

**PAYZONE BILL PAYMENTS LIMITED**  
(the "Company")

**Minutes of a Board meeting held on Thursday 12<sup>th</sup> October 2023 at 14:00 at 3<sup>rd</sup> Floor, 100 Wood Street, London EC2V 7ER**

|                       |                                                          |
|-----------------------|----------------------------------------------------------|
| <b>Present:</b>       |                                                          |
| ██████████            | ██████████ Post Office (Chair) ██████████                |
| Andrew Goddard        | Managing Director, Payzone ( <b>AG</b> )                 |
| Max Jacobi            | Finance Director – Commercial, Post Office ( <b>MJ</b> ) |
|                       |                                                          |
| <b>In Attendance:</b> |                                                          |
| ██████████            | ██████████ Post Office ██████████                        |
| ██████████            | ██████████, Post Office ██████████                       |
| ██████████            | ██████████, Payzone ██████████                           |
| ██████████            | ██████████ Payzone* ██████████                           |
| ██████████            | ██████████ Post Office* ██████████                       |
|                       |                                                          |
| <b>Apologies:</b>     | N/A                                                      |

23/25 **WELCOME & CONFLICTS OF INTEREST**

**ACTION:**

The Chair welcomed everyone to the meeting and confirmed that the meeting was quorate. No new conflicts of interest were declared. ██████████ and ██████████ joined the meeting via Microsoft Teams.

23/26 **MINUTES**

The minutes of the meetings held on 6<sup>th</sup> July 2023, which had been circulated previously, were approved and were to be signed electronically by the Chair.

23/27 **MATTERS ARISING AND ACTIONS LIST**

The actions list from the previous Board meeting, which had been circulated previously, was noted. The following updates were provided:

**Action 1 (PZBPLB 22/21(a3)):** There were no further updates. This action was closed.

**Action 2 (PZBPLB 22/42 (d)):** It was explained that some contracts between Payzone and external parties in particular had procurement risks which had now been resolved. As such, this action was closed.

**Action 3 (PZBPLB 23/05 (c)):** The set of Key Performance Indicators (KPIs) that had been presented, related to technical issues. This action was closed however the Board noted that they would ensure that the KPIs were monitored on a regular basis.

**Action 4 (PZBPLB 23/07):** ██████████ said that she had spoken to Rachel Scarrabelotti (Group Company Secretary, Post Office) about training for the directors however at the moment, it was difficult to find director training that was within the Company Secretariat’s budget. This action was closed.

**Action 5 (PZBPLB 23/11 (a)):** There were no further updates at the meeting, as such this action was closed.

**Action 6 (PZBPLB 23/11 (b)):** ■ questioned who would be tracking the recommendations from the internal investigation and ■ responded that the recommendations had been closed off. It was suggested that the Board should formalise their response to the recommendations. The Board noted an action that a formal response to the Mazars recommendations would be collated by Payzone and POL. As such, this action remained opened.

All

**Action 7 (PZBPLB 23/15):** There were no further updates on this action at the meeting and accordingly, this action was closed.

**Action 8 (PZBPLB 23/16 (a)):** ■ explained to ■ that Payzone did not have Evri's transaction information according to the time of day that customers would be doing transactions but had asked them to share this information. Nevertheless, there was information on PUDO transactions which had broadly the same customers. This action was closed.

**Action 9 (PZBPLB 23/16 (c)):** There were no further updates on this action, as such, this action was closed.

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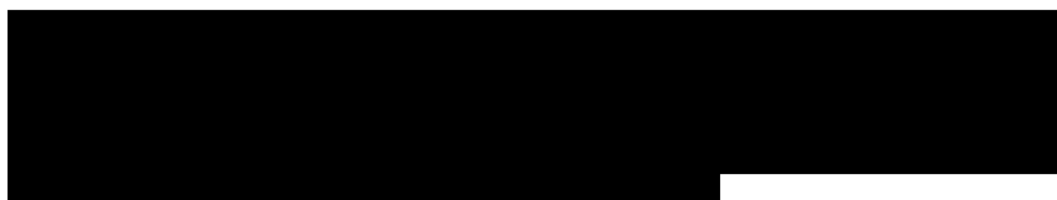
## **BUSINESS UPDATE INCORPORATING**

### (a) 2023/24 Q2 Performance Review

■ introduced this item and the paper was taken as read.

There were declines in card however it was anticipated that this would be mitigated by the fact that the new Payzone device had just been accredited.

■ explained Payzone's CAPEX (Capital Expenditure) position. Approximately 41% of budget YTD (year-to-date) had been spent and the spend related more to business as usual (BAU) work instead of being capitalised on the IT side.



Furthermore, AG informed the Board that there was a Second Device Steering Committee which included AG, ■, Post Office) and third party contractors. The Second Device Steering Committee reported back into the Post Office NBIT Steering Committee. ■ questioned if the right people were making decisions about current scope. AG reassured the Board that Zdravko Mladenov (Group Chief Digital Information Officer, Post Office) had made the decision that the funding for NBIT would be until the end of November 2023.

■ asked if there would be a saving in CAPEX as Payzone were supporting POL with NBIT, and AG responded in the affirmative. In context, Payzone were a supplier to NBIT and it was confirmed that Payzone were working within a Statement of Work.

Moreover, ■ highlighted that the POL Payout revenue was doing well and there was an unexpected reissuance of EBSS (Energy Bill Support Scheme) in Q1.



[REDACTED]

[REDACTED]

As such, the Board **DISCUSSED** PZBPL's KPIs.

(c) HR/Culture Update

AG gave a brief update on PZBPL's HR/culture matters and highlighted the following:

- The survey's engagement was a flash outcome of the POL survey.
- The real positives were that Payzone employees were generally proud to work at Payzone.
- Things that the company needed to work on were ways of working, reducing barriers to getting things done, and accountabilities.

Overall the results were encouraging however the response rate could be higher. The results were a good barometer prior to integration to get a sense of the mood of the employees.

Regarding internal communication, [REDACTED] asked what the plans were to address the issues around this. AG responded that there were monthly business updates, quarterly offsites, and regular one to ones. Nevertheless, AG said that he would dig deeper as to what more could be done to improve communication. [REDACTED] asked if the communication issue was about the integration with Post Office to which AG responded that it was not.

[REDACTED] stated that when he had asked about communications, the issue was more so do to with intercompany communications and this was not necessarily company wide. He suggested mandating to managers that they have to enhance their communication.

Nonetheless, diversity was positive across age and gender. However, there needed to be more data on some of the other diversity characteristics. Nevertheless, there was great female talent in the business.

Accordingly, the Board **NOTED** the HR/Culture Update.

23/29

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

23/30 **CREDIT FACILITIES AGREEMENT GOVERNANCE UPDATE (VERBAL)**

The credit facilities agreement had been finalised and signed off by POL and Payzone and would go into effect soon. The individuals would review this had been written down and documented.

■ added that part of this had come about from the Apollo review. ■ said that the Board should monitor the 18 recommendations and ensure that it stays at target.

MJ confirmed that [REDACTED], (Post Office) and [REDACTED] (Post Office) were happy with the credit facilities agreement.

Accordingly, the Board **NOTED** the Credit Facilities Agreement Governance update.

23/31 **INTEGRATION INTO POST OFFICE LIMITED UPDATE (VERBAL)**

■ introduced the slide deck which was tabled at the meeting. ■ provided a synopsis of the history between POL and Payzone and the decision to integrate the two companies.

Furthermore, ■ highlighted that the integration of Payzone into POL was not a cost optimisation exercise. Instead, the aim was to deliver the value from the business Payzone operate with.

Additionally, the integration was currently in the 'Prove' Phase and the team were currently lining up what was required and where.

The key changes for Payzone was as follows:

- Payzone employees would be transferred as POL employees in what was termed a 'lift and shift' approach. Nevertheless, There would be no changes to Payzone employees' work location.
- The Payzone brand was being retained.
- The proposed mapping for 'Day 1' was subject to consultation and further POL organisational structures.
- It was anticipated that there would be further organisational changes post integration.
- There was an intent to align the POL retail function with the Payzone retail function. However, it was not intended that this would happen in the first 12 months, although the exact timelines were to be confirmed.
- For POL employees seconded to Payzone, specific plans were being put in place for each individual.
- As part of the integration, the POL procurement and legal teams would publish a procurement strategy outlining how and when Payzone contracts would be made PCR compliant (i.e. in compliance with the Public Contracts Regulations 2015). There would also be a review of which contracts needed to be retained or terminated.
- The key action for POL and Payzone was to expedite the integration as soon as possible.

- The programme plan would look at all the operational governance processes that would be applied from Day 1.

Critical path:

- The formal funding request would go to IADG (Post Office Investment Approvals Delivery Group) to move to the Delivery Phase. Papers were due to be submitted to the IADG by 30<sup>th</sup> October 2023.
- The POL legal team flagged that funding approval would be required from the POL Board and also the shareholder, the Department of Business and Trade (DBT), however this had not been previously foreseen.
- A decision still needed to be made as to when was the appropriate time to liquidate Payzone.
- ■ opined that if this work was to go for IADG approval in October 2023, it would need to go to the POL OPEX (Operational Expenditure) Committee for approval in the next week. ■ agreed.

Finance:

Regarding finance, the following steps needed to be taken:

- There needed to be a review of the steps plan.
- Post Office and PZBPL needed to obtain DBT approval around the integration approach and structure, and this had a two week lead time.
- The target was to obtain approval for the financing from the POL Board at the January 2024 POL Board meeting.
- Approval also needed to be obtained to write-off a loan from POL to PZBPL.

Furthermore, ■ stated that it might be possible to bring forward the legal integration and TUPE transfer dates.

Moreover, the Board noted that Payzone's representation in governance regarding the integration, was ■

The Board also noted that it would need to agree the appropriate governance when the integration project moved to the 'Delivery' Phase.

The Board **NOTED** the Integration update.

23/32 **ANY OTHER BUSINESS & MEETING EFFECTIVENESS FEEDBACK**

- (a) Ratification of contract between Payzone and Vodafone UK  
The contract between Payzone and Vodafone UK which was approved via email by the Board on 5<sup>th</sup> September 2023 was **RATIFIED** by the Board.
- (b) Meeting Effectiveness Feedback  
The Board did not provide any feedback.

23/33 **NEXT BOARD MEETING**

- (a) The Board noted that the date of the next ordinary meeting was 18<sup>th</sup> January 2024.
- (b) There being no further business the meeting closed at 15:04.

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**Chair**

**28/02/2024**  
**Date**