

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

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

A. PURPOSE

1. The purpose of the Committee is to:
 - i. Ensure that appropriate remuneration policies are in place for the Company, taking into account all factors the Committee deems necessary, including relevant:
 - legal and regulatory requirements;
 - provisions of the UK Corporate Governance Code in effect at the time;
 - provisions of the Shareholder Relationship Framework Document in effect at the time; and
 - any associated guidance.

The objective of such policies shall be to attract, retain and motivate executive management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of the shareholder and other stakeholders.

- ii. Design and review remuneration and workforce policies and practices for the Company's Executive Directors and members of the Executive Team , ensuring they are aligned to:
 - the Company's culture, purpose and values;
 - delivering the Company strategy; and
 - promoting and delivering the Company's long-term sustainable success.
 - iii. Use discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances, ensuring that any exercise of discretion is clearly documented in minutes of Committee meetings and reported to the Board (see also paragraph 24 below);
 - iv. Approve, for recommendation to the Shareholder, the remuneration for Executive Directors and the fees for Non-Executive Directors for the Company, aside from the Chair where the Shareholder will confirm the remuneration for the Chair, as determined by the Shareholder;
 - v. Approve the remuneration packages of individuals who are members of the Executive Team;
 - vi. Approve the introduction of any long- and/or short-term incentive scheme (LTIP/STIP), the associated performance criteria and any awards made under such schemes. In approving such a scheme, the Committee shall ensure that it is simple, transparent, and clear.
 - vii. During scheme periods, routinely assess progress against STIP and LTIP metrics, including reviewing the validity of STIP and LTIP

metrics if circumstances change and determining whether changes to metrics are required, noting the need to potentially consult with the Shareholder on any proposed scheme changes.

B. DUTIES AND RESPONSIBILITIES

Remuneration Policy

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

Remuneration Packages

3. **Approve** the remuneration package and total remuneration, as well as the terms and conditions of employment, including any variations thereof for proposed:
 - i. Executive Directors and members of the Executive Team (including any interim appointments); and
 - ii. Subsidiary director appointments¹.

Remuneration may include, but shall not be restricted to:

- a. Base salary
- b. STIP
- c. LTIP
- d. Pension Provision
- e. Contractual terms such as notice periods.

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

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

The Committee must make a recommendation to the Shareholder and Shareholder approval is required in respect of the proposed remuneration of any person who is a director of a subsidiary company².

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

¹ Excluding Post Office Management Services Limited (Post Office Insurance) director appointments and Group director appointments which are in addition to a Group employee's primary role and where no additional remuneration applies.

² Excluding remuneration for directors of FCA regulated subsidiaries and remuneration for directors who are Group employees and there is no proposed additional remuneration.

5. **Review** annually the overall total remuneration of the Executive Team (comprising the Executive Directors and wider members of the Executive Team), with reference to external market comparators.

Long Term Incentive Scheme (LTIP)

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

Short Term Incentive Scheme (STIP)

11. **Approve** the criteria for, changes to, and outturn against the STIP for Executive Directors and members of the Executive Team. STIP scheme metrics, weightings and targets that are proposed for Executive Directors must be approved by the Shareholder.
12. **Review** progress against STIP metrics, including to review the validity of STIP metrics if circumstances change and to determine whether changes to metrics are required (noting the potential need to consult with the Shareholder on any proposed scheme changes).
13. **Review** annually the criteria for, and outturn against, any agreed short-term performance related pay arrangements for Executive Directors and members of the Executive Team.
14. **Document** the data that has been reviewed to determine whether metrics have been achieved, noting this in the minutes of Committee meetings.
15. Where final STIP outturns are in line with Shareholder approval obtained under paragraph 11 above, **Inform** DBT and UKGI officials in respect of the final outturn amounts for performance related STIP for Executive Directors. Where final STIP outturns proposed for Executive Directors are not in line with Shareholder approval, additional Shareholder approval must be obtained prior to award.

16. **Note** the total outturn of performance related pay arrangements across the Company for information.

Exit Packages

17. Where any exit package for any Executive Director or member of the Executive Team is in excess of contractual obligations, the exit package must be approved by the Committee for recommendation to the Shareholder. Special-severance payments require HMT approval in line with the relevant provisions of Managing Public Money.

Non-Executive Directors

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

Group

19. **Approve for recommendation to the Board** the Group Remuneration Policy.

When making recommendations regarding the Group Remuneration Policy and its application to Executive Directors and members of the Executive Team, the Committee notes the responsibilities of the Group Chief Executive as the Accountable Person to observe the principles set out by HM Treasury in Managing Public Money and the responsibility of the Company to have regard to, and take into account:

- i. relevant sections of HM Treasury Guidance for approval of Senior Pay (June 2025); and
- ii. the remuneration provisions set out in paragraph 31 of the Shareholder Relationship Framework Agreement (July 2025).

C. REPORTING RESPONSIBILITIES

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

D. AUTHORITY

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

25. The Committee shall be authorised to seek any information it requires from any employee of the Company in order to perform its duties.
26. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary at the expense of the Company. However, the Committee should avoid designing pay structures based solely on benchmarking to the market or on the advice of remuneration consultants and should ensure pay structures are simple, transparent, and clear.

E. COMPOSITION AND GOVERNANCE

Membership

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

Quorum

32. Quorum shall be two members.

Committee Secretary

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

Frequency

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

Governance

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

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

Process to obtain Shareholder approval

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

F. ANNUAL REVIEW AND APPROVAL

45. The Committee will undertake an annual review of its performance and the Terms of Reference. Any amendments to the Terms of Reference will be subject to Board approval.

Approved by:	Date:	Version:	Effective from:
Post Office Limited Board	25/03/2015	1.1	25/03/2015
Post Office Limited Board	25/11/2015	1.2	25/11/2015
Post Office Limited Board	30/10/2018	1.3	30/10/2018
Post Office Limited Board	20/07/2019	1.4	30/07/2019
Post Office Limited Board	08/04/2020	2.0	09/04/2020
Post Office Limited Board	03/06/2021	2.0 (no changes)	04/06/2021
Post Office Limited Board	28/03/2023	3.0	29/03/2023
Post Office Limited Board	28/11/2023	4.0	29/11/2023
Post Office Limited Board	01/03/2024	5.0	02/03/2024
Post Office Limited Board	04/06/2024	6.0	04/06/2024
Post Office Limited Board	19/05/2026	7.0	19/05/2026