to award.
13. **Receive** information on the total outturn of performance related pay arrangements across the business for information.

Exit Packages

14. **Approve** the exit package for any individual with a salary above the lowest salary of the members of the Group Executive, where the exit package would be in excess of contractual obligations. Where any exit package for an Executive Director is in excess of the contractual obligations of the Executive Director, the exit package must be approved by the Committee for recommendation to the Shareholder.

Remuneration Policy for the Company: Non-Executive Directors

15. **Approve for recommendation to the Shareholder** the fees for Non-Executive Directors of the Company to the Board, aside from the Chair where the Shareholder will advise the remuneration for the Chair as determined by the Shareholder.

Engagement

16. **Review** workforce engagement measures, such as engagement surveys, and outputs from these, and take these outputs into account when determining Group remuneration policies and remuneration packages.

Post Office Limited

Terms of Reference of the Remuneration Committee

17. **Review** feedback from the Senior Independent Director on employee views and take this feedback into account when determining Group remuneration policies and remuneration packages.

C. REPORTING RESPONSIBILITIES

18. The Committee Chair shall **report** to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
19. **Report** to the Board whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
20. **Report** on its activities in the Company's annual report which should describe the work of the Committee in line with the requirements of the UK Corporate Governance Code.
21. **Identify** in the annual report any consultants appointed as remuneration consultants, alongside a statement about any other connection they have with the Company or individual directors.

D. AUTHORITY

22. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
23. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
24. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants.

E. COMPOSITION AND GOVERNANCE

Membership

25. The Committee Chair and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee and shall be appointed for a period coinciding with their term of appointment as directors of the Company, which may be extended for an additional three-year period, provided the director still meets the criteria for

Post Office Limited

Terms of Reference of the Remuneration Committee

membership of the Committee and is otherwise approved for re-appointment as a director of the Company.

26. The Committee Chair shall be an independent Non-Executive Director who should have served on a remuneration committee for at least 12 months.
27. The Committee Chair should seek engagement with the Shareholder on significant matters related to the Committee's areas of responsibility.
28. In the absence of the Committee Chair at any meeting, the Committee members present shall determine who shall chair the Committee.
29. The Committee shall consist of at least two independent Non-Executive Directors. If considered independent at the time of appointment, the Chair of the Company may be a member of the Committee, but shall not chair it.
30. Only Non-Executive Directors shall be eligible to be members of the Committee, such that no individual shall be involved in determining their own remuneration.

Quorum

31. Quorum shall be two members.

Committee Secretary

32. The Group Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

Frequency

33. The Committee shall meet as often as required but at least three times per year.

Governance

34. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
35. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
36. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued in good time, one week in advance of the meeting date.
37. The Chair will report regularly to the Board. Minutes of each Committee meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in

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Terms of Reference of the Remuneration Committee

the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.

38. The Secretary shall provide current and new Committee members with any training, briefings or induction required under the supervision of the Chair.
39. Only members of the Committee have the right to attend Committee meetings. The Group Chief Executive, the Group Chief People Officer (or the holder of any equivalent position), Group Reward Director, and external advisers shall be informed of the date of each meeting and may be invited by the Chair to attend all or part of any meeting, as and when appropriate.
40. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the People/Human Resources team.
41. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
42. If there should be disagreement between the Remuneration Committee and the full Board, the Chair of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.

F. ANNUAL REVIEW AND APPROVAL

43. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to the Board for approval (notwithstanding amendments approved by the Committee whenever so required).

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board	25/03/2015	1.1	25/03/2015
Post Office Limited Board	25/11/2015	1.2	25/11/2015
Post Office Limited Board	30/10/2018	1.3	30/10/2018
Post Office Limited Board	20/07/2019	1.4	30/07/2019
Post Office Limited Board	08/04/2020	2.0	09/04/2020
Post Office Limited Board	03/06/2021	2.0 (no changes)	04/06/2021
Post Office Limited Board	28/03/2023	3.0	29/03/2023

POST OFFICE LIMITED
("the Company")
Terms of Reference of the Remuneration Committee
exit

The Remuneration Committee (the "Committee") is a Committee of the Company Board ("the Board") from which it derives its authority and to which it reports after each meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

A. PURPOSE

1. The purpose of the Committee is to:
 - i. Ensure that appropriate Group remuneration policies are in place for the Company and its subsidiaries taking into account all factors the Committee deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code 2024 and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company and Group subsidiaries successfully without paying more than is necessary, having regard to views of the shareholder and other stakeholders;
 - ii. Design remuneration policies and practices for the Company's Executive Directors ('Executive Directors') and members of the Strategic Executive Group to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy;
 - iii. use discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances ensuring that any exercise of discretion is clearly documented in minutes of Committee meetings and reported to the Board (refer to paragraph 24 below);
 - iv. Approve for recommendation to the Shareholder the remuneration for Executive Directors and the fees for Non-Executive Directors for the Company, aside from the Chair where the Shareholder will advise the remuneration for the Chair as determined by the Shareholder;
 - v. Approve the remuneration packages of individuals who are members of the Strategic Executive Group and fees for Non-Executive Directors of the Company's subsidiaries;
 - vi. Approve of the introduction of any long- and/or short-term incentive scheme (LTIP/STIP), the associated performance criteria and any awards made under such schemes by any Group Company. In approving such a scheme, the Committee shall ensure that it is simple, transparent, and clear¹.

¹ Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

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Terms of Reference of the Remuneration Committee

- vii. Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration.
- viii. During scheme periods, routinely assess progress against STIP and LTIP metrics, including reviewing the validity of STIP and LTIP metrics if circumstances change and determining whether changes to metrics are required noting the need to potentially consult with the Shareholder on any proposed scheme changes.

B. DUTIES AND RESPONSIBILITIES

Remuneration Policy for the Company: Executive

- 2. **Approve for recommendation to the Board** the remuneration policy for the Executive Directors and those individuals who are members of the Strategic Executive Group.

Remuneration Package: Executive Directors, Members of the Strategic Executive Group, Group boards

- 3. **Approve** the remuneration package and terms and conditions of employment including any variations thereof for proposed Executive Director, Strategic Executive Group (including any interim appointments to the Strategic Executive Group), and Subsidiary board appointments (excluding Group board appointments which are in addition to an executive's primary role and where no additional remuneration applies). This may include, but shall not be restricted to:
 - i. Base salary
 - ii. STIP
 - iii. LTIP
 - iv. Pension Provision
 - v. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board, the Public Sector Pay and Terms Guidance (PSPTG) (subject to any modifications agreed in the Shareholder Framework Document) and the HMT Senior Pay Guidance (a requirement for all public corporations).

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the remuneration policy and packages for Executive Directors.

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the proposed remuneration of any person who is a director of a Subsidiary Company who is not an employee of a member of the Group (unless that company is regulated by the FCA).

- 4. **Approve** each element of the remuneration package and total remuneration for all members of the Strategic Executive Group and for any new hires, internal promotions and appointments or remuneration increases for employees below the Strategic Executive Group which are proposed to carry a salary in excess of £250,000 per annum.

Post Office Limited

Terms of Reference of the Remuneration Committee

5. **Review** annually the overall total remuneration of the Senior Group (defined as Executive Directors, members of the Strategic Executive Group, and Group board appointments including interim appointments) compared both with external market comparators and with the remuneration of other employees in the Group.

Long Term Incentive Scheme (LTIP)

6. **Approve** the proposed design of, changes to, and outturn against LTIPS for the Executive Directors, members of the Strategic Executive Group and senior managers eligible to be invited to participate in the Company's LTIP. LTIP scheme metrics, weightings and targets that are proposed for Executive Directors must be approved by the Shareholder.
7. **Review** periodically progress against LTIP metrics, including reviewing the validity of LTIP metrics if circumstances change and determining whether changes to metrics are required noting the need to potentially consult with the Shareholder on any proposed scheme changes.
8. **Document** the data that has been reviewed to determine whether LTIP metrics have been achieved noting this in the minutes of Committee meetings.
9. **Review** annually the criteria for and outturn against the LTIP for the Executive Directors, members of the Strategic Executive Group and senior managers eligible to be invited to participate in the Company's LTIP.
10. Where final LTIP outturns are in line with Shareholder approval obtained under paragraph 7 above, **Inform** DBT and UKGI officials in respect of the final outturn amounts for performance related LTIP for Executive Directors. Where final LTIP outturns proposed for Executive Directors are not in line with Shareholder approval, additional Shareholder approval must be obtained prior to award.

Short Term Incentive Scheme (STIP)

11. **Approve** the criteria for, changes to, and outturn against the STIP for Executive Directors and members of the Strategic Executive Group. STIP scheme metrics, weightings and targets that are proposed for Executive Directors must be approved by the Shareholder.
12. **Review** periodically progress against STIP metrics, including reviewing the validity of STIP metrics if circumstances change and determining whether changes to metrics are required noting the need to potentially consult with the Shareholder on any proposed scheme changes.
13. **Review** annually the criteria for and outturn against agreed Plan of short-term performance related pay arrangements for Executive Directors and members of the Strategic Executive Group.
14. **Document** the data that has been reviewed to determine whether metrics have been achieved noting this in the minutes of Committee meetings.
15. Where final STIP outturns are in line with Shareholder approval obtained under paragraph 10 above, **Inform** DBT and UKGI officials in respect of the final outturn amounts for performance related STIP for Executive Directors. Where final STIP outturns proposed for Executive Directors are

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Terms of Reference of the Remuneration Committee

not in line with Shareholder approval, additional Shareholder approval must be obtained prior to award.

16. **Receive** information on the total outturn of performance related pay arrangements across the business for information.

Exit Packages

17. Where any exit package for any Executive Director or Strategic Executive Group Member is in excess of contractual obligations, the exit package must be approved by the Committee for recommendation to the Shareholder.

Remuneration Policy for the Company

Non-Executive Directors

18. **Approve for recommendation to the Shareholder** the fees for Non-Executive Directors of the Company aside from the Chair where the Shareholder will advise the remuneration for the Chair as determined by the Shareholder.

Group

19. **Approve for recommendation to the Board** the Group Remuneration Policy. The Committee notes the responsibilities of the Group Chief Executive as the Accountable Officer to observe the principles set out by HM Treasury in Managing Public Money and the responsibility of the Company to have regard to relevant sections of HM Treasury Guidance for approval of Senior Pay (June 2023) and will take these into account, as well as the items listed in Appendix 5 of the Shareholder Relationship Framework Agreement (March 2020), when making recommendations regarding the Group Remuneration Policy and its application to the Executive Directors and members of the Strategic Executive Group.

C. REPORTING RESPONSIBILITIES

20. The Committee Chair shall **report** to the Board after each meeting on the nature and content of its discussion, recommendations and action to be taken.
21. **Report** to the Board on decisions where the Committee has exercised discretion as well as whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
22. **Report** on its activities in the Company's annual report which should describe the work of the Committee in line with the requirements of the UK Corporate Governance Code and include detail relating to any exercise of discretion by the Committee.
23. **Identify** in the annual report any consultants appointed as remuneration consultants, alongside a statement about any other connection they have with the Company or individual directors.

D. AUTHORITY

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Terms of Reference of the Remuneration Committee

24. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.
25. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
26. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants and should ensure pay structures are simple, transparent, and clear.

E. COMPOSITION AND GOVERNANCE

Membership

27. The Committee Chair and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee and shall be appointed for a period coinciding with their term of appointment as directors of the Company, which may be extended for an additional three-year period, provided the director still meets the criteria for membership of the Committee and is otherwise approved for re-appointment as a director of the Company.
28. The Committee Chair shall be an independent Non-Executive Director who should have served on a remuneration committee for at least 12 months.
29. In the absence of the Committee Chair at any meeting, the Committee members present shall determine who shall chair the Committee.
30. The Committee shall include within its membership the Shareholder Non-Executive Director and at least two independent Non-Executive Directors. If considered independent at the time of appointment, the Chair of the Company may be a member of the Committee, but shall not chair it.
31. Only Non-Executive Directors shall be eligible to be members of the Committee, such that no individual shall be involved in determining their own remuneration.

Quorum

32. Quorum shall be two members.

Committee Secretary

33. The Group Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

Frequency

34. The Committee shall meet as often as required but at least [three] times per year.

Governance

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Terms of Reference of the Remuneration Committee

35. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.
36. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
37. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued in good time, one week in advance of the meeting date.
38. The Chair will report regularly to the Board. Minutes of each Committee meeting will be circulated to all members of the Committee and, once agreed, to those members of the Board who have no personal interest in the matters discussed. Where a conflict of interest exists, the Company Secretary will provide sufficient information to the full Board to provide an understanding of the matter(s) considered.
39. The Secretary shall provide current and new Committee members with any training, briefings or induction required under the supervision of the Chair.
40. Only members of the Committee have the right to attend Committee meetings. The Group Chief Executive, the Group Chief People Officer (or the holder of any equivalent position), Group Reward Director, and external advisers shall be informed of the date of each meeting and may be invited by the Chair to attend all or part of any meeting, as and when appropriate.
41. The Committee shall have access to sufficient executive time and resources in order to carry on its duties, including access to the Company Secretary and members of the People/Human Resources team.
42. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
43. If there should be disagreement between the Remuneration Committee and the full Board, the Chair of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.

Process to obtain Shareholder approval

44. Where within these terms of reference there is a requirement to obtain the approval of the Shareholder, the process shall be as described in Article 8.3 of the Company's Articles of Association.

F. ANNUAL REVIEW AND APPROVAL

45. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to

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Terms of Reference of the Remuneration Committee

the Board for approval (notwithstanding amendments approved by the Committee whenever so required).

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board	25/03/2015	1.1	25/03/2015
Post Office Limited Board	25/11/2015	1.2	25/11/2015
Post Office Limited Board	30/10/2018	1.3	30/10/2018
Post Office Limited Board	20/07/2019	1.4	30/07/2019
Post Office Limited Board	08/04/2020	2.0	09/04/2020
Post Office Limited Board	03/06/2021	2.0 (no changes)	04/06/2021
Post Office Limited Board	28/03/2023	3.0	29/03/2023
Post Office Limited Board	28/11/2023	4.0	29/11/2023
Post Office Limited Board	01/03/2024	5.0	02/03/2024

POST OFFICE LIMITED
("the Company")
Terms of Reference of the Remuneration Committee

The Remuneration Committee (the "Committee") is a Committee of the Company Board ("the Board") from which it derives its authority and to which it reports after each meeting. Its authority is always subject to the powers and duties of the Board, as set out in the Articles of Association.

A. PURPOSE

1. The purpose of the Committee is to:
 - i. Ensure that appropriate Group remuneration policies are in place for the Company and its subsidiaries taking into account all factors the Committee deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code 2024 and associated guidance. The objective of such policy shall be to attract, retain and motivate executive management of the quality required to run the Company and Group subsidiaries successfully without paying more than is necessary, having regard to views of the shareholder and other stakeholders;
 - ii. Design remuneration policies and practices for the Company's Executive Directors ('Executive Directors') and members of the Strategic Executive Group to support strategy and promote long-term sustainable success, with executive remuneration aligned to Company purpose and values, clearly linked to the successful delivery of the Company's long-term strategy;
 - iii. use discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances ensuring that any exercise of discretion is clearly documented in minutes of Committee meetings and reported to the Board (refer to paragraph 24 below);
 - iv. Approve for recommendation to the Shareholder the remuneration for Executive Directors and the fees for Non-Executive Directors for the Company, aside from the Chair where the Shareholder will advise the remuneration for the Chair as determined by the Shareholder;
 - v. Approve the remuneration packages of individuals who are members of the Strategic Executive Group and fees for Non-Executive Directors of the Company's subsidiaries;
 - vi. Approve of the introduction of any long- and/or short-term incentive scheme (LTIP/STIP), the associated performance criteria and any awards made under such schemes by any Group Company. In approving such a scheme, the Committee shall ensure that it is simple, transparent, and clear¹;
 - vii. Review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration;

¹ Post Office Management Services Limited (Post Office Insurance) and Payzone Bill Payments Limited.

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Terms of Reference of the Remuneration Committee

- viii. During scheme periods, routinely assess progress against STIP and LTIP metrics, including reviewing the validity of STIP and LTIP metrics if circumstances change and determining whether changes to metrics are required noting the need to potentially consult with the Shareholder on any proposed scheme changes.

B. DUTIES AND RESPONSIBILITIES

Remuneration Policy for the Company: Executive

2. **Approve for recommendation to the Board** the remuneration policy for the Executive Directors and those individuals who are members of the Strategic Executive Group.

Remuneration Package: Executive Directors, Members of the Strategic Executive Group, Group boards

3. **Approve** the remuneration package and total remuneration, as well as the terms and conditions of employment including any variations thereof for proposed Executive Director, Strategic Executive Group (including any interim appointments to the Strategic Executive Group), and Subsidiary board appointments (excluding Group board appointments which are in addition to an executive's primary role and where no additional remuneration applies). This may include, but shall not be restricted to:
 - i. Base salary
 - ii. STIP
 - iii. LTIP
 - iv. Pension Provision
 - v. Contractual terms such as notice periods.

The recommendations shall align with the Group Remuneration Policy approved by the Board, the Public Sector Pay and Terms Guidance (PSPTG) (subject to any modifications agreed in the Shareholder Framework Document) and the HMT Senior Pay Guidance (a requirement for all public corporations).

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the remuneration policy and packages for Executive Directors including any changes to the remuneration packages and total remuneration for Executive Directors and no payments to Executive Directors may be made unless prior Shareholder approval has been provided.

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the proposed remuneration of any person who is a director of a Subsidiary Company who is not an employee of a member of the Group (unless that company is regulated by the FCA).

4. **Approve** each element of the remuneration package and total remuneration for any new hires, internal promotions and appointments or remuneration increases for employees below the Strategic Executive Group which are proposed to carry a salary in excess of £250,000 per annum.
5. **Review** annually the overall total remuneration of the Senior Group (defined as Executive Directors, members of the Strategic Executive

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Terms of Reference of the Remuneration Committee

Group, and Group board appointments including interim appointments) compared both with external market comparators and with the remuneration of other employees in the Group.

Long Term Incentive Scheme (LTIP)

6. **Approve** the proposed design of, changes to, and outturn against LTIPS for the Executive Directors, members of the Strategic Executive Group and senior managers eligible to be invited to participate in the Company's LTIP. LTIP scheme metrics, weightings and targets that are proposed for Executive Directors must be approved by the Shareholder.
7. **Review** periodically progress against LTIP metrics, including reviewing the validity of LTIP metrics if circumstances change and determining whether changes to metrics are required noting the need to potentially consult with the Shareholder on any proposed scheme changes.
8. **Document** the data that has been reviewed to determine whether LTIP metrics have been achieved noting this in the minutes of Committee meetings.
9. **Review** annually the criteria for and outturn against the LTIP for the Executive Directors, members of the Strategic Executive Group and senior managers eligible to be invited to participate in the Company's LTIP.
10. Where final LTIP outturns are in line with Shareholder approval obtained under paragraph 7 above, **Inform** DBT and UKGI officials in respect of the final outturn amounts for performance related LTIP for Executive Directors. Where final LTIP outturns proposed for Executive Directors are not in line with Shareholder approval, additional Shareholder approval must be obtained prior to award.

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12. **Review** periodically progress against STIP metrics, including reviewing the validity of STIP metrics if circumstances change and determining whether changes to metrics are required noting the need to potentially consult with the Shareholder on any proposed scheme changes.
13. **Review** annually the criteria for and outturn against agreed Plan of short-term performance related pay arrangements for Executive Directors and members of the Strategic Executive Group.
14. **Document** the data that has been reviewed to determine whether metrics have been achieved noting this in the minutes of Committee meetings.
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Post Office Limited

Terms of Reference of the Remuneration Committee

16. **Receive** information on the total outturn of performance related pay arrangements across the business for information.

Exit Packages

17. Where any exit package for any Executive Director or Strategic Executive Group Member is in excess of contractual obligations, the exit package must be approved by the Committee for recommendation to the Shareholder.

Remuneration Policy for the Company

Non-Executive Directors

18. **Approve for recommendation to the Shareholder** the fees for Non-Executive Directors of the Company aside from the Chair where the Shareholder will advise the remuneration for the Chair as determined by the Shareholder.

Group

19. **Approve for recommendation to the Board** the Group Remuneration Policy. The Committee notes the responsibilities of the Group Chief Executive as the Accountable Officer to observe the principles set out by HM Treasury in Managing Public Money and the responsibility of the Company to have regard to relevant sections of HM Treasury Guidance for approval of Senior Pay (June 2023) and will take these into account, as well as the items listed in Appendix 5 of the Shareholder Relationship Framework Agreement (March 2020), when making recommendations regarding the Group Remuneration Policy and its application to the Executive Directors and members of the Strategic Executive Group.

C. REPORTING RESPONSIBILITIES

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21. **Report** to the Board on decisions where the Committee has exercised discretion as well as whatever recommendations it deems appropriate on any area within its remit where action or improvement is needed, and adequate time should be available for Board discussion when necessary.
22. **Report** on its activities in the Company's annual report which should describe the work of the Committee in line with the requirements of the UK Corporate Governance Code and include detail relating to any exercise of discretion by the Committee.
23. **Identify** in the annual report any consultants appointed as remuneration consultants, alongside a statement about any other connection they have with the Company or individual directors.

D. AUTHORITY

24. The Committee is authorised by the Board to obtain, at the Company's expense, outside legal or other professional advice on any matters within its terms of reference.

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Terms of Reference of the Remuneration Committee

25. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
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E. COMPOSITION AND GOVERNANCE

Membership

27. The Committee Chair and members of the Committee will be appointed by the Board, acting on the recommendation of the Nominations Committee and in consultation with the Chair of the Remuneration Committee and shall be appointed for a period coinciding with their term of appointment as directors of the Company, which may be extended for an additional three-year period, provided the director still meets the criteria for membership of the Committee and is otherwise approved for re-appointment as a director of the Company.
28. The Committee Chair shall be an independent Non-Executive Director who should have served on a remuneration committee for at least 12 months.
29. In the absence of the Committee Chair at any meeting, the Committee members present shall determine who shall chair the Committee.
30. The Committee shall include within its membership the Shareholder Non-Executive Director and at least two independent Non-Executive Directors. If considered independent at the time of appointment, the Chair of the Company may be a member of the Committee, but shall not chair it.
31. Only Non-Executive Directors shall be eligible to be members of the Committee, such that no individual shall be involved in determining their own remuneration.

Quorum

32. Quorum shall be two members.

Committee Secretary

33. The Group Company Secretary, or his or her nominee, shall act as Secretary to the Committee and shall attend all meetings to keep minutes and record actions.

Frequency

34. The Committee shall meet as often as required but at least [three] times per year.

Governance

35. Meetings may be held in person or by telephone or other electronic means, so long as all participants can contribute to the meeting simultaneously.

Post Office Limited

Terms of Reference of the Remuneration Committee

36. Notice of each meeting shall be given to all those entitled to participate at least three working days before the meeting.
37. Meetings for the Committee may be convened by the Secretary in consultation with the Chair, or by any member of the Committee, at any time. The Secretary will be responsible for setting the venue date and time of meetings in conjunction with the Chair. All papers supporting the meeting will be issued in good time, one week in advance of the meeting date.
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42. The Committee shall be exclusively responsible for establishing the selection criteria, selecting, appointing and setting terms of reference of remuneration consultants and have authority to appoint remuneration consultants and to obtain, at the Company's expense, legal or other professional advice on matters within its terms of reference as required, up to a financial limit determined by the Board.
43. If there should be disagreement between the Remuneration Committee and the full Board, the Chair of the Board shall make time available for discussion of the issue so that the matter may be resolved. Where any such disagreement cannot be resolved, the Remuneration Committee shall report the issue as part of any annual report on its activities required by the Shareholder.

Process to obtain Shareholder approval

44. Where within these terms of reference there is a requirement to obtain the approval of the Shareholder, the process shall be as described in Article 8.3 of the Company's Articles of Association.

F. ANNUAL REVIEW AND APPROVAL

45. The Committee will undertake an annual review of its performance and the Terms of Reference. The outcome of these review will be recommended to the Board for approval (notwithstanding amendments approved by the Committee whenever so required).

Post Office Limited
Terms of Reference of the Remuneration Committee

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Post Office Limited Board	01/03/2024	5.0	02/03/2024
Post Office Limited Board	04/06/2024	6.0	04/06/2024