



Department for
Business & Trade

Post Office Limited

Shareholder Relationship Framework Document

July 2025

Department for Business and Trade

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Introduction and background

1. Purpose of document

1.1 This framework document ("**Framework Document**") has been agreed between the Department for Business and Trade ("**DBT**" or the "**Shareholder**"), UK Government Investments ("**UKGI**" or the "**Shareholder Representative**") and Post Office Limited ("**the Company**") in accordance with HM Treasury's handbook Managing Public Money¹ ("**MPM**") (as updated from time to time) and has been approved by HM Treasury ("**HMT**").

1.2 This Framework Document sets out the broad governance framework within which the Company, the Shareholder and UKGI will operate. It sets out:

- the Company's core responsibilities
- the governance and accountability framework that applies between the roles of the Shareholder, the Company and UKGI as the Shareholder Representative
- how the day-to-day relationship works in practice, including in relation to governance and financial matters, considering the framework established in: (i) the Articles of Association of the Company² (as may be amended, updated or replaced from the date hereof) (the "**Articles**"); and (ii) the "**Funding Agreement**" entered into between the Shareholder and the Company on 14 May 2025 and effective from 1 April 2025 (as amended, varied or replaced from time to time) and other governance documentation

1.3 The document does not itself convey any legal powers or responsibilities, but the parties agree to operate within its terms.

1.4 Copies of the Framework Document and any subsequent amendments will be placed in the Libraries of both Houses of Parliament and made available to members of the public on GOV.UK and on <https://corporate.postoffice.co.uk/en/governance/our-structure/useful-corporate-information/>.

Amendments to and interpretation of this Framework Document

1.5 Any amendment, update or replacement of any provision of this Framework Document shall be agreed by the parties, from time to time, in writing and must be consistent with the Articles. No variation of this Framework Document shall be effective unless it is in writing and signed by the parties.

1.6 This Framework Document shall be reviewed by the Shareholder and the Company and updated at least every three years unless there are exceptional reasons that render this inappropriate that have been agreed with the PAO (defined below in section 11). The latest date for review and updating of this Framework Document is three years from the date of signatures.

1.7 References to (including extracts and summaries of) a statute or statutory provision include and shall be read as a reference to that statute or provision as from time to time modified, re-enacted or consolidated whether before or after the date of this Framework Document, and any subordinate legislation made from time to time under that statute or statutory provision which is in force at the date of this Framework Document.

¹ <https://www.gov.uk/government/publications/managing-public-money>

² https://corporate.postoffice.co.uk/media/ypwh3b5k/20221216_pol_articlesofassociation_clean_final.pdf

1.8 References to the Company in this Framework Document shall also be taken to include any subsidiaries, joint ventures or associate undertakings of the Company over which it exercises effective control, and which have been classified to the public sector by the Office of National Statistics. For the avoidance of doubt Post Office Management Services Limited, First Rate Exchange Services Holdings Limited and First Rate Exchange Services Limited will not be included at the time of writing.

1.9 The Company and its subsidiary companies have their own internal governance arrangements. Where those subsidiaries are classified to the public sector, the arrangements will not conflict with this Framework Document. Where those arrangements are found to conflict for the subsidiaries classified to the public sector, the Framework Document will be presumed to prevail unless explicitly stated otherwise.

2. Objectives

2.1 The Shareholder and the Company share the common objective of delivering access to public services through a network of post offices that are easily geographically accessible as detailed under the Company's "**Purpose**" and "**Powers and Duties**" as set out in sections 4 and 5 below. To achieve this, the Shareholder and the Company will work together and with the Shareholder Representative (recognising each other's roles and areas of expertise, as described in a "Roles and Responsibilities" document to be agreed between the parties (the "**Roles and Responsibilities Document**")), through the promotion of partnership and trust to provide an effective environment for the Company to achieve this objective.

3. Classification and ownership

3.1 The Company is classified as a Public Non-Financial Corporation under the Office for National Statistics' national account system.

3.2 The Company is a private company limited by shares incorporated in England and Wales whose registered office address is 100 Wood Street, London EC2V 7ER. The Company is wholly owned by the Secretary of State for Business and Trade. The Company is governed by the requirements of and the obligations created by the Companies Act 2006 (the "**Companies Act**") and successor legislation.

3.3 As a public corporation, the Company's board (the "**Board**") has responsibility for the operations of the Company. Neither the Shareholder nor the Shareholder's Representative have any involvement in the day-to-day operations of the Company or in the management of its network of post offices and staff. While the Board retains operational control, it is accountable to the Shareholder for the performance of the Company and as set out in the Articles is required to seek consent for certain matters.

The special share

3.4 The Secretary of State as the "Special Shareholder" (as defined in the Articles) in the Company has certain rights and privileges as set out in Article 7.

In particular, the prior written consent of the Special Shareholder is required before certain decisions can be made in respect of the Company as set out under Article 8.1.

Purpose, aims and duties

4. Purpose

4.1 The Postal Services Act 2011 (the “**PSA 2011**”) provides for a government-owned “Post Office company” to “engage in the provision of post offices”. The Company was incorporated under the Companies Act as a private limited company to fulfil this purpose.

5. Powers and duties

5.1 The Companies Act, Postal Services Act 2000 (the “**PSA 2000**”) and the PSA 2011 are the key pieces of legislation setting out the Company’s powers and duties.

5.2 The Company’s duties are carried out pursuant to the terms of its Funding Agreement, which is agreed between the Company and DBT (and can be amended by agreement in accordance with its terms), under which the Company receives a subsidy (Subsidy Scheme Order 2007 (SI 2007/962)) from DBT as authorised under section 103 of the PSA 2000.

5.3 The Funding Agreement requires the Company to adhere to certain “Network Access Criteria” and to deliver the Services of Public Economic Interest (“**SPEI Services**”) across the network.

5.4 Section 11 of the PSA 2011 requires the Company to send the Secretary of State a report on its network each year, giving details of the number and location of post offices, the services provided and accessibility to users of those services. The Secretary of State must lay a copy of this report before Parliament.

6. Strategic aims

6.1 The Company’s public ownership is founded on its purpose as set out in section 4 above and as implemented pursuant to the terms of the Funding Agreement as amended by the Shareholder (with the consent of the Company) from time to time.

6.2 In delivering its social purpose objectives, the Shareholder expects the Company to operate under sound commercial and financial principles, and in accordance with all applicable laws, seeking to deploy its capital, brand and products as a responsible commercial operator and manage risk to deliver positive financial returns, notwithstanding the network requirements in section 5.3 above.

6.3 The Company’s Group Strategic Plan (defined and detailed at section 32 below) sets out its strategic objectives for the current planning period as agreed with the Shareholder.

6A. Shareholder undertaking to the Company

6A.1 Where consistent with the objectives, purpose, duties, aims and governance arrangements set out in this Framework Document, the Articles and the Funding Agreement, the Shareholder and/or the Shareholder Representative undertake to provide the Company with the necessary practical support and advice to facilitate the Company to meet these, in particular to:

- (i) on request, provide clarification about the Shareholder’s expectations in relation to these objectives, purpose, duties and aims or on government policy objectives relevant to the Company more generally
- (ii) facilitate regular access to the Responsible Minister and the PAO (defined at section 11 below), as well as access to other parts of government when required

- (iii) provide timely review and comment on the Company's draft Group Business Plans (defined at section 32 below) and consult with the Company on their development
- (iv) signpost the Accountable Person's responsibilities under MPM
- (v) on request, provide support to the Company to help it understand the relevant government-wide corporate-governance guidance and instructions as set out in section 7.2 and Annex A below (as amended from time to time)
- (vi) on request, facilitate the Company in building relationships with functional colleagues in DBT, other DBT partner organisations, Cabinet Office and HMT for assistance and clarification in support of the Company's accountability for compliance
- (vii) encourage POL to embed compliance with the guidance in their internal policies
- (viii) on request, facilitate the Company in the process of requesting required consents from DBT or HMT under MPM (for example, permissions to make special severance payments), including facilitating (so far as practicable) timely responses
- (ix) take due care in handling commercially sensitive and legally privileged information (see section 36 below)

Governance and accountability

7. Governance and accountability

7.1 The Company shall operate corporate governance arrangements that, so far as practicable and in the light of the other provisions of this Framework Document or as otherwise may be mutually agreed, accord with good corporate-governance practice and applicable regulatory requirements and expectations.

7.2 In particular (but without limitation), the Company shall:

- (i) comply with the principles and provisions of the Financial Reporting Council's UK Corporate Governance Code³ (the "Code") (as amended and updated from time to time) to the extent appropriate to the Company or specify and explain any non-compliance in its annual report
- (ii) comply, with the principles and provisions of the Corporate Governance in Central Government Departments Code of Good Practice to the extent appropriate to the Company or specify and explain any non-compliance in its annual report
- (iii) comply with MPM (subject to the letter of delegated financial authority to the CEO from the PAO (the "Delegation Letter"))
- (iv) take into account and comply with, as far as reasonably practicable, the codes of good practice and guidance set out in Annex A of this Framework Document, as they apply to public corporations

7.3 The Company shall provide an account of corporate governance in an annual governance statement to be included in its annual report and accounts including the Board's assessment of its compliance with the Code with explanations of any material departures. To the extent that the Company does intend to materially depart from items (i) to (iv) above, the Shareholder and Shareholder Representative should be notified in advance.

³ <https://www.frc.org.uk/directors/corporate-governance-and-stewardship/uk-corporate-governance-code>

The role of DBT as Shareholder

8. The Responsible Minister

8.1 The Secretary of State for Business and Trade has ministerial responsibility for the Company, although he or she may delegate this responsibility to a junior minister (the “**Responsible Minister**”). The Responsible Minister provides ministerial oversight and support for key priorities and will typically account for Company-related business in Parliament.

9. Board appointments

9.1 The Shareholder has various appointment and approval rights in relation to the Board under the Articles and any such appointments shall be subject to applicable regulatory requirements and approvals. For example, in respect of appointments which are caught by the Senior Pay Guidance, the Company shall secure the Chief Secretary to the Treasury’s (the “**CST**”) approval in advance of the position (and its remuneration package) being advertised. The Shareholder shall also agree the overall recruitment process for Board appointments, including the proposed terms and conditions of appointment, before any recruitment process begins.

All Board appointments, and the appointment of the CEO, are subject to Shareholder consent under Article 8.1(A). The Shareholder also reserves the right under Article 42 to appoint and remove any person as a director of the Company by notice in writing.

The Shareholder will appoint the Chair. This appointment is subject to the Public Appointments Order in Council⁴ and as such must comply with the Governance Code on Public Appointments⁵.

The Shareholder will appoint a senior employee of the Shareholder Representative as a non-executive director (the “**Shareholder Director**”). The Shareholder Director may nominate an observer to attend the Board in his or her absence.

In the case of the appointment of postmaster non-executive directors, while these are drawn from the postmaster population, the wider process remains subject to the prior agreement of the Shareholder. On completion of the recruitment process for postmaster non-executive directors, the Shareholder will ratify the appointments on the basis of a report and recommendation from the Board demonstrating that the agreed process has been materially followed. Such ratification shall constitute Shareholder consent to the appointments under Article 8.1(A)(i) and will not be unreasonably withheld.

9.2 All Board appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint a Board which includes a balance of skills and backgrounds.

10. Other Shareholder reserved matters

10.1 The Shareholder will review and, if in agreement, give prior written consent for the Shareholder reserved matters set out in Article 8.1. The Company should where practicable include requests for consent to Relevant Transactions in the Group Business Plans as described in section 32.5 below.

⁴ <https://publicappointmentscommissioner.independent.gov.uk/regulating-appointments/orders-in-council/>

⁵ <https://www.gov.uk/government/publications/governance-code-for-public-appointments>

10.2 At the reasonable request of the Shareholder, the directors shall meet the Shareholder or the Shareholder Representative to discuss the affairs of the Company and provide such information in relation to the affairs of the Company as the Shareholder may reasonably require in accordance with Article 9.

10.3 The Shareholder is committed to giving the Board the freedom to operate the Company in line with the spirit of this Framework Document. Decisions on the day-to-day management of the Company will be taken by the Board in accordance with their statutory, regulatory, common-law and fiduciary duties.

11. The Principal Accounting Officer (“PAO”)

11.1 The Permanent Secretary of DBT is the PAO for the activities of the Company.

11.2 The PAO is accountable to Parliament for the issue of any grant-in-aid to the Company, and for ensuring that arrangements are in place for effective Shareholder oversight of the Company.

PAO’s specific accountabilities and responsibilities

11.3 The general responsibilities of a departmental PAO are set out in chapter 3 of MPM. The PAO is responsible for advising the Responsible Minister on (but not limited to) the following:

- an appropriate framework of objectives and targets for the Company in the light of DBT’s wider strategic aims and priorities
- an appropriate allocation of DBT’s budget for the Company (currently in the form of subsidy and investment payments under the Funding Agreement) in the light of DBT’s overall expenditure priorities
- how well the Company is achieving its strategic objectives and if it is delivering value for money

11.4 The PAO via the Shareholder Representative is also responsible for ensuring arrangements are in place to:

- monitor the Company’s activities and performance
- address significant problems in the Company, making such interventions as are judged necessary
- periodically carry out an assessment of the risks both to the Shareholder and the Company’s objectives and activities in line with the wider departmental risk-assessment process
- inform the Company of relevant Government policy in a timely manner
- bring any Shareholder concerns about the activities of the Company to the Board, and as appropriate to the DBT board, requiring explanations and assurances that appropriate action has been taken

12. Role of the Shareholder Representative

12.1 UKGI’s responsibilities as Shareholder Representative are set out in Annex B to this Framework Document.

12.2 The Company should usually engage with the Shareholder Representative as the initial day-to-day point of contact between the Company and the Shareholder. Where officials within the DBT Policy and Funding Team (as defined in section 13 below) have established working relationships with the Company staff members, those channels should remain in place for matters within the DBT Policy and Funding Team’s responsibility (see section 13.3

below). These relationships and points of contact shall be further set out in the Roles and Responsibilities Document.

13. The Role of the DBT Policy and Funding team

13.1 The Responsible Minister is the government policy sponsor of the Company.

13.2 On behalf of the Shareholder, the Post Office Policy and Funding Team within DBT (the **“DBT Policy and Funding Team”**) will have oversight of the Company from a policy and funding perspective. The responsible senior civil servant for this relationship is the Director of Post Office Policy. The DBT Policy and Funding Team advises and, as appropriate, acts on behalf of the Responsible Minister on relevant government policy developments and in responding to requests from the Company to provide a policy perspective on the Company's plans and activities. The team is also responsible for managing requests for government funding from the Company.

13.3 The DBT Policy and Funding Team's role includes:

- advising the Company of relevant policy and guidance in a timely manner, including setting the Company clear strategic objectives and network requirements to deliver government policy objectives
- advising the Responsible Minister on the Company's progress against the agreed policy objectives
- engaging closely with the Company and other government departments on wider policy developments and cross-government priorities impacting on, or affected by, the work of the Company so as to ensure the Company's activity is consistent with the wider government policy framework
- facilitating the Company's access to Government on policy matters as required
- responding to Parliamentary scrutiny, correspondence and reporting requirements
- ensuring ministers and senior officials are briefed on live issues and key risks
- managing requests for government funding, including any agreed business-case approvals where the Company requires additional funding or other approval beyond its agreed funding or delegations, including:
 - identifying with the Company which business cases require approval by DBT and/or HMT
 - advising the Company on the standards for business cases required by HMG
 - reviewing and providing feedback to the Company as it develops business cases
 - guiding the Company on the submission and progression of business cases through DBT and HMT approvals processes
 - providing related advice to the PAO and Responsible Minister
 - managing departmental and HMT consideration of business cases expeditiously and without undue delay
- managing Subsidy Control Act 2022 compliance (including engaging with and referrals to the Subsidy Advice Unit where required)
- on projects and programmes of high strategic importance where funding is overwhelmingly or exclusively provided by DBT, for example branch technology modernisation, providing monitoring, assurance and direct support to help the Company in delivery of the project or programme

Working relationship between Shareholder Representative and DBT Policy and Funding Team

13.4 To ensure that the Company does not receive conflicting instructions from the Shareholder, the Shareholder Representative and DBT Policy and Funding Team will work together to ensure clarity and consistency in respect of departmental advice, instructions and decisions.

The Shareholder Representative has no role in policy. The clear separation of the Shareholder Representative function from the policy function ensures clarity and transparency in decision making as between the sponsorship functions of corporate governance and policy.

The Shareholder Representative will work with the DBT Policy and Funding Team and DBT Partnerships Team to support the application of sponsorship best practice to enable the DBT Partnerships Team to provide the necessary assurance to the PAO.

The Roles and Responsibilities Document will set out the responsibilities of the parties in more detail.

14. Freedom of Information requests, data protection and Special Category Information

14.1 For the purposes of this section, “**Special Category Information**” shall mean:

- (i) legally privileged information
- (ii) confidential information, which was provided by the Company or the Shareholder to the other party in confidence and the disclosure of which would constitute a breach of confidence actionable by that or any other person
- (iii) commercially sensitive information

in each case as marked by the Company (“**LEGALLY PRIVILEGED**” or “**COMMERCIALY SENSITIVE**”, as relevant) prior to the distribution of such information to the Shareholder or the Shareholder’s Representative, or which is not marked as such but which by its nature is legally privileged or commercially sensitive information or which the recipient knows or ought reasonably to know is legally privileged or commercially sensitive information

14.2 The parties acknowledge that the Freedom of Information Act 2000 (“**FOIA**”), the Data Protection Act 1998 or 2018 (“**DPA**”) and the Environmental Information Regulations 2004 (SI 2004/3391) (“**EIR**”) may apply to information disclosed by the Company to the Shareholder or the Shareholder Representative and to information held by the Company that is not disclosed to the Shareholder or the Shareholder Representative.

Where a request for information is received by any party under the FOIA, the DPA or the EIR, the party receiving the request will consult with the other parties (or their representatives) prior to any disclosure of information that may affect the other party’s responsibilities. Where such consultation takes place, a period of five working days will be allowed for the other party to respond.

If the Shareholder or the Shareholder Representative receives a request for the disclosure of any information that includes within its scope Special Category Information, it shall:

- (i) promptly notify the Company of the request in writing
- (ii) allow a reasonable period for representations to be made by the Company as to whether such disclosure of Special Category Information would or would be likely to prejudice its interests,

provided that the Company shall make such representations within 10 business days from the date of the notification in paragraph (i) above by the Shareholder or the Shareholder Representative

The Shareholder or the Shareholder Representative will have regard to any representations received pursuant to paragraph (ii) above, but retain sole discretion as to whether any Special Category Information falls to be disclosed under the DPA, FOIA or EIR.

15. Reporting on legal risk and litigation

15.1 Notwithstanding the provisions of any protocol agreed under the terms of section 15.2 below, the Company shall provide a quarterly update to the Shareholder on the existence of any active litigation, any threatened or reasonably anticipated litigation and any special payments (settlements) made within the delegation (if any) set out in the Delegation Letter. The parties acknowledge the importance of ensuring that legal risks are communicated appropriately to the Shareholder in a timely manner.

15.2 In respect of each substantial (as determined by the Shareholder in its sole discretion) piece of litigation involving the Company, the parties will agree a litigation protocol which will include specific provisions to ensure appropriate and timely reporting on the status of the litigation and the protection of legally privileged information transmitted to the shareholder to facilitate this. Until such time as a protocol is agreed, the parties will ensure that:

- material developments in the litigation are communicated to the shareholder in an appropriate and timely manner
- legally privileged documents and information are clearly marked as such
- individual employees handling the legally privileged documents are familiar with principles to which they must adhere to protect legal privilege
- circulation of privileged information within government occurs only as necessary

The Company's governance structure

16. The responsibilities of the Company's CEO as the "Accountable Person"

16.1 The PAO has designated the Company's CEO as the Company's Accountable Person.

16.2 The PAO expects the CEO as the Accountable Person to take personal responsibility for running the Company in accordance with the principles of regularity, propriety, value for money and feasibility set out in MPM.

16.3 The Shareholder recognises that as a public corporation operating in commercial markets the Company needs to take investment and other financial decisions in accordance with commercial practices.

16.4 Nevertheless, in line with the CEO's responsibilities as Accountable Person, the Shareholder requires the Company to comply with MPM in its entirety, subject to the delegations set out in the Delegation Letter.

16.5 A full outline of the responsibilities of the Accountable Person can be found in his or her letter of appointment set out in Annex C of this Framework Document.

17. Responsibilities of Accountable Person to Parliament

17.1 The responsibilities of the Company's Accountable Person to Parliament and the public include:

- signing the accounts and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared and presented in accordance with any directions issued by the Secretary of State for Business and Trade
- preparing and signing the Governance Statement covering corporate governance, risk management and oversight of any local responsibilities, for inclusion in the annual report and accounts
- ensuring that effective procedures for handling complaints about the Company are established and made widely known within the Company
- acting in accordance with MPM and other instructions and guidance issued from time to time by the Shareholder, HM Treasury and the Cabinet Office (to the extent applicable)
- ensuring that as part of the above compliance they are familiar with and act in accordance with:
 - their fiduciary duties under the Companies Act
 - any governing legislation
 - this Framework Document
- giving evidence, normally with the PAO, when summoned before the Public Accounts Committee on the Company's stewardship of public funds

18. Responsibilities to the Shareholder and the Shareholder Representative

18.1 The Accountable Person's responsibilities to the Shareholder and Shareholder Representative include:

- establishing, in agreement with the Shareholder, the Company's Group Business Plans
- informing the Shareholder and Shareholder Representative of the Company's continued meeting of its duties under the Funding Agreement (as described in section 5 above)
- informing the Shareholder and Shareholder Representative of progress in achieving the Company's strategic objectives, including as agreed in the Group Strategic Plan and annual Chair's letter, as appropriate and in demonstrating how resources are being used to achieve those objectives
- ensuring that timely forecasts and monitoring information on performance and finance are provided to the Shareholder Representative
- ensuring that any significant problems whether financial or otherwise, and whether detected by internal audit or by other means, are notified to the Shareholder Representative in a timely fashion

19. Responsibilities to the Board

19.1 The Accountable Person is responsible for:

- advising the Board on the discharge of the Company's responsibilities as set out in this Framework Document, legislation, the Funding Agreement and in any relevant instructions and guidance that may be issued from time to time
- advising the Board on the Company's performance compared with its aims and objectives as set out in the Group Business Plans
- ensuring that financial considerations are taken fully into account by the Board at all stages in reaching and executing its decisions, and that appropriate financial appraisal techniques are followed

Managing conflicts

19.2 The Accountable Person in his or her role as CEO of the Company should follow the advice and direction of the Board, except in very exceptional circumstances with a clear cut and transparent rationale for not doing so.

19.3 The Accountable Person must take care that his or her personal legal responsibilities do not conflict with his or her duties as CEO of the Company and a Board member. In particular, in his or her role as the CEO, he or she should vote against any proposal which appears to cause such a conflict; it is not sufficient to abstain.

19.4 If the Chair or the Board is minded to instruct the CEO to carry out a course inconsistent with his or her duties as Accountable Person, then the CEO should make his or her reservations clear to the Board, preferably in writing. If the Board is still minded to proceed, then the CEO should:

- ask the PAO of the Shareholder department to consider intervening to resolve the difference of view, preferably in writing
- if the Board's decision stands, seek its written direction to carry it out and inform the Shareholder

- proceed to implement without delay
- follow the routine in paragraph 3.6.6 of MPM (which sets out an accounting officer's obligations when in receipt of a ministerial direction)

20. The Board

Composition, Role and Responsibilities of the Board

20.1 The role of the Board shall be to run the Company in accordance with their statutory, regulatory, common-law and fiduciary duties and their responsibilities under this Framework Document. Detailed responsibilities shall be set out in the Board terms of reference (or equivalent document such as the Company's "Matters Reserved to the Board"⁶, as varied from time to time) and shall include the following:

- establishing and taking forward the Company's aims and objectives as set out in this Framework Document and agreed with the Shareholder, within the policy and resources framework determined by the Shareholder
- providing effective leadership for the Company within a framework of prudent and effective controls which enables risk to be assessed and managed
- ensuring the financial and human resources are in place for the Company to meet its objectives
- developing, updating and approving the Group Business Plans and budget
- ensuring it receives and reviews regular management and financial information concerning the management of the Company, and is informed in a timely manner about any concerns about the activities of the Company
- reviewing management performance
- ensuring the Shareholder is kept informed of any changes which are likely to impact on the strategic direction of the Company, its ability to satisfy its duties or on the attainability of its objectives, and determining the steps needed to deal with such changes
- demonstrating high standards of corporate governance at all times, including by using the Company's relevant committees to help it to address material financial and other risks
- ensuring it operates within the limits of its statutory authority and any delegated authority agreed with the Shareholder and in accordance with any relevant statutory or administrative requirements or other conditions relating to the use of public funds. The Company's financial delegations are set out in the Delegation Letter from the PAO
- if required, co-operating fully with the requests of all relevant Parliamentary committees for scrutiny, requests from the Parliamentary Commissioner for Administration and otherwise to assist the Shareholder and the Shareholder Representative in answering questions about the Company
- determining all other matters which it considers ancillary or conducive to the fulfilment by the Company of its objectives

20.2 The Board shall, prior to taking any final decision on a Relevant Issue, give the Shareholder written notice setting out all relevant details of the Relevant Issue and the preliminary decision (if any) reached by the Board, not less than 10 business days before the

⁶ https://corporate.postoffice.co.uk/media/prxpsart/20240326_pol_board_gov_mattersreserved_approved_final.pdf

taking of any such final decision. For the purposes of this section, an issue is a “**Relevant Issue**” if, in the reasonable opinion of the Board:

- (i) it is not set out in reasonable detail in the approved Group Business Plans
- (ii) it is an issue which may have a material adverse effect upon the business or financial prospects of the Group or any Group Company
- (iii) it relates to regulatory matters, such as any Group Company being referred for regulatory investigation by a relevant regulatory authority

21. The Chair’s role and responsibilities

21.1 The Chair is accountable to the Shareholder and is responsible for leading the Board in the delivery of its responsibilities. Engagement between the Board and the Shareholder should, in the first instance, be through the Chair engaging with the Shareholder Representative (recognising that officials within the Shareholder Representative and DBT Policy and Funding Team have established working relationships with Company staff members).

21.2 The Chair should lead the Board in providing support to and challenging the Company’s CEO and the executive team as set out in the annual Chair’s letter issued to the Chair by the Shareholder. The Chair’s letter will typically provide clarity over the Shareholder’s shorter-term aspirations for the Company, and ask the Chair to ensure the Company’s strategic alignment with DBT or Government policy objectives. The expectations set out in the Chair’s letter also provide a benchmark for the annual assessment of the Chair’s performance, as set out at section 21.5 below.

21.3 The Chair has the following leadership responsibilities:

- formulating the Board’s strategy
- leading the Board in scrutinising and challenging the Group Business Plans formulated by the executive
- ensuring that the Board, in reaching decisions, takes proper account of guidance provided by the Shareholder
- promoting the efficient and effective use of staff and other resources;
- ensuring high standards of regularity and propriety
- representing the views of the Board to the general public

21.4 The Chair also has an obligation to ensure that:

- the Board has a balance of skills and diversity which is appropriate to directing the Company’s business
- the Chair, together with the other Board members, receives appropriate training on financial management and reporting requirements and on any differences that may exist between private- and public-sector practice
- Board members are fully briefed on terms of appointment, duties, rights and responsibilities and that the Chair assesses the performance of individual Board members regularly and when being considered for reappointment
- there are regular internal and external reviews of Board performance and composition, with an externally facilitated Board evaluation at least every three years and conducted in accordance

with the “Cabinet Office Guidance on Board Effectiveness Reviews: Principles and Resources for Arm’s-Length Bodies and Sponsoring Departments”⁷

- the Shareholder is advised as appropriate, via the Shareholder Representative, of the Company’s needs when Board vacancies arise. The Chair will discuss Board composition, external board review and succession plans with the Shareholder Representative from time to time and agree any actions at least annually
- there is a board operating framework (Matters Reserved to the Board) in place setting out the role and responsibilities of the Board consistent with the Government Code of Good Practice for Corporate Governance⁸
- there is a code of practice for Board members in place, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies⁹

21.5 The Senior Independent Director of the Company (“**SID**”) shall lead and co-ordinate on behalf of the Board an annual review of Chair’s performance in accordance with the Code, working closely with the Shareholder Representative.

21.6 The Chair is bound by the Code of Conduct for Board Members of Public Bodies which covers conduct in the role and includes the Nolan Principles of Public Life¹⁰.

22. Individual board members’ responsibilities

22.1 Individual Board members should:

- comply at all times with the Code of Conduct for Board Members of Public Bodies, which covers conduct in the role and includes the Nolan Principles of Public Life, and with the rules relating to the use of public funds and conflicts of interest, and with other applicable guidance on the role of public-sector non-executive directors and Boards that may be issued from time to time by HMG
- demonstrate adherence to the 12 Principles of Governance for all Public Body Non-Executive Directors¹¹ as appropriate and not misuse information gained in the course of their public service for personal gain or for political profit, nor seek to use the opportunity of public service to promote their private interests or those of connected persons or organisations
- comply with the Board’s rules on the acceptance of gifts and hospitality, and of business appointment
- ensure that (i) in accordance with the Code, no additional external appointments are taken without prior approval of the Board, and (ii) the Shareholder Representative is informed in advance of taking on a new external director appointment
- act in good faith and in the best interests of the Company and in accordance with their statutory, common-law and fiduciary duties as directors of the Company, including under section 172 of the Companies Act which sets out directors’ duty to promote the success of the Company for the benefit of the members as a whole

⁷ <https://www.gov.uk/government/publications/arms-length-body-boards-guidance-on-reviews-and-appraisals/board-effectiveness-reviews-principles-and-resources-for-arms-length-bodies-and-sponsoring-departments>

⁸ <https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>

⁹ <https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>

¹⁰ <https://www.gov.uk/government/publications/the-7-principles-of-public-life>

¹¹ <https://www.gov.uk/government/publications/public-bodies-non-executive-director-principles/12-principles-of-governance-for-all-public-body-neds>

23. Composition of the Board

23.1 The Board comprises the non-executive Chair, the non-executive directors (including the Shareholder Director and the postmaster directors), one of whom should be the SID, the CEO, the CFO and such other executive directors whose appointment is recommended by the Nominations Committee, approved by the Board and consented to by the Shareholder from time to time.

23.2 The Board must contain a balance in favour of non-executive directors whom the Board considers to be independent.

23.3 All of the above will be company directors within the meaning of the Companies Act.

23.4 Not used.

23.5 All appointments should have regard to the principle that appointments should reflect the diversity of the society in which we live, and appointments should be made taking account of the need to appoint a Board which includes a balance of skills and backgrounds.

24. Board committees

24.1. It is the responsibility of the Board to constitute such committees in line with best practice as necessary for it to fulfil its functions. In line with the Code as a minimum the Board should have three committees: audit and risk, remuneration and nomination.

24.2. The terms of reference of each committee (published on the Company website¹²) should set out its responsibilities and the authority delegated to it by the Board pursuant to Article 49.

¹² <https://corporate.postoffice.co.uk/en/governance/our-structure/useful-corporate-information/>

Management and Financial Framework

25. HM Treasury guidance

25.1 The activities, roles and responsibilities of the Company as described in this Framework Document should comply with MPM and guidance issued by HM Treasury (as amended from time to time) to the extent applicable to the Company. Section 6A above sets out the Shareholder's undertaking to support the Company in understanding this guidance.

25.2 The Company will be subject to the rules set out in Consolidated Budgeting Guidance¹³, insofar as they relate to public corporations.

26. Delegated authorities

26.1. The Board is responsible for establishing appropriate delegations with the executive directors. The Shareholder will review these delegations from time to time with the Board. The Company currently publishes its scheme of delegations on its website¹⁴.

26.2 The Company's financial delegations are set out in the Delegation Letter from the PAO to the Accountable Person. The Delegation Letter may be updated and superseded by later versions which may be issued by the PAO in agreement with HM Treasury. In line with MPM Annex 2.2 these delegations will be reviewed on an annual basis.

26.3 The Company shall obtain the Shareholder's and where appropriate HM Treasury's prior written approval before:

- entering into any undertaking to incur any expenditure that falls outside the delegations
- incurring expenditure for any purpose that is or might be considered novel or contentious, or which has or could have significant future cost implications
- making any significant change in the scale of operation or funding of any initiative or particular scheme previously approved by the Shareholder
- making any change of policy or practice which has wider financial implications that might prove repercussive or which might significantly affect the future level of resources required
- carrying out policies that go against the principles, rules, guidance and advice in MPM

27. Banking, loans and working capital

27.1 Any loan facilities to be put in place by the Company (as borrower) should be reviewed and approved by the Board and take into account guidance set out in MPM (paragraphs 5.8 (Borrowing by Public Sector Organisations) and 5.9 (External Borrowing)) where relevant. Any loan facility arranged between the Company and the Shareholder will be conducted on commercial arms-length terms for the purposes of providing working capital or other purposes as agreed in writing by the Board and the Shareholder.

27.2 The Company will operate through such commercial banking arrangements as are approved by the Board or if required in accordance with the Articles, the Shareholder or HMT from time to time.

¹³ <https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2025-to-2026> for the FY25/26 guidance.

¹⁴ <https://corporate.postoffice.co.uk/en/governance/our-structure/useful-corporate-information/>

27.3 During the term of the Funding Agreement, unless otherwise agreed between the Shareholder and the Company, the Company is not expected to borrow externally and, in any case, this will at all times be subject to the limits and approval requirements set out in the Articles (Article 8.1(AA)) and the facility and finance documents in place with DBT. Any borrowing by the Company from the Shareholder shall be subject to appropriate documentation to be agreed between the parties.

28. Charging and dividends

28.1 The Company will operate commercial market-rate pricing consistent with paragraph 6.6 of MPM, in accordance with company and competition law. To the extent that it is applicable, The Company's charging will be in accordance with the Re-use of Public Sector Information Regulations 2015 (as amended or re-enacted).

28.2 Since its incorporation, the Company has been engaged in a substantial restructuring of its business while continuing to meet its obligation to deliver SPEI across a minimum network of post offices. As a result, the Company has required financial support for the uneconomic parts of the network of post offices and investment funding to develop the commercial arm of the business and upgrade its ageing infrastructure. The Company has therefore not been in a position to consider any return of capital to the Shareholder.

28.3 The Company and the Shareholder hold a shared aspiration for the Company to become commercially sustainable in the future. Should the Company become commercially sustainable, the Shareholder holds a further aspiration for the Company to adopt a dividend policy. The precise mechanism by which the amount of any dividend would be determined and paid will be agreed at the relevant time, subject always to the requirements of applicable law and the financial position of the Company at the relevant time.

29. Risk management

29.1 The Company shall ensure that the risks that it faces are dealt with in an appropriate manner, in accordance with relevant aspects of best practice in corporate governance, including the HM Treasury "Orange Book" guidance Management of Risk: Principles and Concepts¹⁵. The Company shall ensure, in consultation with the Shareholder Representative, that there is an appropriate risk-reporting and escalation process in place.

30. Counter-fraud and theft

30.1 The Company shall adopt and implement policies and practices to safeguard itself against fraud and theft.

30.2 The Company should act in compliance with MPM Annex 4.9 (Fraud) and should take into consideration guidance as issued by the Counter Fraud Function including the Counter Fraud Functional Standard¹⁶. It should undertake proportional due diligence and take all reasonable steps to appraise the financial standing of any firm or other body with which it intends to enter a contract.

30.3 The Company shall maintain records on fraud and theft suffered by the Company, and report to the Shareholder as required by the Public Sector Fraud Authority Mandate¹⁷. The Company shall also prepare and forward to the Shareholder an annual report on fraud and

¹⁵ <https://www.gov.uk/government/publications/orange-book>

¹⁶ <https://www.gov.uk/government/publications/government-functional-standard-govs-013-counter-fraud>

¹⁷ <https://www.gov.uk/government/publications/public-sector-fraud-authority-mandate>

theft suffered by the Company and notify the Shareholder of any unusual or major incidents as soon as possible.

31. Remuneration and staff

31.1 The Company's staff are not civil servants and therefore the annually updated Civil Service Pay Guidance does not apply.

Pay Controls

31.2 Controls over pay and conditions apply as follows:

- **senior pay:** The remuneration package of the Company's Chair, CEO, and any other roles that are ministerial appointments or appointments approved by a minister require approval by the CST in accordance with the HMT Guidance for Approval of Senior Pay¹⁸ ("**Senior Pay Guidance**", as updated from time to time). In addition, any remuneration package for any member of staff that is in excess of the CEO's will require CST approval under the Senior Pay Guidance
- other senior appointments are made by the Company and are not ministerial appointments or appointments that are approved by the Responsible Minister. They do not engage the Senior Pay Guidance and their remuneration packages do not require CST approval (unless greater than the CEO's pay). This does not remove the right of the Shareholder from dismissing or appointing any Board member pursuant to the Articles
- **other pay:** As a public corporation whose staff are not civil servants, the Company does not have to comply with the limits on increased remuneration cost set out within the annually updated Pay Remit Guidance. However, the Company is expected to comply with the Public Sector Pay and Terms Guidance Note¹⁹

Board responsibilities regarding staff

31.3 The Board is solely accountable for all other staff matters, including the appointment and management of staff, determining staff numbers, and determining terms and conditions of appointment in accordance with appropriate HR documents, including the Remuneration Policy.

31.4 The Board must have regard to wider public sector pay policy when setting a Remuneration Policy for the Company.

31.5 The Remuneration Committee should have oversight of bonus and incentive schemes, as reflected in its terms of reference. The Board will delegate to the Remuneration Committee those responsibilities set out in section 24.2 above.

31.6 The CEO is responsible for ensuring the Company conducts its operations in accordance with MPM.

31.7 It is the responsibility of the Company to ensure it complies with IR35.

31.8 Special-severance payments require HMT approval in line with MPM Annex 4.13.

¹⁸ <https://www.gov.uk/government/publications/senior-civil-service-pay-and-reward>

¹⁹ <https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>

31.9 In respect of any document settling claims arising from or in connection with employment, confidentiality clauses may only be used:

- in accordance with the Company's regulatory requirements
- in respect of the terms of the agreement itself (the final package and terms of the settlement agreement document)
- so far as they do not hinder employees' ability to speak about their experiences in the Company's employ

For any exceptions to the above, POL should obtain the agreement of the Shareholder.

The current version of the Cabinet Office guidance on confidentiality clauses²⁰ does not apply to public corporations which do not employ civil servants such as the Company.

31.10 Salary-sacrifice schemes must be consistent with MPM guidance on tax planning and the Public Sector Pay and Terms Guidance Note.

31.11 The Company's travel policy must be consistent with the guidance on travel for public-sector employers (including the Public Sector Pay and Terms Guidance Note), with first-class travel only permitted if there is a strong business need to do so.

31.12 The Company should report (via the Remuneration Committee) to the Shareholder Representative the number of posts paid above the remuneration threshold (with names). The remuneration thresholds are those referenced in section 31.2 above. The annual report should contain full details of the remuneration of Board members, provide information in bands for the "Executive Committee" members paid above the remuneration threshold, and report the numbers of other staff (without names) paid above the remuneration threshold. The Company should also notify HMT, via the Shareholder Representative, of all bonus arrangements put in place that are above the remuneration threshold as soon as the decision is made and within no more than one month. The number of bonuses paid above the threshold should be made public in the annual report.

31.13 Other benefits are set out in the Company's Remuneration Policy, which also covers legacy arrangements. The Company must not offer allowances that may be considered novel, contentious or repercussive.

Remuneration criteria

31.14 The Remuneration Committee shall determine the remuneration policy and remuneration levels in accordance with the following criteria (which shall also be reflected in the Remuneration Committee terms of reference and the remuneration policy itself). The criteria shall include that remuneration levels:

- are sufficient to attract and motivate high-calibre individuals to drive the delivery of the activities and objectives of POL described in this Framework Document
- are structured to link remuneration of all employees to performance in line with the Group Strategic Plan
- are aligned with the objectives set out in this Framework Document

²⁰ <https://www.gov.uk/government/publications/civil-service-settlement-agreements-special-severance-payments-and-confidentiality-clauses>

- deliver value for money
- take account of MPM and take account of remuneration levels within comparable public-sector institutions and are set with wider public-sector pay policy in mind

31.15 The Company will make staff terms and conditions available to the Shareholder on request.

31.16 The Company will operate a performance-related bonus scheme based on the Company's and individual's performance as approved by its Remuneration Committee.

31.17 The travel expenses of board members will be tied to the rates allowed to senior staff of the Company. Reasonable actual costs, excluding alcohol, shall be reimbursed.

Business plans, management information and audit

32. Group Business Plans

32.1 The Company must have a strategic business plan for the Group covering a period of at least three years (the “**Group Strategic Plan**”) and an annual business plan for the Group covering a period of twelve months (the “**Annual Plan**”) (together, the “**Group Business Plans**”). This is per the provision in Article 46 and the requirement in the Funding Agreement. The issues and priorities to be addressed in the Group Business Plans shall be agreed between the Board and the Shareholder, but will:

- set out the Group’s objectives and contain such information as can reasonably be expected to enable the Shareholder to give consideration to the strategic and operational direction of the group’s activities
- provide targets, expressed in terms of cashflow, investment spend, trading profits and sufficient other financial information to enable the Company’s Board to set the Group’s profit target and consider the framework of the Group’s borrowings, and for this to be reviewed and approved by the Shareholder

Group Strategic Plan

32.2 The Group Strategic Plan will be developed, reviewed and updated annually by the Board and approved by the Shareholder. Among other things, it shall include:

- financial information at a level of detail agreed between the Company and the Shareholder covering at least a three-year forecast period, including an income statement, balance sheet, cashflow statement and explanatory narrative regarding assumptions
- a description of the strategic objectives of the Group, the strategy for meeting those objectives, associated performance targets (financial and non-financial), and associated risks and opportunities
- an analysis of the commercial and regulatory environment in which the Group operates, including the Board’s view of the way in which the market is evolving and the development of competitors’ activities
- the Company’s strategic response to the commercial and regulatory environment, including:
 - its principal strategic options
 - its proposals for meeting its social purpose
 - its proposals for managing the nationwide network of post offices
 - its strategic approach to remuneration of employees and postmasters
 - the resources needed, including personnel, technology and funding
 - its financial and performance projections, including forecast income statement, balance sheet and statement of cashflows, at both the corporate and line-of-business level, with sensitivity analyses of the major risks on an annual basis and over the Group Strategic Plan period
- an outline of possibilities and plans for entering into partnerships and alliances
- Key performance indicators (“**KPIs**”) to allow the Board and Shareholder measure the Group’s performance against its strategic objectives

- any proposals for entering into Relevant Transactions (as defined in the Articles) or for making any substantial alterations in the nature of the business carried on by any member of the Group, or any other matter for which Shareholder consent is sought under Articles 8.1 and 47. Such matters shall be specifically identified with reasonable detail as being proposed for approval under those Articles

Updating the Group Strategic Plan

32.3 The Board will review and update the Group Strategic Plan at least annually and otherwise as necessary to take account of any additional or amended obligations or responsibilities assumed by the Group. The Group Strategic Plan may also need to be updated following government spending reviews and at other times agreed between the Shareholder and the Company. Updates will be subject to Shareholder approval at least annually.

Annual Plan

32.4 The Company will provide a draft Annual Plan for the next financial year to its Board in February, and a final Annual Plan for approval in March. Final Shareholder approval will need to be sought subsequent to approval by the Board. The Shareholder (acting reasonably) can agree a different timetable with the Company.

The Shareholder and the Company shall agree the issues and priorities to be addressed in the Annual Plan but it will include:

- the steps that the Company will take in respect of the current Group Strategic Plan
- the Company's annual budget (which itself is subject to Shareholder approval), including financial forecasts and performance targets
- a reconciliation of any differences between the Company's annual budget and the projected income statement, statement of cash flows and balance sheet in the previous year's Annual Plan and the current Group Strategic Plan
- reporting on KPIs and performance against targets
- information on the network of branches, including its planned size and confirmation of the Company's intention to continue to comply with the Network Access Criteria
- the proposed scheduled drawings by the Company of government funding, as applicable
- information on the investment activities that the Company plans to undertake, the expected costs and benefits, and how the activities relate to the Group Strategic Plan
- an update on the Company's forecast financial performance for the current financial year
- any proposals for matters which may trigger Article 8.1 or for making any substantial alterations in the nature of the business carried on by any member of the Group. Such matters shall be specifically identified with reasonable detail as being proposed for approval under that Article 8.1 and where that is the case, shareholder approval of the Annual Plan will constitute Shareholder approval pursuant to the Articles. For the avoidance of doubt, not all matters which may trigger Article 8.1 will necessarily be identified in the Annual Plan; where they are identified subsequently separate consent will be sought pursuant to the Articles. The Annual Plan does not therefore require the identification of all matters which may require consent pursuant to Article 8.1
- any other requirements of the Funding Agreement

Amendments to and variations from the Group Business Plans

32.5 The Company will keep its Group Business Plans under review and shall inform and consult with the Shareholder in respect of any contemplated changes to the Group Business

Plans that it considers are, or may become, necessary from time to time. Any proposed updates or amendments will be subject to discussion with, and approval by, the Shareholder.

Effect of approval of Group Business Plans

32.6 Pursuant to Article 47, the approval of the Annual Plan or the Group Strategic Plan, or approved amendment or variation to either of them, shall be deemed to be an approval of any matter within either Plan which would have required approval in accordance with Article 8.1 if such matter is specifically identified with reasonable detail in either Plan as being proposed for approval.

33. Grant-in-aid and any ring-fenced grants

33.1 Any grant-in-aid provided by DBT for the year in question will be voted in DBT's supply estimate and be subject to Parliamentary control. Currently, the Shareholder provides funding directly to the Company under the Funding Agreement. Under Section 5 of the Funding Agreement, the Company will typically receive a "SPEI Network Subsidy Payment" and a "Network Investment" (each as defined in the Funding Agreement). The SPEI Network Subsidy Payment is designed to cover the Company's net cost of maintaining a network of post offices beyond the optimum commercial size and the provision of SPEI over that network. The Network Investment supports the development of the Company's operations. The Funding Agreement details the full terms and conditions of such payments. Under the Funding Agreement, the Company's Board is required to meet specific requirements in terms of preparing and reporting against the Group Business Plans.

33.2 Payment mechanisms and management of spend related to the SPEI Network Subsidy Payment and Network Investment are as specified in the Funding Agreement.

33.3 In the event that DBT provides the Company separate grants for specific (ring-fenced) purposes, it would issue the grant as and when the Company needed it on the basis of a written request, usually in the form of a Green Book business case. The Company and the Shareholder acknowledge that in practice, the format could take different forms depending on the type of request and its urgency. Requests may require HMT approval in which case additional processes (e.g. the Treasury Approvals Process) may apply. If approved, the Shareholder will issue a funding letter setting out conditions and payment mechanisms for release of the funding, including that the Company provide evidence that the grant was used for the purposes authorised by DBT. The Company shall not have uncommitted grant funds in hand, nor carry grant funds over to another financial year.

34. Annual report and accounts

34.1 The Board must publish an annual report of its activities together with its audited accounts after the end of each financial year.

34.2 The annual report to be produced by the Company will comply with the Companies Act and the timing for production of such accounts shall accord with "best practice" applicable to UK registered companies.

34.3 The annual report and accounts shall also follow the principles in HM Treasury's Financial Reporting Manual²¹ ("FReM") and provide the additional disclosures required by FReM where these go beyond the Companies Act.

34.4 The Company will share a draft of the report narrative with the Shareholder Representative for review before it is signed off by the Board providing adequate time for such review and not less than five working days. The final annual report should be submitted

²¹ <https://www.gov.uk/government/collections/government-financial-reporting-manual-frem>

to the Shareholder as soon as feasibly possible upon receipt of auditor approval, for endorsement. The Shareholder recognises that the finalised annual report is solely the responsibility of the Board. Publication will be dependent on other government and Company announcements but will be as soon as feasibly possible.

34.5 The Shareholder will lay the annual report and accounts before Parliament and it should be made available on the Company's website.

34.6 The Shareholder may request additional reporting where reasonably needed to meet government-wide accounting requirements.

34.7 The Company will timely inform and explain to the Shareholder if it will not be able to file its accounts by the statutory deadline.

35. Reporting performance to the Shareholder

35.1 The Company shall operate management, information and accounting systems that enable it to review in a timely and effective manner its financial and non-financial performance against the budgets and targets set out in the Group Business Plans.

35.2 The Company shall inform the Shareholder of any changes that make achievement of objectives more or less difficult. It shall report financial and non-financial performance, including performance in helping to deliver ministers' policies, and the achievement of key objectives regularly.

35.3 The Company's performance shall be formally reviewed by the Shareholder, or the Shareholder Representative on the Shareholder's behalf, in line with section 7.2 of the Funding Agreement, and section 35.7 below.

35.4 The Responsible Minister may meet the Board, Chair or CEO of the Company from time to time. The Board, Chair and CEO should make themselves available to attend such meetings upon reasonable notice as requested.

35.5 The PAO may meet the CEO from time to time. The CEO should make him or herself available to attend such meetings upon reasonable notice as requested.

35.6 The DBT Policy and Funding Team will meet with senior Company representatives as required to discuss strategy and policy.

35.7 In advance of each Quarterly Shareholder Meeting (as defined in section 36.3 below), and monthly where indicated, or more frequently as agreed with the Shareholder Representative, the Company will provide the Shareholder and the Shareholder Representative with a reporting pack in such form as is approved by the Board. It will include:

- a summary of the Company's performance over the previous quarter
- key corporate risks
- a monthly business-as-usual (BAU) trading performance report including actuals vs budget and forecast, with explanations for significant deviations, and the latest full-year trading reforecasts
- information on its expected draw-down on any available SPEI Network Subsidy Payment or Network Investment for the remaining duration of the strategic plan referred to in the Funding Agreement, as reflected in the security headroom position as reported monthly to the Shareholder Representative
- an update on delivery against its planned investments as stipulated in the Funding Agreement, and as set out in the Group Strategic Plan

- monthly investment spend report including:
 - analysis of actuals vs budget and forecast, with explanations for significant deviations (including implications on delivery and risk profile)
 - latest view of annual investment spend for the relevant financial year at the project level throughout the funding period, (with annual profiling), and analysis of the implications on delivery/outputs/milestones and risk profile resulting from updates to investment spend forecasts
- monthly performance reporting on programmes/activities as mandated under the conditions attached to specific, ring-fenced funding agreements (where applicable)
- an update on the performance of its branch network against the aims set out in the Funding Agreement
- a report on issues covered by the annual Chair's letter

If information requested by the Shareholder is additional to what is listed above, DBT shall notify the Company in advance so as to enable it to provide the necessary information as soon as reasonably practicable.

36. Information provided to the Shareholder

36.1 To facilitate the Shareholder and Shareholder Representative in fulfilling their functions, the Company shall provide such relevant information as the Shareholder or Shareholder Representative may reasonably request including, but not limited to, strategic plans, operational business plans, financial forecasts and budgets, financial performance, achievements against targets, capital expenditure and investment decisions, governance matters including Board appointments and remuneration, and reports on key corporate risks.

The Company will proactively endeavour to share information on key strategic or policy issues with the Shareholder.

Where a request for relevant information is made pursuant to Article 9, the Shareholder shall make such requests itself or via the Shareholder Representative. The Shareholder and the Shareholder Representative shall procure that such information shall only be used as necessary to properly exercise the shareholder function on the understanding that due care will be taken in handling the Company's information, as set out in section 36.2 below.

36.2 Where the Shareholder Director receives information:

- in his or her capacity as the Shareholder Director he or she shall be authorised (but not required) to share this information with the Shareholder and the Shareholder Representative (subject to taking appropriate steps to safeguard the confidentiality of such information, to the extent that it is confidential), but without prejudice to his or her duties as a non-executive director of the Company
- other than in his or her capacity as the Shareholder Director and where that information is subject to a duty of confidentiality, he or she shall not be obliged to disclose the information to the Company. Where the Shareholder Director receives such information in such capacity, in circumstances where the knowledge or receipt of such information could reasonably be expected to affect his or her ability to comply with his or her duties as a non-executive director of the Company, the Shareholder Director agrees to notify the Board as soon as practicable and to take appropriate steps, including but not limited to agreeing to recuse him or herself from relevant decision-making processes

Quarterly Shareholder Meetings

36.3 Regular meetings between the Shareholder, Shareholder Representative and senior Company representatives (including the Chair, CEO and CFO) will be held on a quarterly

basis to discuss governance, financial performance and other relevant matters (“**Quarterly Shareholder Meetings**”). This shall include a report on progress against the priorities set out by the Shareholder in the annual Chair’s letter.

Ministerial Working Group

36.4 The Shareholder has convened a working group to include the Responsible Minister, the Company and the National Federation of Sub-Postmasters (“**NFSP**”) following growing media reports and parliamentary scrutiny around postmaster pay and the sustainability of the Post Office network. The purpose of the group is for DBT to facilitate an open and frank dialogue between the Company and the NFSP on these important issues. The meetings are currently held three times per year.

37. Audit

External

37.1 The Company will arrange for audit of its accounts in accordance with the Companies Act, subject to approval of the Shareholder.

37.2 The Company is currently exempt from the remit of the Comptroller and Auditor General under the National Audit Act 1983.

37.3 Not used.

37.4 Not used.

Internal

37.5 The Company will maintain an internal audit function (with or without external professional support) who will report to the Audit and Risk Committee and will cover (among other things) matters relating to risk management and internal controls, including compliance with the terms of this Framework Document.

Reviews and winding-up arrangements

38. Review of the Company's status

38.1 As a public corporation, the Company is technically out of scope of the Cabinet Office-led Public Bodies Review Programme but may still be selected for review under this framework at the discretion of the Shareholder.

39. Arrangements in the event that the Company is wound up

39.1 In the event that the Company were to be wound up, the Shareholder shall put in place arrangements to ensure the orderly winding up of the Company. In particular it should ensure that the Company's assets and liabilities are passed to any successor organisation and accounted for properly. In the event that there is no successor organisation, the assets and liabilities should revert to DBT. To this end, DBT shall:

- have regard to Cabinet Office guidance on winding up of ALBs²²
- ensure that the Company has procedures in place to gain independent assurance on key transactions, financial commitments, cash flows and other information needed to handle the wind-up effectively and to maintain the momentum of work inherited by any residuary body
- specify the basis for the valuation and accounting treatment of the Company's assets and liabilities
- ensure that arrangements are in place to prepare closing accounts and pass to the C&AG for external audit, and that funds are in place to pay for such audits. It shall be for the C&AG to lay the final accounts in Parliament, together with their report on the accounts
- arrange for the most appropriate person to sign the closing accounts. In the event that another entity takes on the role, responsibilities, assets and liabilities, the succeeding entity's accounting officer should sign the closing accounts. In the event that DBT inherits the role, responsibilities, assets and liabilities, the PAO should sign

39.2 The Company shall provide the Shareholder with full details of all agreements where the Company or its successors have a right to share in the financial gains of developers. It should also pass to the Shareholder details of any other forms of claw-back due to the Company.

²² [https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies - a guide for departments - chapter 10.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/690952/Public_Bodies_-_a_guide_for_departments_-_chapter_10.pdf)

Signatures

Signed on behalf of the Secretary of
State for Business and Trade as
Shareholder:

Carl Creswell

Carl Creswell
Director, Post Office Policy

Date: 11 July 2025

Signed on behalf of the Company:



JEM Dillon (Jul 11, 2025 15:49 GMT+1)

John Dillon
Company Secretary

Date: 11/07/2025

Signed on behalf of UK Government
Investments Ltd as Shareholder
Representative:



Charles Donald

Chief Executive Officer

Date: 11 July 2025

Annex A: Guidance

The Company shall comply with the following guidance, documents and instructions to the extent applicable:

Corporate governance

- This Framework Document
- Corporate Governance Code for Central Government Departments (relevant to Arm's Length Bodies) and supporting guidance:
<https://www.gov.uk/government/publications/corporate-governance-code-for-central-government-departments-2017>
- Code of conduct for Board members of Public Bodies:
<https://www.gov.uk/government/publications/code-of-conduct-for-board-members-of-public-bodies>
- Code of practice for partnerships between Departments and Arm's Length Bodies:
<https://www.gov.uk/government/publications/partnerships-with-arms-length-bodies-code-of-good-practice>.

Financial management and reporting

- Managing Public Money (MPM):
<https://www.gov.uk/government/publications/managing-public-money>
- Government Financial Reporting Manual (FReM):
www.gov.uk/government/collections/government-financial-reporting-manual-frem
- Relevant Dear Accounting Officer (DAO) letters:
www.gov.uk/government/collections/dao-letters
- Consolidated Budgeting Guidance, insofar as it relates to Public Corporations:
<https://www.gov.uk/government/publications/consolidated-budgeting-guidance-2025-to-2026>
- Relevant guidance and instructions issued by the Treasury in respect of Whole of Government Accounts:
<https://www.gov.uk/government/collections/whole-of-government-accounts>
- The most recent Delegation Letter setting out the delegated authorities, issued by the PAO.

Management of risk

- Management of Risk:
www.gov.uk/government/publications/orange-book and
<https://www.gov.uk/government/publications/management-of-risk-in-government-framework>
- Public Sector Internal Audit Standards:
www.gov.uk/government/publications/public-sector-internal-audit-standards

- HM Treasury approval processes for Major Projects above delegated limits:
<https://www.gov.uk/government/publications/treasury-approvals-process-for-programmes-and-projects>
- The Government cyber-security strategy and cyber security guidance:
<https://www.gov.uk/government/publications/national-cyber-strategy-2022/national-cyber-security-strategy-2022> and
<https://www.gov.uk/government/collections/cyber-security-guidance-for-business>

Commercial management

- Procurement Policy Notes:
<https://www.gov.uk/government/collections/procurement-policy-notes>
- Transparency in supply chains - a practical guide:
[https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency in Supply Chains A Practical Guide 2017 final.pdf](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1040283/Transparency_in_Supply_Chains_A_Practical_Guide_2017_final.pdf)

Public appointments

The following are relevant where public bodies participate in public appointments processes.

- Guidance from the Commissioner for Public Appointments:
<https://publicappointmentscommissioner.independent.gov.uk/>
- Governance Code on Public Appointments:
www.gov.uk/government/publications/governance-code-for-public-appointments
- Procurement Policy Note 08/15 – Tax Arrangements of Public Appointees:
<https://www.gov.uk/government/publications/procurement-policy-note-0815-tax-arrangements-of-appointees>

Staff and remuneration

- HM Treasury guidance on senior pay and reward:
www.gov.uk/government/publications/senior-civil-service-pay-and-reward
- Public sector pay and terms:
<https://www.gov.uk/government/publications/public-sector-pay-and-terms-guidance-note>
- Whistleblowing Guidance and Code of Practice:
<https://www.gov.uk/government/publications/whistleblowing-guidance-and-code-of-practice-for-employers>
- The Equalities Act 2010:
www.gov.uk/guidance/equality-act-2010-guidance

General

- Freedom of Information Act guidance and instructions:
www.legislation.gov.uk/ukpga/2000/36/contents and
<https://ico.org.uk/for-organisations/guide-to-freedom-of-information/>
- The Parliamentary and Health Service Ombudsman's Principles of Good Administration:
<https://www.ombudsman.org.uk/about-us/our-principles>
- Other relevant instructions and guidance issued by the central Departments (Cabinet Office and HM Treasury)
- Recommendations made by the Public Accounts Committee, or by other Parliamentary authority, that have been accepted by the Government and are relevant to the Company
- Guidance from the Public Bodies team in Cabinet Office:
www.gov.uk/government/publications/public-bodies-information-and-guidance
- The Civil Service diversity and inclusion strategy (outlines the ambition, to which Arm's Length Bodies can contribute):
<https://www.gov.uk/government/publications/civil-service-diversity-and-inclusion-strategy-2022-to-2025>
- Guidance produced by the National Infrastructure and Service Transformation Authority (NISTA) on management of major projects:
<https://www.gov.uk/government/organisations/national-infrastructure-and-service-transformation-authority>
- The Government Digital Service:
www.gov.uk/government/organisations/government-digital-service
- The Government Grants Management Function, Public Sector Fraud Authority and Debt Management Function:
<https://www.gov.uk/government/collections/grants-management-function>,
<https://www.gov.uk/government/publications/grants-standards>,
<https://www.gov.uk/government/organisations/public-sector-fraud-authority> and
<https://www.gov.uk/guidance/government-debt-management-function-gdmf>
- Code of Practice for Official Statistics:
<https://code.statisticsauthority.gov.uk/#:~:text=The%20Code%20of%20Practice%20for%20Statistics%20sets%20the,produced%20by%20people%20and%20organisations%20that%20are%20trustworthy.>
- Accounting Officer System Statements (AOSS are produced by departments with input from ALBs):
www.gov.uk/government/publications/accounting-officer-system-statements

Annex B: the Shareholder Representative Role

The UKGI Shareholder Representative role consists of the following activities:

Establish and maintain appropriate and effective corporate governance foundations which govern the Shareholder and Company relationship

1. Work with DBT and the Company to establish and maintain appropriate corporate governance documents and systems, through up to date and fit for purpose governance documents, including the Framework Document, Articles where relevant, board Terms of Reference and the Chair's letter.

Promote effective objectives, business planning and performance against Group Business Plan

2. Assess and challenge the Company's Group Business Plans from an owner's perspective, advising the Shareholder and Responsible Minister on the clarity of the objectives, the quality of the Group Business Plans and the financial, and where relevant commercial, strength underpinning it, and its effectiveness as a tool for the Company.

3. Monitor and challenge the Company and its Board as to the performance against its Group Business Plans or equivalent documents, in terms of how the Company is performing as an organisation (as opposed to monitoring the success of the policy delivery itself), and advise the Responsible Minister accordingly.

4. Challenge the Company's business cases, and other HMG approvals outside the Company's executive delegations, through the Shareholder Director position on the Board only (this will be limited to the degree of challenge that any non-executive board member can provide. UKGI is not responsible for formally reviewing such business cases, providing advice to the Shareholder and ministers, or obtaining HMG approval for business cases, unless explicitly agreed otherwise).

Promote strong corporate capability

5. Through the UKGI shareholder team, as well as through the Shareholder Director on the Company Board, promote the strength of the Company's governance systems which support organisational performance, by providing high level challenge to the Company (and its board), and comment to the department, on:

- a. governance framework compliance – defined as the Company's view on its compliance with its governance framework (as set out in its Framework Document, delegated authorities, and any other specified governance documents)
- b. the adequacy and strength of the Company's reporting to the department on these issues

Promote effective leadership (high quality boards and senior management)

6. Promote and advise the Shareholder on the effectiveness of the Company's leadership, specifically through:

- a. promoting high quality and diverse boards, challenging the Board's capability and effectiveness, and monitoring succession planning
- b. advising the Shareholder and ministers on and implementing effective Board composition, recruitment, remuneration and appointment processes

- c. acting as the shareholder non-executive director on the Board
- d. giving a view on the Company's board level executive capability in relation to its responsibilities, and remuneration

Promote effective relationships between DBT and the Company

7. Support effective relationships between Shareholder and the Company including through:

- a. building effective relationships with the Board and senior management
- b. promoting effective interfaces and communications between the department Shareholder and the Company, including through regular Shareholder meetings
- c. maintaining an effective regular meeting "rhythm" with the Company's Chair, Board and executive to ensure appropriate flow of information (management information) between the Company, UKGI and DBT, including effective reporting to DBT

Supporting and supplementing the activities above by providing a Shareholder Director on the Board

8. Act as government shareholder representative on the Board, through:

- a. providing an appropriately skilled board member to carry out the non-executive director role effectively, drawing on the support and analysis from the UKGI shareholder team
- b. attending the Board committees as appropriate, but usually Remuneration Committee, Audit and Risk Committee, and Nominations Committee
- c. acting as an interlocutor between DBT and the Board
- d. providing a view to the Shareholder on the strength of the Board

Annex C: Accountable Person Appointment Letter



Department for
Business & Trade

Gareth Davies
Permanent Under-Secretary of State
Old Admiralty Building,
London SW1A 2AY
E: permanentsecretary@DBT.gov.uk

Neil Brocklehurst
Chief Executive Officer
Post Office Ltd
100 Wood Street
London
EC2V 7ER

30th April 2025

ACCOUNTABLE PERSON (AP): Instruction from Department of Business and Trade (DBT) Permanent Secretary to the Chief Executive Officer (CEO) of Post office Ltd (POL) on Accountabilities and Responsibilities

Congratulations on your appointment as CEO of Post Office Limited (POL). I look forward to continuing to work with you as POL continues to deliver its ambitious programme of modernisation while providing essential services across the UK. Key areas of focus include strengthening the company's commercial offering and internal culture, ensuring the network is fit-for-purpose, delivering a new operating model, transforming technology and data, and resetting stakeholder relationships.

As CEO, you also serve as AP of POL. As Principal Accounting Officer (PAO) for DBT, I designate you as POL's AP. You are responsible for running the organisation according to regularity, propriety, value for money, and feasibility principles from Managing Public Money. Additionally, given POL's role as a Public Corporation in commercial markets, you should make investment and financial decisions based on common business practices.

POL's Shareholder Relationship Framework Document sets out the role of POL's AP, and the standards you are to ensure your organisation follows are summarised in **Managing Public Money Box 3.1: Standards expected of the Accounting Officer's organisation:**

"Acting within the authority of the minister(s) to whom he or she is responsible, the accounting officer should ensure that the organisation, and any ALBs it sponsors, operates effectively and to a high standard of probity. The organisation should:

Governance:

- *have a governance structure that transmits, delegates, implements, and enforces decisions*
- *have trustworthy internal controls to safeguard, channel and record resources as intended*
- *work cooperatively with partners in the public interest*
- *operate with propriety and regularity in all its transactions*
- *treat its customers and business counterparties fairly, honestly and with integrity*

- *offer appropriate redress for failure to meet agreed customer standards*
- *give timely, transparent, and realistic accounts of its business and decisions, underpinning public confidence;*

Decision-making:

- *support its ministers with clear, well-reasoned, timely and impartial advice*
- *make all its decisions in line with the strategy, aims and objectives of the organisation set by ministers and/or in legislation*
- *take a balanced view of the organisation's approach to managing opportunity and risk*
- *impose no more than proportionate and defensible burdens on business;*

Financial management:

- *use its resources efficiently, economically, and effectively, avoiding waste and extravagance*
- *plan to use its resources on an affordable and sustainable path, within agreed limits*
- *carry out procurement and project appraisal objectively and fairly, using cost benefit analysis and generally seeking good value for the Exchequer as a whole*
- *use management information systems to gain assurance about value for money and the quality of delivery and so make timely adjustments*
- *avoid over defining detail and imposing undue compliance costs, either internally or on its customers and stakeholders*
- *have practical documented arrangements for controlling or working in partnership with other organisations, as appropriate*
- *use internal and external audit to improve its internal controls and performance."*

As part of this responsibility, I expect you to ensure that POL follows DBT and HM Treasury (HMT) approvals requirements described in MPM and other ancillary guidance such as the Senior Pay Guidance and Public Sector Pay and Terms Guidance, as applicable to POL.

The Committee of Public Accounts may invite you to attend as a witness at its evidence sessions. This is not optional, and it is only with specific agreement of the Chair of the Committee that you may defer your attendance or send a substitute.

Your designation is in line with latest HMT advice on Public Corporations. The Office for National Statistics (ONS) has classified POL as a Public Corporation. Therefore, it is exempt from standard Cabinet Office controls unless agreed with HMG and the Shareholder. POL must make investment and financial decisions based on common business principles and practices. Where any government fiscal controls may apply, it is POL's responsibility to identify these, with assistance from DBT and UK Government Investments (UKGI).

Any funding received from DBT, or any other Government Department (OGD) should only be used in accordance with the terms and conditions attached to the relevant Funding Agreement and you should provide any assurance required by the relevant Funding Agreement. Any other income received should be treated as public money and have the same standards applied to it as set out in Managing Public Money. Have you not already done so in your role as Temporary Acting Accountable Person (TAAP), I recommend you undertake Accounting Officer training, which my officials can help to arrange for you.

For further guidance, please refer to the following Treasury issued handbooks:

- The Accounting Officer's survival guide: the main Accounting Officer's responsibilities; and
- Parliamentary scrutiny of public spending: practical guidance on engagement with the National Audit office and the Committee of Public Accounts.

I look forward to working with you and value the huge contribution you are already bringing to the role.

Yours sincerely,

GARETH DAVIES
PERMANENT SECRETARY