

Witness Name: Adam Crozier

Statement No.: WITN04390100

Dated: 28 February 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ADAM CROZIER

INTRODUCTION

I, ADAM CROZIER, WILL SAY AS FOLLOWS:

1. I held the position of Chief Executive Officer (“CEO”) of Royal Mail Group Ltd and was a director of Royal Mail Group Ltd and Royal Mail Holdings plc¹ from February 2003 to April 2010.
2. I make this statement for the purposes of the Post Office Horizon IT Public Inquiry (the “**Inquiry**”) and in particular, in response to the Inquiry’s request for evidence under rule 9 of the Inquiry Rules 2006 in its letters to me of 31 August 2022 and 6 December 2023 (the “**Requests**”). I have received legal assistance from Cooley (UK) LLP in the preparation of this statement.
3. This statement is divided into the following sections identified by the Inquiry in its Requests:
 - 3.1 Background;

¹ Unless otherwise specified, where I refer to “Royal Mail” in my witness statement, this is in respect of both Royal Mail Group Ltd and Royal Mail Holdings plc.

- 3.2 Corporate structure of Royal Mail;
 - 3.3 Role as CEO of Royal Mail;
 - 3.4 Government oversight;
 - 3.5 Oversight of Horizon;
 - 3.6 Bugs, errors and defects in Horizon;
 - 3.7 Prosecutions;
 - 3.8 Civil proceedings against Ms Wolstenholme;
 - 3.9 The IMPACT programme; and
 - 3.10 Reflections.
4. I have referred to documents disclosed by the Inquiry to me as part of the Requests, in the manner prescribed by the Inquiry's Updated Protocol on Witness Statements. I do not personally hold any relevant documentation from my tenure at Royal Mail, due to my obligations to return all IT and documents on my departure. Therefore, all documents referred to in my statement are documents already disclosed to the Inquiry and so I refer to their Unique Reference Number as assigned by the Inquiry.
5. I have sought to respond to the Inquiry's requests in the order they have been raised. However, before turning to the specific questions, I would like to express my heartfelt sympathies to the individuals and families of the individuals who were so wronged and for whom justice has been denied for so long. I can only imagine the immense and continued suffering they must

have faced over many years. I feel deeply sorry for those whose lives were ruined and I am grateful for the opportunity to assist in any way I can to help ensure that vital lessons are learnt. As I explain in this statement, it is a matter of huge regret for me that I was not aware of the tragic situation for Post Office sub-postmasters and their families during my time at Royal Mail.

6. It is against this backdrop that I answer the Inquiry's questions to the best of my knowledge and recollection in light of the passage of time.

BACKGROUND

7. Prior to my tenure at Royal Mail, I held a number of senior roles at the international marketing and advertising agency Saatchi & Saatchi Advertising between 1988 and 1999, including that of Joint Chief Executive from 1995 to 1999. Following that, I served as Chief Executive of the Football Association (the "FA") between 2000 and 2003. In both these roles, I led major commercial transformations which included stabilising and modernising the companies during significant periods of change. I believe my roles at Saatchi & Saatchi Advertising and the FA equipped me for my role at Royal Mail, in particular this experience of managing challenging transformations in times of instability.
8. In 2003, I joined Royal Mail as CEO. I discuss my appointment and role further below. I stayed at Royal Mail for seven years until April 2010, when I joined the media group ITV plc as CEO. I left ITV plc in June 2017, retiring at that stage from full-time executive roles.
9. Since leaving ITV plc, I have held various non-executive Chairman roles, including with Stage Entertainment BV (until late 2018), Vue International

(until 2020) and ASOS plc (until 2021). I was also a non-executive director of The Sony Corporation in Japan between June 2020 and December 2021.

10. I am currently the non-executive Chairman of Whitbread plc, Kantar Group Ltd and British Telecoms Group plc. I have held these roles since April 2017, February 2020 and November 2021, respectively.

CORPORATE STRUCTURE OF ROYAL MAIL

11. Whilst I have tried to address as best I can my recollection of the corporate structure of Royal Mail and the separation of much of the Post Office Limited (“POL”) governance within this, I must stress that my responses are not in any way intended to detract from the fact that it is clear to me now that this structure did not help facilitate vital information regarding Horizon and the conduct of criminal proceedings reaching me or the board of Royal Mail as it should have done.

Overview

12. Royal Mail Holdings plc, which was directly owned by HM Government (the “**Government**”), was the ultimate parent company of Royal Mail Group plc (the “**Group**”). Royal Mail Holdings plc was set up as a public corporation (a form of “arm’s length body”), to ensure that the Royal Mail letters and parcels business (“**Royal Mail Letters**”) could be transformed and modernised to become a commercially focused company operating successfully in a competitive market.

13. As Royal Mail was state-owned during my time as CEO, it had a single shareholder (the Government). For most of my tenure at Royal Mail, the shareholder body was referred to as the Shareholder Executive.
14. Royal Mail was organised in a way which separated out parts of the business as operating units. I recall that these included Royal Mail Letters, Royal Mail Logistics (later subsumed into Royal Mail Letters), GLS, Parcelforce and POL. These operating units were not all separate subsidiaries; for example, although Parcelforce was a unit within the Group, it was not a subsidiary.
15. POL, on the other hand, was a legally separate entity within the Group and it was run in a “semi-detached” way from the rest of Royal Mail. In particular, POL had a governance function that was largely separate to the Royal Mail governance system, with its own:
 - 15.1 Independent board (and its own non-executive directors) (the “**POL Board**”);
 - 15.2 Chairman (Sir Michael Hodgkinson until 2008, and subsequently from 2009 Donald Brydon, who became Chairman of the Group and also took on the role of Chairman of POL, as I believe was agreed with the Shareholder Executive);
 - 15.3 Until 2005, CEO David Mills, who reported to Allan Leighton, and subsequently Alan Cook who took over as Managing Director from 2006 to 2010;
 - 15.4 Executive management team (the “**POL Executive Team**”);

- 15.5 Risk and Compliance Committee;
 - 15.6 Regular meetings and information-sharing with Government and the Shareholder Executive; and
 - 15.7 Annual Reports.
16. Importantly, the POL Chairman and POL CEO/Managing Director both sat on and represented POL matters at the Royal Mail Holdings plc board (the "**Royal Mail Board**"). The POL CEO/Managing Director also sat on the Royal Mail management board (the "**Royal Mail Management Board**"), given the significant commercial agreement between Royal Mail and POL for the services POL provided in respect of the Royal Mail letters and parcels business.
17. As far as I can recall, there were no material changes to the corporate structure of Royal Mail between 2003 and 2010.

The Royal Mail Board

18. As CEO, I was a director of Royal Mail Holdings plc, and attended all Royal Mail Board meetings.
19. The Royal Mail Board comprised of non-executive directors including the Chairman Allan Leighton, the Executive Deputy Chairman Elmar Toime, myself as CEO, Group Technology Director David Burden, Chief Financial Officer (**CFO**) Marissa Cassoni (and later, Ian Duncan), Group HR Director Tony McCarthy, POL Chairman Sir Michael Hodgkinson, and POL Managing Director (David Mills and later, Alan Cook). Royal Mail Board members, as

well as Company Secretary Jonathan Evans, attended all Royal Mail Board meetings. Depending on the agenda item, direct reports and key team members would also attend to present on particular matters.

20. The Royal Mail Board met roughly ten to twelve times a year. The agenda for each meeting would be determined by the Chairman, Allan Leighton, with input from me, the CFO and the Company Secretary. If the POL Chairman or POL CEO/Managing Director had anything to raise, this would also be included in the agenda, although I recall this was relatively infrequent, as most decisions could be made by the POL Board under delegated powers of authority without reference to the Royal Mail Board.

21. My recollection is that the Royal Mail Board was very inquisitive and given the depth of knowledge and experience in corporate transformations, its members were very action-orientated, keen to identify and resolve problems, and very focused on improving compliance across the company. In preparing for this statement, I reviewed the following Group Annual Reports:

21.1 Royal Mail Holdings plc Accounts 2002-2003;

21.2 Royal Mail Holdings plc Accounts 2004-2005;

21.3 Royal Mail Holdings plc Accounts 2006-2007; and

21.4 Royal Mail Holdings plc Accounts 2008-2009.

22. Whilst significant time has passed since I was involved with these processes, the Annual Reports reflect my recollection of the corporate governance processes in place at the time.

23. The Royal Mail Board subcommittees included the Audit and Risk Committee, the Remuneration Committee, the Nominations Committee and the Corporate Social Responsibility Committee.²
24. The following would be considered by the Royal Mail Board:
 - 24.1 Minutes of all the operating unit board meetings, including in no particular order, POL, Royal Mail Letters, Royal Mail Logistics and Parcelforce, the Royal Mail Management Board and from time to time, the GLS Board;
 - 24.2 The Group's monthly financial reports; and
 - 24.3 Other ad-hoc reports on various issues, such as on health and safety and employee engagement.
25. In addition, all committee heads would provide verbal updates on any items of note from the respective committee meetings.
26. I have been asked by the Inquiry about the level of technical IT expertise of those attending the Royal Mail Board. The levels of expertise varied across board members, but I recall that all board members had some experience of the use of technology in modernising organisations they had led. David Burden, as Group Technology Director, had particular in-depth experience of transformations that involved technological modernisation and therefore had a specific role in advising the Royal Mail Board on technology as a specialist.

Post Office Limited Board

² I do not recall the specific terms of reference for these subcommittees.

27. The POL Board was chaired by Sir Michael Hodgkinson, Allan Leighton, Sir Michael Hodgkinson, Elmar Toime (until 2004) and David Mills (until 2005) sat on both the Royal Mail Board and the POL Board, and they would present POL issues at Royal Mail Board level. This was also the case with Alan Cook when he joined as Managing Director. Jonathan Evans also attended both the Royal Mail and POL Board meetings. I did not attend POL Board meetings (except for roughly two or three occasions) and at no time was I a director of POL.
28. I believe the POL Board met around six to eight times a year. I expect that it would have been David Mills, and later Alan Cook who determined the agenda of the meetings. In addition to the POL Board, POL had their own Risk and Compliance Committee, which I do not recall ever attending.
29. I have been shown various documents by the Inquiry where specific POL items were brought to the Royal Mail Board. The key matters which would be discussed at the Royal Mail Board level by the POL Executive Team or POL Board typically related to POL funding arrangements or changes (see, for example **RMG00000032** – Royal Mail Holdings plc Board of Directors Meeting Minutes of 10 January 2006 and **RMG00000039** – Royal Mail Holdings plc Board of Directors Meeting Minutes of 27 January 2010) including in respect of updates on negotiations with WHSmith and the Bank of Ireland (**RMG00000029** – Minutes: Royal Mail Holdings plc Minutes of Board of Directors meeting of 06 February 2007). This is because the strategy and development of POL funding affected the solvency of the Group as a whole.

Management Boards

30. As I referenced above, Royal Mail had its own Management Board which sat under the Royal Mail Board. The function of the Royal Mail Management Board was to oversee the day-to-day operation and execution of the business plan as agreed with the Royal Mail Board, within delegated authority levels set by the Royal Mail Board. It was also responsible for allocating resources across the Group. The overall objective was to ensure that Royal Mail was modernised to enable it to compete commercially in an open and competitive market, improve quality of service for customers and meet the targets agreed with the regulator at the time, Postcomm, and with Postwatch, and to ensure that POL could become a sustainable public service. As part of the modernisation, there was an inherent recognition that there was a need for transformation and the Royal Mail Management Board was encouraged to seek, identify and resolve issues.
31. POL had its own management team (the POL Executive Team, referenced above) which sat under the POL Board in terms of structure. The POL Managing Directors (David Mills and later, Alan Cook) were during my tenure members of the POL Executive Team and also the Royal Mail Management Board, as mentioned above.

ROLE AS CEO OF ROYAL MAIL

Appointment

32. I joined Royal Mail in February 2003, after my appointment as CEO by Allan Leighton, the Chairman of Royal Mail. Both the Royal Mail Board and the Government at the time approved my appointment. As background, at the time

of my appointment, Royal Mail had approximately 205,000 employees, and POL had approximately 14,000 employees and approximately 14,000 sub-postmasters (as set out in the respective Annual Reports).

33. The CEO appointment process itself was run by the international executive recruitment firm Heidrick & Struggles. The initial interview process was conducted by Heidrick & Struggles, following which I was interviewed by Allan Leighton. Part of the process included meeting with a Government panel which had been set up to oversee the appointment, and current Group executives, including Jonathan Evans (the Company Secretary of Royal Mail) and Marissa Cassoni (the CFO of Royal Mail). I believe I also met Elmar Toime, who had previously held the position of CEO at New Zealand Post Limited from 1993 to 2003, and who was joining the company as Executive Deputy Chairman at around the same time.
34. I invested the first months of my role as CEO in understanding both Royal Mail's structure and also the postal industry itself. I spent time with key personnel in the business as part of my induction. At the same time, I also learnt from working with Elmar Toime, who had a wealth of experience in the postal industry.

Role

35. Upon appointment, and in line with the governance structure in place at the time, Elmar Toime, David Mills and I split the role of our predecessor John Roberts, in the following way:

- 35.1 Elmar Toime was appointed as Royal Mail's Executive Deputy Chairman and Chair of the Royal Mail Management Board. He was to focus on the Royal Mail Letters division, given his experience of the industry.
- 35.2 I was responsible for Group strategy and modernisation, the Royal Mail subsidiaries, Royal Mail Logistics (later subsumed into Royal Mail Letters), Parcelforce, and Group functions such as finance and marketing. Initially, Allan Leighton chaired the board for GLS; I then took over the chairing of the GLS board in around 2006 or 2007.
- 35.3 David Mills continued in his role as CEO of POL.
36. I believe the intention was that Elmar Toime would bring knowledge of the postal industry to the role, and I would bring marketing, consumer and transformation experience given my over eight years of experience at Saatchi & Saatchi Advertising and the FA.
37. Elmar Toime, David Mills and I all reported directly to Allan Leighton. When Elmar Toime left in October 2004, I took over responsibility for Royal Mail Letters, and POL continued to be run by its then CEO, David Mills.
38. My role at Royal Mail was to ensure we transformed the way we worked at a critical time for the company, with a particular focus on the modernisation of Royal Mail Letters which accounted for the vast majority of the Group, as well as introducing improvements in the way of working across the Group. Such improvements included ways to:

- 38.1 Develop, communicate and execute Group-wide strategy to modernise and transform the business, in order to deliver a world class Universal Service for post in the UK;
- 38.2 Automate and modernise the Royal Mail Letters business to improve its efficiency;
- 38.3 Transform the shape of the Royal Mail centre network;
- 38.4 Improve our operational efficiency, to deliver against the business's Quality of Service targets in respect of the Universal Service Obligation, which had not been met for many years, and return the business to profitability (my focus in this regard was on Royal Mail Letters, Parcelforce, GLS), while maintaining the strong social function of Royal Mail;
- 38.5 Ensure that Royal Mail was able to build a parcel delivery business that could successfully compete with existing market players as online shopping increased and letter volumes declined;
- 38.6 Ensure that the Royal Mail Letters business was fit to compete in a market that was being opened up to competition by the postal regulator for the first time in its history;
- 38.7 On behalf of the Group, work with the POL Executive Team in respect of securing government funding for the network in order to ensure that:
 - The Group remained solvent and a going concern; and

- The Government subsidy would support a network size that allowed us to meet the regulatory targets for proximity to a Post Office branch.
39. Additionally, when Elmar Toime left in late 2004, I took over the chairing of the Royal Mail Management Board and, as mentioned, I also took on the role of CEO of Royal Mail Letters, which at that stage was continuing to fail its Quality of Service targets. Once we had addressed this and met the relevant targets, I appointed Ian Griffiths and subsequently Mark Higson to lead Royal Mail Letters.
40. I was conscious at all times of my responsibilities as set out above at paragraph 38. I appreciated that whilst I could not have direct involvement in the day-to-day operations of the Group and functions would be delegated out to key individuals who I trusted were competent and responsible, these functions would need to be suitably supervised by me and by the Royal Mail Board. The same applied to the delegated responsibilities of the Board committees.
41. As we were ultimately responsible for supervision, each of the directors had clear responsibilities for the area which they held expertise in, as well as objectives that were set and agreed by the Royal Mail Board every year. As far as I can recall:
- 41.1 Oversight for criminal prosecutions and civil proceedings brought by POL would have sat with the POL legal team, and oversight for prosecutions brought on behalf of the rest of the Group would have sat with the Group legal team. I believe both legal teams would have

ultimately been under the supervision of the Company Secretary, Jonathan Evans;

- 41.2 Oversight of Group IT would have been under the supervision of the Group Technology Director, David Burden (who was already in the role when I joined Royal Mail) and from 2007, Robin Dargue;
 - 41.3 Oversight of any accounting system would have been under the supervision of the Group CFO and Group Technology Director for any Group-wide systems, and the POL Technology Director, POL Operations Director and POL CFO for any POL-specific systems such as Horizon;
 - 41.4 Oversight of the Group's compliance with the Race Relations Act 1978 would have been under the supervision of the Group HR Director, who was a member of the Royal Mail Board. I have also been specifically asked about compliance with the Equality Act 2010, but as this did not come into force until after I left Royal Mail, I am unable to confirm.
42. The Group Technology Director and the Group CFO both sat on the Royal Mail Board, and the Company Secretary attended these meetings and produced the minutes of these meetings. My oversight of the Royal Mail legal department and investigations undertaken by Royal Mail would have been through the reporting of the Royal Mail Company Secretary, and similarly, my oversight of IT was reliant on reporting by the Group Technology Director.
 43. POL had their own legal and technology directors and teams. I fully trusted David Mills and subsequently Alan Cook, as well as other POL Executive

Team members including Sir Michael Hodgkinson, to raise any significant systemic or reputational issues relevant to POL that would have had an impact on the Group at either the Royal Mail Management Board meetings or at the Royal Mail Board meetings.

44. Overall, the Royal Mail Board had to satisfy itself each year, through a skills analysis, that it had the knowledge, talent and experience required to run the business. I recall that, in addition, the Royal Mail Board's performance, as well as the performance of its committees was appraised annually, and feedback was given on areas for improvement. Alongside this, I (or the appropriate Royal Mail Board member) assessed each member of the management team's performance. The Royal Mail Board also appointed a number of independent non-executive directors. The Royal Mail Board was supported by external specialist advice and, as I set out below, there was regular communication with the Shareholder Executive.
45. It is fair to say that there was a recognition by the Royal Mail Chairman and the Royal Mail Board, as well as the Shareholder Executive, that Royal Mail was in need of significant reform and that the plan for transformation was not without difficulty due to the lack of modernisation and investment in the institution over many decades. Given this major transformation and the relationship with the Government as sole shareholder, I was very cognisant that openness and accountability were key.
46. The Royal Mail Board was used to receiving and dealing with difficult issues on a fairly regular basis as a result of the constant encouragement across the Group to openly and transparently raise issues as they arose; I encouraged

all our leaders at every level to be open and transparent about the issues they faced in trying to deliver the Group transformation plan, as I considered this necessary and was keen to emphasise that issues should be identified, quickly communicated and directly confronted. This was so we could ensure our focus was on resolving matters to enable us to improve the performance of the company, particularly for consumers. For example, along with Allan Leighton, I regularly met with all Royal Mail Letters front line managers (approximately 2,500 individuals). We would use these sessions to get detailed feedback on what needed resolving or improving in our operations, and also to update our teams on strategy, changes and improvement on issues previously raised.

Group objectives

47. Whilst there was a need for cashflow and profit to maintain the viability of the Group, there was recognition by the Royal Mail Board that this was not the Group's sole objective. It had a mixed set of objectives to be delivered in the Group's best interests, which I was mindful of. For instance, it was critically important that we delivered on the Universal Service Obligation and met our Quality of Service targets; similarly, Post Office branches across the country had a social purpose and were critical to local communities, and there was a clear intention for there to be a branch within distance of every member of the public. While there was of course a need for efficiency in order to future-proof the company, particularly during a time when mail volumes were decreasing year on year (and the market was being opened up to competition for the first time), I did not consider there to be tension between objectives: it was not

possible to invest in the network (and deliver on the Universal Service Obligation) without the generation of profit, but the generation of profit was precisely for this purpose.

48. That is not to say that there were not a huge number of key priorities to be executed – as with any company, particularly one going through a major transformation, there was an extensive list of priorities. However, my firm understanding was that the central objective at all times was to deliver a better Group for all stakeholders.

GOVERNMENT OVERSIGHT

49. Royal Mail (through myself as CEO, along with the CFO and Company Secretary) met with the Shareholder Executive on a roughly quarterly basis. During my tenure, there were also various meetings and interactions with other members of the Government. I believe Allan Leighton, as Chair of the Group, had meetings with the Shareholder Executive and various ministers from time to time, as well.

50. The regular meetings with the Shareholder Executive involved Royal Mail receiving feedback and providing thorough reviews and updates on a variety of matters, including:

50.1 Financial performance;

50.2 Quality of Service performance;

50.3 Progress on programmes of modernisation;

50.4 Relationships with the unions; and

50.5 Group funding and solvency issues.

51. As Royal Mail was state-owned, operating in a competitive and regulated industry and undergoing substantial modernisation, there was understandably considerable Government oversight and a need to ensure compliance with relevant legislation and guidance. During my tenure I considered the Government's oversight of the business to be sufficient and certainly (and understandably) more than that of shareholders of a commercial public limited company.
52. The Shareholder Executive rarely attended Royal Mail Board meetings save for when particular topics needed their specific input or approval as shareholders. These were generally focused around two key matters:
- 52.1 Funding of POL (and related size of the network) and the impact on the solvency of the Group as a whole; and
- 52.2 Future ownership structures (including potential employee ownership, which was at one stage mooted).
53. I do not recall discussing Horizon, or any problems with it, during my meetings with Government, or during meetings which were attended by the Shareholder Executive.
54. My recollection is that the POL Board, through the POL Managing Director and POL Executive Team, met with Shareholder Executive and various departments and teams within Government even more regularly than the Royal Mail team did, given the importance of the Post Office network to Government policy and the services POL provided on behalf of Government

agencies. Of the subsidiaries of the Group, only the POL team met separately with Government and the Shareholder Executive (the remainder of the Group was represented by the Royal Mail management team alone).

55. I do not know whether Horizon was ever discussed in these meetings.

OVERSIGHT OF HORIZON

56. To the best of my knowledge, I believe the Horizon system was first piloted in 1995 and rolled out in 2000 with ongoing development thereafter. The system was therefore relatively established when I arrived in 2003.

57. I recall this relationship would have been run by the POL Operations Team, supported by the POL IT Team. The Operations Team was led by Dave Miller (followed by Ric Francis and then Paula Vennells who joined the POL Board in early 2007), and I think that the IT Team was led by Dave Smith. I recall that the POL Finance Director, Peter Corbett, was also very involved in the business case for Horizon.

58. It made sense therefore that the ongoing relationship with Fujitsu was owned and led by POL. All operational, development and execution meetings were, as far as I am aware, jointly held between POL management and the relevant Fujitsu team, and I was not involved in the implementation of the system or its operation or development.

59. I do not recall receiving any training or instruction on how to use the Horizon system, and I would not have expected to have been involved in this level of detail. I was of course aware that the system was an accountancy tool for POL branches, but I did not have any meaningful understanding of the detail of its

technical operation, nor the detail of any of the specific software releases. Were there to be a need for any technical input generally during my time as CEO, I understood that that would have been requested from and given by David Burden, who was the Group Technology Director (and in later years, by his successor, Robin Dargue).

60. I have already described in brief the corporate governance structures that were in place at POL, and that there were specific teams at POL who took ownership of the implementation and operation of the Horizon system. I would have relied on these structures for information to reach me.

The Horizon contracts

61. I believe the contract itself was negotiated and run by POL teams, who had ownership of the system itself, and I do not recall being briefed on the terms of the contract between POL and Fujitsu.
62. I have been asked by the Inquiry to consider the Second Supplemental Agreement between POL and Fujitsu, dated 24 September 1999 (**POL00090428**). This preceded my tenure at Royal Mail by over three years, and I am not aware that this was ever brought to my attention. Similarly, the Inquiry has asked me to consider clause 5.3 of the Third Supplemental Agreement, dated 19 January 2000 (**FUJ00118186**). I was not aware of this clause or what it provided for in the relevant circumstances.

Operation of Horizon

63. I was not aware that there were any widespread issues of any kind with the system, and I had no sense at that time from anyone involved with the Horizon

- system, or the oversight of the system, that they believed there were any significant issues with its functionality. Whilst it has been over 13 years since I left Royal Mail, I certainly do not recall any such issues with Horizon being brought to my attention during the course of my time as CEO, by the POL Executive Team, POL Board, POL Risk and Compliance Committee or the National Federation of Sub-postmasters.
64. I do not recall being briefed on issues with the Horizon system when I arrived at Royal Mail in 2003, and I was also not engaged with the detail of any upgrades to the Horizon system during my time at Royal Mail.
65. I would have expected at the time that overall monitoring of Horizon and any issues raised by users during roll-out and implementation would be investigated and discussed by the joint working groups from POL and Fujitsu, with oversight from the POL Executive Team and POL Risk and Compliance Committee. Similarly, I believe the relevant POL teams would have met with the National Federation of Sub-postmasters on a reasonably regular basis and had the opportunity to discuss any relevant matters raised by its members during these meetings.

Working with Fujitsu

66. The Inquiry has referred me to slides of a PowerPoint presentation titled "The Story of Horizon and Horizon on line" which appear to be authored by a Dave Smith (**FUJ00098040**). I had not seen these slides before their disclosure to me by the Inquiry and I note that they are dated September 2010 (some months following my departure) and also that they refer to a large period of time that preceded my tenure at Royal Mail.

67. I appreciate that this is a substantial slide deck, and that the Inquiry has directed me to a short subset of the same (in particular pages 107 to 112). I have outlined the context behind this set of slides to the best of my ability below, and I would be happy to assist should the Inquiry have any further specific questions.

67.1 Relationship with Fujitsu: Whilst it is possible I may have come across some of the individuals from Fujitsu who are named in the slides, I do not recall doing so and therefore I am not in a position to comment on their relationship with POL. As to whether the slides provide an accurate representation of the Horizon project, given I was not involved in the project's implementation, roll-out or any subsequent upgrades, I am similarly unable to comment.

67.2 Use of screens: I note that there is a reference to a request from Allan Leighton (the Royal Mail Chairman), supported by me, to put in place screens to communicate with our people. I found this to be a sensible way of reaching our people; Allan, as an ex-retailer, was leading on this issue and I had no reason not to be supportive, particularly having seen its effectiveness in various other contexts.

68. My involvement with individuals at Fujitsu was very limited and I only recall meeting Simon Blagden (non-executive Chairman at Fujitsu) on one occasion for a relationship building meeting. Given my involvement with Fujitsu personnel was so limited, I am not able to comment on the nature of the relationship between Fujitsu and POL.

69. The Inquiry has provided me with minutes of a POL Board meeting on 20 April 2006 (**POL00021492**). I believe that throughout my years at Royal Mail, I attended in total around two or three POL Board meetings. In this instance, I believe I would have attended as there was to be an update on solvency and funding issues, which were relevant to the Group as a whole.
70. I can see that during this POL Board meeting, a "Horizon S90 Release" was discussed ("POLB06/46"). I note that the minutes state that *"The release continued to make good progress. There had been a number of issues in the pilot but these had been quickly diagnosed and resolved"*, which I expect would have suggested to me that the issues had been dealt with, although I do not recall the particular discussion that took place on this item.
71. I have also noted that a further item relating to Horizon was discussed: "Horizon Next Generation" ("POLB06/52"), by Ric Francis and Dave Smith. Given the passage of time, I cannot recall the paper presented here by Ric Francis but the minutes would suggest that the business case appeared to be one in which Fujitsu offered cost savings and improved system efficiency in return for an increased length of contract. This would be reasonably normal practice and, given the level of investment involved, it appears that the POL Board was required to approve further investment to deliver the system and that Ric Francis had ownership of this item as the POL Operations Director.
72. The Inquiry has also disclosed to me a number of minutes of Royal Mail Board meetings (**RMG00000033** – Royal Mail Holdings plc Board of Directors Meeting Minutes of 27 April 2006; **RMG00000030** – Royal Mail Holding Board of Directors Meeting Minutes of 2 August 2006 and **RMG00000029**), which

show that the Horizon contract was brought to the Royal Mail Board, too. I believe it would have only been necessary for the Horizon contract to be presented to the Royal Mail Board and approval sought from the Royal Mail Board for delegated authority because of the size of the investment (this was normal practice for multi-year contracts that exceeded a certain level of investment), which was beyond the levels POL could approve (due to the financial position of the Group). This is reflected in the minutes.

BUGS, ERRORS AND DEFECTS IN HORIZON

Correspondence from Mr Bilkhu

73. I have been shown correspondence by the Inquiry from Mr Bilkhu, who I understand was a sub-postmaster of Browburn Post Office (**POL00001304** – Correspondence between POL and Mr Bilkhu between 15 November 2007 and 1 December 2008). I understand from that correspondence that Mr Bilkhu wrote a letter addressed to me in June 2008 in respect of numerous significant issues he was experiencing with Horizon.
74. By way of background, I should clarify that in any given week I would receive hundreds of letters, and as a result I could not read every letter, and inevitably I would have to promptly pass on correspondence to others. My team would assist me with this. The letters would typically be split between:
- 74.1 Customer complaints, which would be directed to the Customer Services team to be investigated and then responded to; and
- 74.2 Correspondence or complaints that were relevant to other teams and functions, which would typically either be brought to my attention if

serious, or sent directly to the most relevant teams within Royal Mail. If the question or matter related to POL, it would be passed on to the Managing Director of POL's office and ask them to ensure their teams investigated fully and responded directly to the person or group who had raised the issue. I trusted the team and fully expected that my direction would be followed and any investigation would be carried out fairly.

75. The team with responsibility of the issue would set up a case file and would track the issue's progress up until its resolution.
76. I have read the correspondence provided by the Inquiry from Mr Bilkhu. Given the passage of time, I have no recollection of reading this correspondence at the time, however I appreciate it is possible I may have done so. I expect that given its nature, it would have been passed on to the office of the POL Managing Director (at the time, Alan Cook), who will have been asked to look into Mr Bilkhu's matter comprehensively and to provide Mr Bilkhu with a response as soon as was possible. The same approach will have been followed as with any such correspondence. It would have been the POL team who assigned the case to Michele Graves.
77. I do not believe I would have seen the response at the time, as POL was dealing with it. I did not typically get involved in responses that were sent; given my role, it would not have been possible for me to review each response prepared and sent to customers or partners. However, I would have certainly fully expected the respective teams to get to the bottom of any issue and that

those who raised any issues, such as Mr Bilkhu, would have been treated fairly.

78. Reading this correspondence now in the context of recent judicial findings and with a greater understanding of what happened, I offer my utmost sympathy to Mr Bilkhu for the serious injustice I now understand he must have endured over a substantial period of time, and the impact it must have had on his life and that of his family.
79. I do not recall receiving other letters from sub-postmasters on this topic.
80. I note that the Inquiry has also separately asked that I consider a document titled "Initial Complaint Review and Mediation Scheme" which relates to Mr Bilkhu (POL00034875). I am not able to comment on this as I was not involved in the mediation scheme which it appears to relate to.

Computer Weekly article of May 2009

81. I have been asked to consider an article titled "Bankruptcy, prosecution and disrupted livelihoods – Postmasters tell their story" published in Computer Weekly on 11 May 2009 (POL00041564). While I did of course do my best to monitor press updates in the national media, I do not believe I read this article at the time I was at Royal Mail.
82. As outlined above, I was not aware of any widespread issues with the functionality of Horizon during my tenure.

PROSECUTIONS

83. Generally speaking, responsibility for criminal prosecutions which POL brought would have sat under the relevant POL Executive Team members under the oversight of the POL Executive Team as a whole, the POL Risk and Compliance Committee and POL Board. Were there any major or systemic concerns, I would have expected these bodies to have reported or highlighted any such issues to all of the following: the Royal Mail Board, the Company Secretary, the Royal Mail Management Board and the Shareholder Executive. As far as I am aware, I was not alerted by any party in the POL governance system that there was a concern over a high number of prosecutions against sub-postmasters, the conduct of civil proceedings relating to sub-postmasters or any widespread concerns over the performance of the Horizon system.
84. In response to the questions I have been asked by the Inquiry, I should add that I do not recall having involvement in or knowledge of the oversight of the investigations and prosecutions brought by POL against sub-postmasters, either for theft, fraud and false accounting for alleged shortfalls in branch accounts, or for the recovery of such alleged shortfalls through the use of civil proceedings.
85. As far as I can recall, I also did not have knowledge of or involvement in the policies, guidelines and practices followed by POL when pursuing a civil action against a sub-postmaster or in the investigation of alleged offences and bringing of criminal prosecutions. The same is true for the conduct of audits of the sub-postmasters' branch accounts, and the practices and policies which POL adopted in respect of suspending or terminating sub-postmasters'

contracts. I was not aware of any systemic issues in respect of these matters, and I cannot recall these being brought to my attention.

86. The Inquiry has also requested that I clarify the extent to which (a) I passed on information about any concerns as to the reliability of data produced by the Horizon IT system and (b) I managed or arranged the distribution of information relating to the reliability of the Horizon IT system within POL. I was not aware of any widespread concerns regarding the reliability of the Horizon IT system, and therefore was not in a position to manage any information in respect of it.

87. To the best of my knowledge, I do not recall reports of the number of prosecutions being brought by POL against sub-postmasters being escalated to me, nor the fact that there were systemic issues impacting the Horizon system. I similarly do not recall hearing from any level of the organisation that there were prevalent concerns with either such prosecutions, or any widespread issues with the Horizon system.

Inquiry Disclosure

88. I was directed by the Inquiry to consider the Royal Mail Holdings plc Report and Accounts for the year ended 29 March 2009 (the "**Report**") (**FUJ00116857**).

89. I would have considered the contents of the Report carefully and would have believed that there were no material omissions or misleading statements within it. I would have also been fully aware that before the draft version of the Report was shared with me, the CFO's team, supported by the Corporate

Affairs team, would have gone through a number of iterations, including reviews by the senior management team to ensure that their views of risk were being properly expressed.

90. The "Principal Risks and Uncertainties" included in the Report would have been carefully assessed (both in scale and impact), by all relevant parties, to represent the key risks for the Group, following a carefully formulated risk framework.
91. The Report outlines how risk was controlled internally (see page 35 of **FUJ00116857**). This aligns with my recollection of the risk management controls in place during my tenure. For example, a key way in which risk was controlled was through the work of the Audit and Risk Committee, which was assisted by internal and external auditors. It was in this forum that auditors would report any Group risks. The Audit and Risk Committee also regularly reviewed the Group's risk profile to ensure the Royal Mail Board spent sufficient time considering major risks facing the Group and the procedures in place for managing them.
92. The Inquiry has also provided me with meeting minutes of the Royal Mail Holdings plc Audit and Risk Committee on 10 November 2008 (**RMG00000001**). I note that there is a reference within it to the "POL Risk & Compliance report" (ARC08/41), presented by Peter Corbett (POL Finance Director) and Keith Woollard (POL Head of Compliance). In particular, at point (e), the following is noted: *"Losses: POL's forecast for losses from controls and compliance failures for 08/09 was £17.25m. This was broadly in line with previous years and in our plan for this year, but within that losses through*

physical crime (robberies etc) were down whilst the discovery of sub postmaster fraud had increased”.

93. The item says that losses were “broadly in line with previous years” and importantly, that steps had been taken to address conformance and compliance (at point (f), in respect of the “POL Network Efficiency Programme”). I would have therefore had no reason to believe that this was not being sufficiently addressed within the POL governance structures and that it required intervention at the Group level, from the Royal Mail Board.

CIVIL PROCEEDINGS AGAINST MS WOLSTENHOLME

94. I have been asked by the Inquiry to consider three documents relating to the civil proceedings against Ms Wolstenholme who I now know was the sub-postmaster at the Cleveleys Post Office (**POL00142503** – Email correspondence from Rod Ismay to Donna Parker and others between 2 April 2004 and 26 July 2004; **POL00118229** – Advice on Evidence and Quantum by Mr Brochwicz-Lewinski dated 26 July 2004; **POL00120833** – Sheet on “Risk-Opps” in Excel spreadsheet). I do not recall being aware of these proceedings at the time or having seen the documents which the Inquiry has now provided to me.
95. To provide context, individual legal cases from any business unit would not have been escalated to the Royal Mail Board level, unless the matters in question represented matters which the respective heads of teams considered to be systemic or wider issues that the Royal Mail Board needed to be appraised of.

THE IMPACT PROGRAMME

96. I have been asked to confirm my involvement with the design and implementation of the IMPACT programme. I do not recall having any involvement with this, and I also cannot recall the Royal Mail Board (or the POL Board) discussing the fact that sub-postmasters would no longer be able to place disputed discrepancies in a local suspense account and roll into a new trading period as a result of the IMPACT programme.

REFLECTIONS

97. I have been deeply concerned by what I have read regarding the findings of wrongful convictions by POL and the immense struggle so many have endured in seeking justice.
98. I have sought to be as helpful as possible to the Inquiry in reflecting on what could have been done differently and have shared my insights below.
- 98.1 Corporate structure: I did not have cause to question the corporate structure of Royal Mail during my tenure. As context, this was a challenging time during which Royal Mail (including Royal Mail Letters, Parcelforce and GLS) needed to adapt to become a commercial company in a market that was rapidly being exposed to competition on all fronts. It therefore seemed appropriate to me that this required commercial leadership from individuals with in-depth experience of transformations and modernisation. POL had a different set of objectives and priorities, given its recognised role as the “front window” of Government services. Additionally, this explained why POL was

funded by Government subsidies to support the network and therefore why there was a need for the Shareholder Executive to be kept informed by the POL team on how this public funding was being utilised and how network changes were progressing. It made sense at the time that POL had a largely separate governance function, and that those on the POL Board had particular expertise and capabilities in working with the Shareholder Executive to deliver the recognised objectives. With hindsight, however, I believe that the corporate structure in place at the time did not encourage the escalation of key information on Horizon and prosecutions reaching me or the Royal Mail Board as it should have done.

- 98.2 Transparency and due process: During my tenure, the Group was undergoing a major transformation and consequently, there was a clear understanding from the Royal Mail Board downwards that there was a lot to be addressed, and that this would require openness and transparency about any problems that existed or that arose. My view was and has always been that the more openly problems are raised and confronted, the better chance we have of fixing them. While the culture improved over time within Royal Mail Letters, Parcelforce, GLS and the Group generally, it is now clear that there must have been a marked lack of transparency within POL which meant that serious failings at POL took far too long to surface to senior management.
- 98.3 Horizon system: As I mentioned above, during my time at Royal Mail, I do not recall any evidence being raised at the Royal Mail Board level

that suggested a widespread issue with Horizon was impacting the POL network and sub-postmasters. In the absence of such evidence, it would therefore have been difficult for the Royal Mail Board to challenge POL's decision-making. However, over the last decade, it has become reasonably standard practice, or at least common, to introduce third party validation partners to assess the performance of largescale IT programmes. With hindsight, this is something that POL should have done at an earlier stage.

99. If there are any additional documents that shed any further light on the issues the Inquiry is reviewing, I would be very willing to review correspondence and assist the Inquiry further in that regard.

Statement of Truth

I believe the content of this statement to be true.

Signed: _____

GRO

Dated: 28 February 2024

Index to First Witness Statement of Adam Crozier

| <u>No.</u> | <u>URN</u> | <u>Document Description</u> | <u>Control Number</u> |
|-------------------|-------------------|--|------------------------------|
| 1. | RMG00000032 | Royal Mail Holdings plc Board of Directors Meeting Minutes of 10/01/06 | VIS00007440 |
| 2. | RMG00000039 | Minutes: Royal Mail Holdings plc Board of Directors Meeting Minutes of 27/01/10 | VIS00007447 |
| 3. | RMG00000029 | Minutes: Royal Mail Holdings plc Minutes of Board of Directors meeting of 06/02/2007 | VIS00007437 |
| 4. | POL00090428 | Annex to Second Supplement Agreement | POL-0087397 |
| 5. | FUJ00118186 | POCL and ICL Pathway 'Third Supplemental Agreement' | POINQ0124350F |
| 6. | FUJ00098040 | Presentation on Horizon and Horizon Online | POINQ0104211F |
| 7. | POL00021492 | Minutes: Minutes of POL Board meeting on 20th April 2006 | POL0000025 |
| 8. | RMG00000033 | Minutes: Royal Mail Holdings plc Board of Directors Meeting Minutes of 27/04/06 | VIS00007441 |
| 9. | RMG00000030 | Minutes: Royal Mail Holding Board of Directors Meeting Minutes of 02/08/06 | VIS00007438 |

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| 10. | POL00001304 | Documents consisting of 'tab 3' - possibly part of wider bundle - relating to Bowburn Post Office | VIS00002318 |
| 11. | POL00034875 | Post Office Initial Complaint Review and Mediation Scheme Investigation report (Mr Rajinder Bilkhu) | POL-0031810 |
| 12. | POL00041564 | Bankruptcy, prosecution and disrupted livelihoods - Postmasters tell their story; reported by Rebecca Thomson | POL-0038046 |
| 13. | FUJ00116857 | Report and Accounts Year ended 29 March 2009 including Post Office revenue | POINQ0123028F |
| 14. | RMG00000001 | Minutes: Royal Mail Holdings plc Audit and Risk Committee minutes of 10/11/08 | VIS00007409 |
| 15. | POL00142503 | Email from R Ismay to D Parker, M Talbot and others; 'Legal case - Cleveleys PO 153 405 Mrs J Wolstenholm' | POL-BSFF-0001779 |
| 16. | POL00118229 | Advice on Evidence and Quantum by S.A Brochwicz-Lewinski in POCL v Julie | POL-0120149 |

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|-----|-------------|---|-------------|
| | | Wolstenholme, Case No. CR101947 | |
| 17. | POL00120833 | IT Spend - P12 Reconciliation with Next Steps; Risk-Opps and Forecast Analysis. | POL-0126849 |