



POST OFFICE LIMITED BOARD MEETING  
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MINUTES OF AN ADDITIONAL MEETING OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON  
WEDNESDAY 24 MAY 2023 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 17:00 PM<sup>1</sup>

<b>Present:</b>	Henry Staunton	Chairman ( <b>Chairman</b> )
	Lorna Gratton	Non-Executive Director ( <b>LG</b> )
	Lisa Harrington	Non-Executive Director ( <b>LH</b> )
	Elliot Jacobs	Non-Executive Director ( <b>EJ</b> )
	Saf Ismail	Non-Executive Director ( <b>SI</b> )
	Ben Tidswell	Senior Independent Director ( <b>BT</b> )
	Brian Gaunt	Non-Executive Director ( <b>BG</b> )
	Simon Jeffreys	Non-Executive Director ( <b>SJ</b> )
	Amanda Burton	Non-Executive Director ( <b>AB</b> )
	Nick Read	Group Chief Executive Officer ( <b>NR</b> )
<b>In attendance:</b>	Rachel Scarrabelotti	Company Secretary ( <b>RS</b> )
<b>Apologies:</b>	Alisdair Cameron	Group Chief Finance Officer ( <b>AC</b> )

Action

1. **Welcome and Conflicts of Interest, Inquiry Undertakings**

**Welcome and Conflicts of Interest**

A quorum being present, the Chairman opened the meeting. The Chairman called for the Directors to disclose any conflicts of interest.

Nick Read, Lisa Harrington, Saf Ismail, Elliot Jacobs, Ben Tidswell and Brian Gaunt disclosed that they were directors of the Company when the Company's Annual Report and Consolidated Financial Statements FY21/22 were considered by the Board; and Lisa Harrington and Ben Tidswell disclosed that they were members of the Remuneration Committee at times when decisions had been taken in relation to the Inquiry metric on the Transformation Incentive Scheme ("**TIS**").

[REDACTED]

The Board **NOTED**:

- (i) The Remuneration Committee had approved the commissioning of an independent review to be conducted by Amanda Burton ("**Review**") in relation to the awarding of performance payments relating to support given to the Horizon IT Inquiry in the TIS;
- (ii) The Remuneration Committee had approved the proposed terms of reference for the Review ("**Terms of Reference**"); and
- (iii) The Remuneration Committee has requested that the commissioning of the Review with the Terms of Reference are approved and noted by the Board.

Following due consideration, the Board **RESOLVED** to **NOTE** and **APPROVE** the commissioning of the Review by the Remuneration Committee with the Terms of Reference.

<sup>1</sup> This meeting is an addition to the scheduled meetings so standard items such as minutes and matters arising have been carried over to the meeting on 06 June 2023.

**Inquiry Undertakings**

The Board noted that all attendees had a confidentiality undertaking to the Inquiry in place.

**2. Transformation Incentive Scheme – NED Review**

**TABLED** and **NOTED** were the following papers:

- (i) 'Transformation Incentive Scheme Review';
- (ii) 'Appendix 1 - Transformation Incentive Scheme Review - Terms of References';
- (iii) 'Appendix 2 - Transformation Incentive Scheme Metrics';
- (iv) 'Appendix 3 - Letter to BEIS re. TI Scheme';
- (v) 'Appendix 4 - 2021 incentive approach - post Remuneration Committee 1 July 2021'; and
- (vi) 'Appendix 5 - Transformation Incentive Scheme outturn and recommendations',

together the draft 'Report'.

AB spoke to the Report. Key discussion points were as follows:

- In preparing the Report AB was conscious of the tight timeframe therefore when AB was interviewing people it was on quite a tight basis. AB had not had the opportunity to interview people who had left the business;
- AB had considered Remuneration Committee materials and minutes from the relevant period, and had requested some additional materials to prepare the Report. AB noted that her review had not been helped by the varied language in the materials around describing the Inquiry metric, which was sometimes called a target and at other times a sub-metric;
- The rationale for the TIS itself looked sound to AB; every company struggled during the pandemic as to how they could incentivise people and Post Office was experiencing other significant issues at the time. AB could understand why the TIS was proposed and the metrics set, however in relation to the Inquiry metric the issue was that the Inquiry was converted to statutory Inquiry in June 2021 and no one spotted the impact of this change on the Inquiry metric;
- AB noted that some of the other metrics of the TIS changed over time;
- AB observed that the materials demonstrated a significant amount of oversight from UKGI;
- As to whether the Remuneration Committee was correct in its determination, whilst the wording in the Inquiry metric could not practically be achieved, the Remuneration Committee clearly exercised its discretion in making an assessment and there was not full pay-out as against all metrics in the TIS. AB's conclusion was that payments made under the TIS were fairly awarded;
- In relation to clawback, AB noted that NR and AC had voluntarily repaid in full the portion of the TIS awarded relating to the Inquiry sub-metric that mentioned Sir Wyn. AB shared her view that even if AB was incorrect and that the Remuneration Committee had not exercised its discretion correctly, [REDACTED]  
[REDACTED]  
[REDACTED];
- The Chairman noted that remuneration consultants appointed by the Company were involved during the period as well as the shareholder representative. LG clarified that whilst the shareholder approved executive director participation in

the TIS and was involved in the design of the scheme, that the shareholder did not decide on the pay-out;

- LH advised that she thought that the contents of the Report were fair. LH noted that the Remuneration Committee were clear on the rationale for the TIS, and were trying to keep in synchronisation with the market during a difficult time. At the time the Remuneration Committee were trying to make the TIS simple, however LH accepted the comments in the Report in relation to simplicity. LH noted the unfortunate timing of employee changes in the People and Reward teams during this time, as well as changes in the membership of the Remuneration Committee. LH referenced the scrutiny that had been provided by UKGI in respect of the Remuneration Committee and that she had welcomed this;
- BT advised that he endorsed LH's comments and agreed with AB that it was quite extraordinary that no-one picked up the impact of the change in the Inquiry moving to a statutory footing on the Inquiry metric. BT shared his view that whilst the Remuneration Committee had exercised discretion in making assessments of outturn under the TIS, that the Remuneration Committee could have improved on detailing the exercise of discretion in this instance;
- The Chair queried the provision of the Report to the Inquiry. AB advised that she had asked [REDACTED] to review the Report to assess whether the Report contained any information confidential to the Inquiry, and that the intention was to send the Report to Sir Wyn so he was aware of the findings. AB queried whether when issuing the Report to Sir Wyn, whether the Company needed to provide a further apology;
- The Chair noted that the contents of the Inquiry metric were in drafts from the time the TIS was proposed, and was in correspondence that went to the Permanent Secretary at the time;
- AB raised the issue of whether the Report would be publicly published or not. If the Board took a decision to publish the Report some redactions would be required given individual names included in the Report and that some people named in the Report had not had an opportunity to respond to the contents of the Report;
- AB noted that NR and AC had repaid the part of their bonus received under the TIS in relation to the Inquiry metric. NR had indicated in correspondence to the Minister that if the Board felt it necessary that NR repay a further portion of his bonus he would. The Chair advised that the Minister had provided a firm message that there should be wider clawback. NR replied that the 3 Group Executive members who had received pay-outs in relation to the TIS had indicated their willingness to repay the portion that related to the Inquiry metric. In respect of the [REDACTED]

[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]. The

Chair shared his view that if the executive directors, relevant members of the Group Executive, [REDACTED] repaid the relevant component part of the Inquiry metric that this may satisfy the Minister;



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- LG shared her views on the tone of the Report, and advised that she was concerned that the Report was not sufficiently self-reflective. In addition LG was of the view that the Report did not focus sufficiently on the Remuneration Committee's assessment of the metric and queried if there was a distance between NR's public statements and the contents of the Report. LG advised that she thought AB's conclusions as to the exercise of discretion by the Remuneration Committee in relation to satisfaction of the component of the Inquiry metric would not be viewed favourably by the shareholder, and thought that there were grounds for clawback, although LG acknowledged NR's comments in relation to the voluntary offerings as to repayment. LG advised that the Report had not been shared with the shareholder as yet. A robust discussion ensued. BT referenced the evidence that had been provided to the Remuneration Committee in respect of the component of the Inquiry metric, and the Remuneration Committee had clearly exercised its discretion based on this in determining whether the metric had been satisfied. LH shared her recollection and advised that she did not agree with LG's view; the sentiment was whether the metric had been satisfied based on evidence that the Company had done its best in relation to everything that we needed to for the Inquiry. In relation to LG's comments on the lack of self-reflection in the Report, LH shared her view that she thought the Report was a fair assessment of what needed to be achieved to uplift capabilities in these areas. The Chairman noted LG's comments on tone and asked that if any Board members had comments on the tone, that they please send these to AB for consideration;
- AB asked SI and EJ for their views as Postmasters in respect of the Report. EJ advised that the situation was very difficult and had been received very poorly by Postmasters, however thought that the voluntary pay back of the component in respect of the Inquiry metric in the TIS would assist. SI referenced the point that LG had made around the tone of the Report and emphasised the importance of having the Report speak to all stakeholders. SI suggested that a condensed version of the Report be prepared for sharing with Postmasters [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED];
- The Chairman advised that no metrics in relation to the Inquiry would be included in reward schemes going forward and requested that AB note this in the Report;
- SJ noted the importance in the Report of comments around record keeping and the provision of evidence to inform decision making. SJ also took LG's point on the importance of striking the correct tone in the Report;
- SI suggested a short statement from the Chairman be prepared to accompany the Report. The Chairman agreed with this approach;
- The Board discussed the portion of the TIS award that NR would need to re-pay. BT advised that he would not be in favour of asking NR to pay back any more than NR had already re-paid in respect of the component part of the Inquiry metric. EJ queried other options, and asked whether it was clear that the balance of the TIS award paid to NR, and others, was valid. LH advised that it was and shared her view that there was no reason to request NR to repay anything further. LG noted the TIS metrics had been approved by the shareholder however thought that there was misalignment in how the metrics had been tracked as sub metrics, which in LG's views was not what had been approved by the shareholder. That said, LG was not advocating that NR re-pay any additional monies. AB advised that she did not agree with LG's interpretation; each metric had been individually assessed and in the round, and the exercise of discretion considered in relation to each of the

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metrics; in AB's view the correspondence that had been issued to the shareholder dated 26 July 2021 addressed to the Permanent Secretary was clear on this approach;

- The Chairman noted the final Report was due to the Minister by the end of the week. NR referenced the points LG had made in relation to the tone of the Report and the evidence utilised in the decision making and thought that these issues should be reflected upon. In relation to the letter from the Chairman to accompany the Report being issued to the Minister, NR shared his view that this needed to contain details of the TIS award repayments that were proposed, the proposed changes in respect of the governance around remuneration, to advise that there would not be an Inquiry metric again in any future reward schemes of the Company, and to touch on the need to improve the relationship between the shareholder, UKGI and the Company;
- [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED] shared his view that Postmasters would want to see some degree of repayment; this need not be aggressively pursued however Postmasters would wish to see that the Board were correcting a wrong that had happened on our watch. LG agreed with SI and thought that it was important to ask for the component part of the TIS award relating to the Inquiry metric to be repaid. LH noted that the Report did not conclude that the Remuneration Committee had made an incorrect decision on the TIS Inquiry metric award, so any repayments made would be voluntary and not constitute clawback. AB agreed with this. SI requested that any communications in respect of voluntary repayments made clear in the messaging the commitment to responding to the Inquiry's requests, as we would not want to imply that during the TIS period there had not been full compliance with the Inquiry's requests. AB noted this and cautioned for the wording around this to be given close attention given the Inquiry's confidentiality undertakings;
- The Board discussed next steps, [REDACTED]  
[REDACTED], that AB would continue to consider refinements to the Report, that it remained to be worked through as to what the Minister would publish – this could be the Report in its entirety, the recommendations in the Report, or/ and the Chairman's letter, and that the shareholder's review of the governance around remuneration decisions was also due to take place.

The Board **RESOLVED** to:

- (i) **NOTE** the contents of the Report;
- (ii) Noting the dissent of L Gratton, **APPROVE** for **ADOPTION** the recommendations in the Report;
- (iii) **NOTE** and **APPROVE** A Burton providing the final version of the Report to the Minister on or before 27 May 2023;
- (iv) **APPROVE** the Inquiry Director being **AUTHORISED** to advise Sir Wyn of the completion of the Report and to provide a copy of the Report to Sir Wyn immediately following the issuing of the Report to the Minister;
- (v) **APPROVE** a copy of the final version of the Report being circulated to the members of the Group Executive;

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- (vi) **APPROVE** a distilled version of the final Report being prepared for issue to Postmasters;
- (vii) **APPROVE** that the Executive Directors not be requested to repay any further portion of their awards under the TIS;
- (viii) **NOTE** that Group Executive members who had befitted from the TIS had voluntarily offered to repay the part of their TIS awards in relation to the component part of the Inquiry metric; and
- (ix) **NOTE** that the Executive would request the voluntary repayment from [REDACTED] [REDACTED] who had received an award under the TIS in relation to the component part of the Inquiry metric.

**3. Any Other Business**

There being no other business the Chairman declared the meeting closed at 18:18.

**4. Date of next scheduled meeting**

6 June 2023 10:45 – 17:30.

[REDACTED]

Chairman

11/06/2023 10:18

Voting Results for Additional Board Minutes from 24.05.2023 (approved on 06.06.2023)

The signature vote has been passed. 1 votes are required to pass the vote, of which 0 must be independent.

Vote Response	Count (%)
For	1 (100%)
Against	0 (0%)
Abstained	0 (0%)
Not Cast	0 (0%)

Voter Status

Name	Vote	Voted On
Staunton, Henry	For	11/06/2023 10:18