

Witness Name: Richard Christou

Statement No.: WITN03840200

Dated: 9 May 2024

POST OFFICE HORIZON IT INQUIRY

SECOND WITNESS STATEMENT OF RICHARD CHRISTOU

I, **RICHARD CHRISTOU**, will say as follows:

INTRODUCTION

1. This witness statement is made to assist the Post Office Horizon IT Inquiry (the "**Inquiry**") with the matters set out in the Rule 9 Request dated 10 April 2024 (the "**Request**"), to the extent I have direct knowledge of the matters addressed in the Request. The Request largely seeks descriptions of the governance surrounding and oversight of relevant issues by the boards of both Fujitsu Services Limited and Fujitsu Services Holdings Plc during the period 2000 to 2012, and my role during this time.
2. I note that I have previously made a witness statement to the Inquiry dated 20 March 2023, which was submitted in response to a Rule 9 Request dated 6 January 2023 (WITN03840100, my "**First Witness Statement**"). Where relevant, I make reference to paragraphs of my First Witness Statement in this statement.
3. As noted in paragraph 1 of my First Witness Statement, I am a former

employee of International Computers Limited (“**ICL**”) (later renamed Fujitsu Services Limited (“**FSL**”)) and thereafter a former employee of Fujitsu Limited (“**Fujitsu**”).

4. I ceased to have any responsibility for operational matters on 30 April 2011, and thereafter spent a year based in Singapore acting as an adviser to Fujitsu. I am therefore unable to assist the Inquiry with information on any matters relevant to the Inquiry for periods after 30 April 2011.
5. The Request deals with events many of which took place over 20 years ago, so in some cases my recollection is limited. I have therefore refreshed my memory by reviewing the documents provided to me by the Inquiry. To the extent those documents have assisted my recollection, I refer to the documents using the URNs listed in the index accompanying this statement.
6. In preparing this witness statement, I have been assisted by Morrison Foerster, the recognised legal representatives for Fujitsu Services Limited in the Inquiry. Morrison Foerster have also, at my request, provided me with some additional documents, to assist me in making this statement, which I refer to later in this statement where relevant, again using the URNs listed in the index accompanying this statement.

CORPORATE STRUCTURE OF ICL PATHWAY LIMITED, FUJITSU SERVICES LIMITED AND FUJITSU SERVICES HOLDINGS PLC BETWEEN 2000 AND 2012

7. As at 1 January 2000, International Computers Limited (“**ICL**”) was a wholly-owned subsidiary of ICL plc, the ultimate holding company of the group (the

“**ICL Group**”). ICL was the UK company which carried on the ICL Group operations in the UK and employed the UK employees of the ICL Group. The board of ICL met for fiscal and legal purposes only.

8. ICL Pathway Limited (“**ICLP**”) was a wholly-owned subsidiary of ICL.
9. ICL plc also owned operations outside the UK, which were carried out through operating subsidiaries registered in the relevant jurisdictions. Most were wholly-owned. All these international holdings were owned by ICL Global Investments Limited (“**IGIL**”) which itself was a wholly-owned subsidiary of ICL plc.
10. On 1 April 2002, the ICL brand was replaced by the Fujitsu brand and, as a consequence, the names of the above entities were changed as follows around the same time:
 - a. ICL plc - Fujitsu Services Holdings Plc (“**FSH**”)
 - b. International Computers Limited - Fujitsu Services Limited (“**FSL**”)
 - c. ICL Pathway Limited - Fujitsu Services (Pathway) Limited (“**Pathway**”)
 - d. ICL Global Investments Limited - Fujitsu Services (Investments) Limited (“**FSIL**”)
 - e. The ICL Group - the FSH Group
11. This was a change only in name. There was no change in the corporate structure.
12. In particular, with regard to Pathway, its managing director, a Mr Michael

Stares, continued to report directly to Mr David Courtley, as he had done since Mr Courtley's appointment as Chief Operating Officer of ICL in around July 2001.

13. The change in brand and consequent changes to the composition of the boards were first discussed at the ICL plc Board Meeting dated 1 August 2001 (see FUJ00003641 and paragraphs 70 and 71 of my First Witness Statement). They were approved in principle at the ICL plc Board Meeting dated 7 February 2002, (see FUJ00003644).

14. Following these changes, there was a much closer involvement of Fujitsu in the activities of the rebranded ICL operations. More Japanese directors were appointed to the boards of FSH, FSL, and FSIL. More employees of Fujitsu attended board meetings as observers and were assigned as resident staff in the FSH operations.

15. In order to make board meetings of all three companies more efficient, it was decided that their boards should delegate their oversight of those companies to a management committee: the Fujitsu Services Management Committee (the "**FSMC**"). The board members of the three companies sat on the FSMC. Thus, the affairs of the FSH Group were dealt with in one meeting on one day, rather than under three separate board meetings. The minutes of the first meeting of the FSMC held on 29 May 2002 are contained in FUJ00003704.

16. So far as I am aware, this structure continued in operation unchanged up to the date of my retirement.

17. Following the change in brand and the new governance structure, there was a major change in the management structure within FSL. Mr Courtley presented the details of his new structure to the first meeting of the FSMC on 29 May 2002, and the new structure was approved, (see FUJ00003704). It was then implemented progressively during the remainder of fiscal year 2002/2003.
18. In particular, the five major projects, each with a designated project leader would report directly to him for the time being. One such project was the operation of Legacy Horizon by Pathway, (see again FUJ00003704).
19. The extension of the Legacy Horizon contract to 2010 (the “**Extension Contract**”) was negotiated in the latter part of 2002, and came into effect on 1 January 2003, (see paragraph 69 of my First Witness Statement). However, it was decided that the delivery of this contract would be better housed in FSL itself, in conformity with the new management structure. Therefore, (as set out in paragraph 71 of my First Witness Statement), with the consent of Post Office Counters Limited (“**POCL**”, now Post Office Limited, “**POL**”), the whole of the undertaking and operation of Pathway would be transferred to FSL.
20. Although the Extension Contract came into effect on 1 January 2003, Pathway, POCL and FSL agreed to effect the transfer at the beginning of the next Fujitsu fiscal year, on or about 1 April 2003. As part of this exercise, the Extension Contract would be novated to FSL, (see the board minutes of FSH dated 20 December 2002 and 28 March 2003, at FUJ00003645 and FUJ00003646 respectively).
21. Once this happened, the Horizon project became one of the five major

projects within FSL and the director of the Horizon operation continued to report to Mr Courtley.

22. Thus, in summary, on or around 1 April 2003, FSH had two direct subsidiaries: FSL and FSIL. Pathway, still a wholly-owned subsidiary of FSL, was now dormant.

BACKGROUND TO MY APPOINTMENT AS CHIEF EXECUTIVE OF FSH AND THE NATURE OF THAT ROLE AND ITS RESPONSIBILITIES

23. From my recollection, prior to 1985, ICL plc was a public company quoted on the London Stock Exchange. It lost its quotation when STC plc purchased the company in 1985. Around 1988, STC plc decided to sell ICL plc.

24. Although there were a number of interested parties, ICL plc already had close ties with Fujitsu, which, since 1980, had supplied the central processing units for the main-frame computers manufactured and sold by ICL plc.

25. Mr Michio Naruto, a senior executive of Fujitsu had long been responsible for this relationship. As a result, he persuaded Fujitsu to purchase ICL plc in 1989. Initially Fujitsu only purchased 80% of the shares but in 1991 increased their holding to 100%.

26. I first got to know Mr Naruto at this time as I was responsible, as Director Commercial and Legal Affairs of STC plc, for the commercial and legal aspects of the sale to Fujitsu. As shown in my CV in the Annex of my First Witness Statement, in around 1990, I left STC plc and moved to the same position, Director Commercial and Legal Affairs, in ICL plc.

27. During the decade commencing 1990, ICL plc was run very much as a stand-alone business, with Fujitsu participating in its management only by way of the ICL plc board meetings, chaired by Mr Naruto, during this period.
28. I was not a main board director, but I met with Mr Naruto frequently, particularly during the latter part of the decade during the renegotiation of the Legacy Horizon contract.
29. It had always been Mr Naruto's pledge, openly expressed both to Fujitsu and the ICL Group that ICL plc would be floated again on the London Stock Exchange, although Fujitsu would continue to hold a majority of the shares. Originally, he committed to a float in 1995, but when the time came, due to ICL plc's lacklustre performance, a float did not appear feasible, and he revised the projected date to the year 2000.
30. During 1999, the Codified Agreement was signed, and the ICL Group management were still firmly committed to the idea of floating during the next year.
31. Unfortunately, the general performance of ICL plc during that year and in the beginning of the fiscal year 2000 was again not sufficient to make it possible to float, and Mr Naruto reluctantly ordered all preparations for the float to cease. He dismissed the possibility of floatation for the foreseeable future.
32. Around this time, Mr Naruto decided that a change in the Chief Executive of ICL plc was necessary. Although the initial renegotiation of the Legacy Horizon contract may have been a contributing factor, I believe Mr Naruto's decision in this regard was largely motivated by the failure to make good his

pledge of floatation.

33. In July 2000, Mr Naruto asked me to become acting Chief Executive until a successor could be appointed to the role. I became acting Chief Executive of ICL plc in August 2000.

34. During my appointment, I decided to act as Chief Executive, rather than as a placeholder, and in the next six months I did as much as possible to sort out the current problems in the ICL Group with short-term solutions.

35. The HR Director of Fujitsu, a Mr Okada, carried out a search and, together with Mr Naruto, interviewed a short list of applicants for the role of Chief Executive. As is often the case in such circumstances, I also applied for the position, was put on the short list, and interviewed. I was finally chosen and became Chief Executive of ICL plc in December 2000.

36. During my time as Chief Executive, I carried out the usual duties of a Chief Executive responsible for the operations of the FSH Group, reporting to the board of FSH, but also, on a day-to-day basis, first to Mr Naruto and then to Mr Hiroaki Kurokawa, his successor.

**BACKGROUND TO MY APPOINTMENT AS EXECUTIVE CHAIRMAN OF FSH
AND THE NATURE OF THE ROLE AND ITS RESPONSIBILITIES**

37. From the time of my appointment as acting Chief Executive of ICL plc in July 2000 to 1 April 2003, the ICL Group, and then the re-branded FSH Group, was in a state of considerable change. It was only with the beginning of fiscal year 2003/2004 that the new organisation settled down. By the end of that fiscal year, it was felt that the FSH Group, particularly FSL was now able to

move forward after the reorganisation.

38. On 1 April 2004, Mr Courtley was appointed Chief Executive of FSH, and I was appointed Chairman of FSH and consequently of the FSMC. Up to this time Mr Kurokawa (subsequently the President of Fujitsu) had been chairman of the FSMC.

39. When I became Chairman of FSH, it was decided that my title would be Executive Chairman. Although this title has no legal standing in English law, it indicated, so far as Fujitsu was concerned, that unlike the case of many limited companies, I was a full-time employee of the company in question with continued line responsibility. Thus, Mr Courtley, as Chief Executive, still reported to me on a day-to-day basis rather than only to the Board as a whole.

40. I was also the primary link between Fujitsu and the Group, reporting to Mr Kurokawa. This was a time-consuming task, with many visits to Japan outside of the formal board meetings.

41. In addition, I dealt with higher-level customer visits and customer events, and visited some of the international operations; since Mr Courtley had to spend most of his time on FSL, as the main profit engine of the FSH Group.

CORPORATE GOVERNANCE STRUCTURE

42. Just like all of the activities within the ICL Group and the FSH Group (together, “**both Groups**”), Legacy Horizon and HNG-X were subject to the various general oversight regimes established from time to time by the relevant Board which governed the operations of both Groups. Many of these systems had their origin in ICL plc during the decade of the 1990s and some from even

before then.

43. I set out below a description of such regimes to the best of my recollection, as they existed during the decade of the 2000s.

44. During the period between January 2000 and April 2011 the relevant boards which maintained oversight of Horizon were firstly the Board of ICL plc and then the FSMC, (see paragraphs 17 and 18 above).

45. In addition, I describe some additional oversight put in place specifically for Legacy Horizon, of which I have personal knowledge. I am not aware whether any such specific oversight was put in place for HNG-X.

The Groups' Management Cycle

46. The management cycle within both Groups was driven by Fujitsu's reporting obligations as a company listed on the Tokyo and New York Stock Exchanges.

47. Thus, the fiscal year ("FY") of both Groups, conformed to the FY of Fujitsu, commencing on 1 April in each calendar year and terminating on 31 March in the next calendar year. FYs were denominated by the calendar year in which they commenced.

48. Each FY, both Groups created a rolling medium-term plan ("MTP") covering the next three FYs and a consolidated budget for the next FY. The MTP was approved during November of each FY and the budget in February, just before the end of the same FY. This budget was a more detailed version of the first FY of the MTP which had already been approved.

49. Each MTP was regarded as a reasonable forecast, but the budget was considered a firm commitment. Any variation between the first year of an MTP and the consequent budget was scrutinised very closely. In the case of the ICL Group, the MTP and the relevant budget were approved by the Board of ICL plc, and in the case of the FSH Group by the FSMC.

50. In both Groups, the MTP and the budget were created from the bottom up, not imposed from the top down. So the various operations would create their own mini MTP and budget, which was then consolidated at group headquarters, prior to submission to the relevant Board for approval.

51. This bottom-up approach was very important for surfacing major problems at Board level. The MTP covered operational and strategic issues as well as financial ones, and any major operational problems would appear either in the MTP itself, as variations between an MTP and the MTP approved in the previous FY, or as a result of a variation between the first FY of an MTP and the budget for that FY.

Quarterly Business Reviews

52. Overlaid on this cycle was a series of quarterly business reviews (“QBR”) carried out to enable Fujitsu to fulfil its obligations as a listed company for quarterly reporting.

53. In the case of both Groups, the various operational divisions would carry out separate QBR’s which were consolidated at their group headquarters and presented to the relevant Board by way of a report from the Chief Executive (mainly covering operational issues) and a report from the Chief Financial Officer, covering performance in comparison with the budget for that quarter.

54. Thus, both Groups held four board meetings in each FY, scheduled for one month after the end of each financial quarter of the FY: in May, August, November and February. In addition to approval of the MTP in November and of the budget in February, each meeting would consider the operational and financial results for the preceding quarter.

55. For a complete set of meetings comprising this cycle, see the four FSMC meetings in 2005, namely:

- a. 23 February 2005 (FUJ00003583);
- b. 18 May 2005 (FUJ00003670);
- c. 18 August 2005 (FUJ00003674); and
- d. 17 November 2005 (FUJ00003585).

56. Legacy Horizon and later HNG-X were included within this business cycle.

57. Initially, I would lead QBRs, in my capacity as Chief Executive, but once Mr Courtley became Chief Operating Officer they were his responsibility. After that, as Chief Executive and then as Executive Chairman, I would consider and discuss the results of his QBRs with Mr Courtley (including those relating to Horizon), before finalisation for submission to the relevant board meeting.

Independence of Legal and Commercial Functions.

58. When I was Director Commercial and Legal Affairs for ICL plc during the 1990s, I instituted a system whereby legal and commercial personnel reported on a line basis to me.

59. They were placed as advisers to the operations to which they were assigned, but, in order to guarantee their independence, I carried them on a separate budget owned by myself and set their salary and bonus structure. They were tasked to work cooperatively with their divisions but their independence meant that they would be able to surface any disagreement as to legal or commercial matters to the next level of authority.

60. In the 1990s, if the disagreement continued without resolution at lower levels, I would then have to resolve this difference with the Chief Executive.

61. During my time as Chief Executive of FSH, the Legal and Commercial Directors (not main board members) reported directly to me, even though, when Mr Courtley was appointed Chief Operating Officer, all the operating divisions reported to him.

62. I made it clear that, in appropriate cases, I would resolve any difference surfaced to me between operational and legal or commercial management on its merits and not automatically in favour of the operational management.

63. Naturally, when Mr Courtley became Chief Executive, the heads of the various functions, including the Legal and the Commercial Directors reported to him.

64. The independence of the commercial and legal functions is a very important safety valve in case of problems arising further down in the organisation. So far as I am aware, this separate reporting line, at least for the legal function, continued up to the date of my retirement at the end of April 2012.

Delegation of Authority

65. When I became Chief Executive of the ICL Group, I inherited a delegation of authority from the Board of ICL plc, which governed the matters which I could approve without taking them to the Board. This system was refined and continued under the FSMC.
66. Such decisions were classified both by type and by value, and included such matters as customer contracts and variations thereto, capital investments, leases, purchase contracts and settlement of legal disputes.
67. I was empowered to create a chain of sub-delegations for each such matter, with progressively decreasing values at each level, starting with my direct reports and extending to other managers at increasingly lower levels in the relevant organisation.
68. I do not recollect precise details of the delegation of authority, which did vary in detail from time to time, except that I recall that I was authorised to sign customer contracts, and variations thereof, not exceeding £50m in value. All decisions taken under the delegation of authority were reported at meetings of the Board of ICL plc or of the FSMC, under a regular agenda item – 'Documents Signed and Sealed'.
69. The Extension Contract exceeded £50m and therefore was signed after prior presentation to and approval by the FSMC and Board of FSH. See the FSMC meetings on 20 August 2002 (FUJ00003534) and 19 November 2002 (FUJ00003589), and the Board meeting of FSH of 20 December 2002 (FUJ00003645).

70. So far as HNG-X was concerned, it was reported on at two FSMC meetings, but I do not recollect when and how it was actually approved, (see FSMC Meetings of 18 May 2005 (FUJ00003670) and 17 November 2005 (FUJ00003585)).

Quality Controls

71. Within both Groups there was a quality assurance operation tasked with monitoring the quality of services provided to the customer under contracts, often referred to as the Service Level.

72. Quality control for each service provided was based on a “traffic lights system”: Red, Amber and Green.

- a. A red alert would be raised in the case of serious issues, the most extreme of which would be an outage – a failure to provide the service at all due to technical problems;
- b. An amber alert would be raised in the case of less serious issues which nevertheless should be addressed with urgency; and
- c. A classification of green signified that normal service to the agreed level was being provided.

73. A red alert was always notified to the relevant customer and to the Chief Executive.

74. Both red and amber alerts required the delivery organisation concerned to devote extra resources sufficient to cope with the incident; and, in the case of a red alert, to co-opt staff from other divisions, if necessary.

Oversight by Fujitsu Personnel

75. In the Fujitsu headquarters in Tokyo there had been established, for some time before the acquisition of ICL plc by Fujitsu, a group of employees overseen by senior Fujitsu executives reporting to Mr Naruto who supervised the operations of many of Fujitsu's overseas companies (the "**Overseas Office**").

76. Their task was to assemble the operational and financial data from such companies and present it at the Fujitsu Executive Management Committee, chaired by the President of Fujitsu.

77. After further discussion and the satisfaction of any queries, the President would decide how much it was necessary to include in his periodic reports to the main board of Fujitsu.

78. The Overseas Office was not deeply involved in the affairs of ICL plc during the 1990s. However, with the much closer involvement of Fujitsu after 2000, which increased even further once the brand was changed and the FSMC created, this Overseas Office was increased to about 40 people. The bulk of the Overseas Office work consisted in the analysis and scrutiny of operational and financial information from the FSH Group.

79. During my time as Chief Executive, the main link between the Overseas Office and the FSH Group was the Chief Financial Officer of the FSH Group, Mr Toshio Adachi. He had a dual reporting line to me and to the Chief Financial Officer of Fujitsu. He also had one or two people from the Overseas Office located in his department in London to facilitate the transmission of information.

80. Mr Adachi and I worked closely together while I was Chief Executive and Executive Chairman. When I became Head of Fujitsu EMEA Regional Operations in April 2007, he returned to Tokyo to head the Overseas Office.

81. I then acted as the main link between the FSH Group and the Overseas Office in cooperation with Mr Adachi in Tokyo, and his staff from the Overseas Office who remained in London.

82. We continued to work together in the same way, as he and I progressed in the Fujitsu organisation, until his retirement in 2009. When I ceased to have operational responsibility at the end of April 2011, the Overseas Office and this oversight regime still applied to the FSH Group.

Parent Company Guarantees

83. As was then becoming common with large UK Government contracts, Fujitsu had provided a performance guarantee for the Codified Agreement entered into between POCL (as it then was) and Pathway on 28 July 1999. It also provided a guarantee for the Extension Contract. In 2006, Fujitsu agreed to extend the then existing guarantee to cover the contract relating to HNG-X, (see paragraph 74 of my First Witness Statement).

84. These guarantees required the approval of the main Board of Fujitsu and there were in each case a series of special presentations on the contract in question to Fujitsu in Tokyo by the relevant operation in the FSH Group, culminating in presentation for approval of the grant of the guarantee at a Fujitsu main board meeting. The preparatory work for these presentations was largely carried out by the Overseas Office, in cooperation with relevant personnel from the FSH Group.

85. Thus, Fujitsu exercised another level of control on the content and signature of contracts where a Fujitsu guarantee was required. This resulted in an additional level of contract assurance, and an increased focus from Fujitsu on the performance of the contract in question.
86. When Mr Courtley became Chief Operating Officer of ICL in July 2001, he was also assigned a Japanese assistant (initially Mr Hiromichi Hirata, and later Mr Takata Yamada) who acted as a link between Mr Courtley and the operational divisions in Japan. At that time, Mr Courtley would head up the presentations for parent company guarantees in Tokyo with the assistance of Mr Hirata and later of Mr Yamada.
87. Such guarantees became a normal requirement for large contracts. In the documents to which I have been referred there are many references to the need for such guarantees in respect of various contracts, (see for instance the discussion in the FSMC Meeting on 26 August 2004 at FUJ00003577).

Specific Oversight for Legacy Horizon

88. During the development of Legacy Horizon under the Related Agreements and the Codified Agreement, a large group of Japanese Software Engineers were brought over from Japan to London to assist in and monitor the delivery of the project.
89. They reported regularly to their division in Tokyo. Their involvement largely ended with final acceptance in around 1999 but some remained in the UK during roll out until its end in 2002.

OVERSIGHT OF CERTAIN MATTERS RELATING TO THE HORIZON IT SYSTEM

90. In the preceding section, I have described how the board of ICL plc and later the FSMC maintained oversight of the operations of the ICL Group and the FSH Group respectively, including Legacy Horizon and HNG-X. I also described some further independent oversight exercised by Fujitsu.

91. In this section, I address the Inquiry's questions surrounding how the boards of FSL and FSH maintained oversight of a number of specific matters relevant to the Horizon IT System. Each of these matters is addressed in turn below:

(i) The 'integrity' of the Horizon IT System

92. By the word "integrity" in this context, I understand two main points arise:

- a. First: Did the Horizon IT System perform in accordance with the requirements of the relevant contract?
- b. Second: What security systems existed to protect the Horizon IT System during its operation?

93. So far as the first question is concerned, I know that in the case of Legacy Horizon this was the case since it passed the final acceptance tests specified in the Codified Agreement, (see paragraphs 54 to 59 of My First Witness Statement).

94. So far as the Extension Contract provided for any changes to Legacy Horizon (as opposed to simply extending the contract term contained in the Codified Agreement), I do not recall that any adverse reports concerning the relevant final acceptance tests for such changes were made to the FSMC.

95. I have no knowledge of the procedure or status of final acceptance for HNG-X.
96. So far as the second question is concerned, there were security systems in place for all of the operations of both Groups, as the main source of revenue in the UK was service contracts under which large quantities of customer data were being managed. These systems would include measures to prevent malware attacks, tampering by unauthorised personnel, regular back-ups, physical security of the data centres where the software was hosted, and internal audit.
97. Once the relevant development and roll out had been completed and final acceptance had been achieved, Legacy Horizon and HNG-X were subject to these systems just like all the other major service contracts. Any serious breach of these security systems would have been surfaced to the relevant board under the oversight provisions described in the preceding section.

(ii) The quality of technical support services relevant to the Horizon IT System that were provided by FSL to POL

98. The system of quality control described above would monitor this issue, with serious issues surfaced to the relevant board.
99. Indeed, in respect of Horizon, a red alert was reported to the FSMC meetings on 18 March 2004 (FUJ00003590) and 9 June 2004 (FUJ00003575), (see also paragraph 72 of my First Witness Statement). An amber alert for Horizon was reported at the FSMC at the meeting on 26 August 2004 (FUJ00003577).
100. Other reports on service levels were made at board level where necessary,

(see for instance the minutes of the FSMC meeting of 18 August 2005 at FUJ00003674).

(iii) The prosecution and litigation support services provided by Fujitsu Services Limited to POL, RMG or RMH

101. As already stated in my First Witness Statement, I had no knowledge of this issue, and I do not recall it being raised at any board meeting when I was present, (see paragraphs 75 onwards).

102. I would now, however, like to comment more specifically on this point, in the light of further documents not known to me at the relevant time, which have since been provided to me by Morrison Foerster (at my request) for the purposes of completing this statement.

103. My understanding is that the requirement in the Codified Agreement, and later in the HNG-X contracts agreed during my tenure, was only to provide data for the purposes of litigation support. For the relevant provisions, see paragraph 4.1.6 of Schedule A02 of the Codified Agreement and paragraph 4.1.6 of Schedule A4 of the HNG-X Agreement dated 31 August 2006, by way of example.

104. The contractual requirement to provide witnesses of fact by way of litigation support seems to appear initially, so far as I am aware, in a contract controlled document (or CCD) provided to me by Morrison Foerster entitled 'Service Description for the Security Management Service' (see paragraph 3.10.8 of FUJ00001743), as opposed to in the Codified Agreement, the Extension Contract or the HNG-X Agreement themselves. This was first issued for

approval on 6 January 2003. There is no requirement in the document for it to be approved at board level.

105. Paragraph 3.7 of this document sets out a security incident reporting and problem management procedure, which the personnel entrusted with the provision of the relevant services were required to observe in order to inform the customer, and higher layers of management in FSL.
106. Such issues, if sufficiently serious, would have been notified through successive levels of management to the Chief Executive and, thereafter, to the FSMC. I received no such notification while I was Chief Executive.
107. Various iterations of Security Management Service Description appear to have been issued as Horizon progressed, and the regime continued in existence beyond my tenure.
108. In this connection, see the Security Management Service Description dated 15 October 2010 (FUJ00088683), which I understand is the last of these service descriptions to be agreed during my tenure. This Security Management Service Description also covers litigation support at paragraph 2.1.13, including provision of witnesses, and contains a similar reporting obligation to paragraph 3.7 of the original document at paragraph 2.1.9.
109. I have no recollection of seeing these Security Management Service Descriptions nor of being made aware of their content until the preparation of this witness statement.

The oversight of the above matters by the companies' senior management

110. This was carried out by routine management reviews at various levels in the relevant division, and, more formally, by the system of divisional QBRs. The quality control and security systems mentioned in sections (i), (ii) and (iii) above would also be relevant in this respect.

111. I would stress that regular formal meetings are not sufficient. Management contact on a day-to-day basis is vital, preferably where possible face-to-face. This was the system I adopted when I was Chief Executive, and which I encouraged all my direct reports to emulate. Mr Courtley was also very much a hands-on manager.

DISCUSSIONS WITH THE BOARD AND / SENIOR MANAGEMENT OF FSL OR FSH

112. I discussed issues relating to Horizon with other members of the board first of ICL plc and later of the FSMC whenever Horizon was either a specific agenda item or it was included in a general agenda item (for instance a quarterly financial report).

113. In the documents provided to me for the purposes of compiling this statement, operational mentions of Horizon or the Post Office appear in ICL plc board and FSMC minutes in the following documents:

- a. ICL plc board minutes for meeting on 31 October 2001 (FUJ00003642);
- b. FSMC minutes for meeting on 29 May 2002 (FUJ00003704);
- c. FSMC minutes for meeting on 20 August 2002 (FUJ00003534);

- d. FSMC minutes for meeting on 26 August 2004 (FUJ00003577);
- e. FSMC minutes for meeting on 19 November 2002 (FUJ00003589);
- f. FSMC minutes for meeting on 5 February 2004 (FUJ00003663);
- g. FSMC minutes for meeting on 18 May 2005 (FUJ00003670); and
- h. FSMC minutes for meeting on 18 August 2005 (FUJ00003674).

114. Such mentions in financial reports then appear in the following documents:

- a. Resolutions and correspondence regarding a capital injection in June 1999 (FUJ00003633);
- b. FSMC minutes for meeting on 23 February 2005 (FUJ00003583); and
- c. FSMC minutes for meeting on 17 November 2005 (FUJ00003585).

115. I would also have a regular weekly meeting with all my direct reports in the UK, including Mr Courtley when he became Chief Operating Officer in July 2001. Most of my direct reports were based with me at the headquarters office. In other cases, I would also hold meetings at the location where the relevant director was based. Again, where relevant, Horizon would be a subject of discussion.

116. In relation to Legacy Horizon, I held personal discussions with the senior management of Pathway and attended board and management meetings with them, at their premises in Feltham, in the early days of Legacy Horizon and during the final acceptance tests, (see for instance the minutes for the Pathway board meeting of 15 August 2000 at FUJ00003693).

117. During roll out these meetings continued, but with less frequency, until in July 2001, Mr Stares (then Managing Director of Pathway) reported to Mr Courtley when the latter was appointed Chief Operations Officer of FSH.
118. While I was Chief Executive of FSH I was in day-to-day contact with Mr Courtley, discussing, as necessary, all issues arising from his operations including where relevant Horizon.
119. Naturally, when I was Executive Chairman, only Mr Courtley reported to me, but we continued to discuss major issues in the same way.
120. In FY 2007, I became employed directly by Fujitsu as Head of Fujitsu EMEA Regional Operations. Out of necessity, my contact with Mr Courtley was less constant. My contact in respect of Horizon from then on, until I ceased to be responsible for operations in April 2011, was largely through FSMC Meetings and presentations in Tokyo.

GENERAL COMMENTS

121. In this witness statement, I have set out my views on the adequacy of the oversight of the issues listed in the Inquiry's Request by the boards of FSL or FSH.
122. By way of summary, the oversight of operations within the ICL Group was carried on at the level of ICL plc and in the FSH Group at the FSMC.
123. I would also emphasise the important role of the additional direct supervision from Fujitsu which provided a further insight for the Japanese directors on the board of ICL plc and thereafter on the FSMC. This route became particularly important from 2007 onwards where the membership of the FSMC included

more Fujitsu directors and an increased number of Fujitsu observers at FSMC meetings, (see for example the attendance at the meeting of the FSMC of 14th February 2007 recorded in FUJ00003695 where there were 10 Fujitsu observers and 3 Fujitsu Board members).

124. In my opinion, the systems I have described were sufficiently comprehensive, with appropriate checks and balances, for the exercise of proper oversight over both Groups, by the ICL plc board and the FSMC respectively.

Statement of Truth

I believe the content of this statement to be true.

Signed: _____

GRO

Dated: _____

9 MAY 2024

Index to Second Witness Statement of Richard Christou

<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1.	WITN03840100	First Witness Statement of Richard Christou to the Post Office Horizon IT Inquiry dated 20 March 2023	WITN03840100
2.	FUJ00003641	ICL plc Board Meeting Minutes dated 1 August 2001	POINQ0009812F
3.	FUJ00003644	ICL plc Board Meeting Minutes dated 7 February 2002	POINQ0009815F
4.	FUJ00003704	FSMC Meeting Minutes dated 29 May 2002	POINQ0009875F
5.	FUJ00003645	Fujitsu Services Holdings plc Board Meeting Minutes dated 20 December 2002	POINQ0009816F
6.	FUJ00003646	Fujitsu Services Holdings plc Board Meeting Minutes dated 28 March 2003	POINQ0009817F
7.	FUJ00003583	FSMC Meeting Minutes dated 23 February 2005	POINQ0009754F
8.	FUJ00003670	FSMC Meeting Minutes dated 18 May 2005	POINQ0009841F
9.	FUJ00003674	FSMC Meeting Minutes dated 18 August 2005	POINQ0009845F
10.	FUJ00003585	FSMC Meeting Minutes dated 17 November 2005	POINQ0009756F
11.	FUJ00003534	FSMC Meeting Minutes dated 20 August 2002	POINQ0009705F
12.	FUJ00003589	FSMC Meeting Minutes dated 19 November 2002	POINQ0009760F
13.	FUJ00003577	FSMC Meeting Minutes dated 26 August 2004	POINQ0009748F
14.	FUJ00003590	FSMC Meeting Minutes dated 18 March 2004	POINQ0009761F
15.	FUJ00003575	FSMC Meeting Minutes dated 9 June 2004	POINQ0009746F
16.	FUJ00001743	Service Description for Implementation and Maintenance of Security Policy and Procedures - CS/SER/016 - v1.0 dated 6 January 2003	POINQ0007914F
17.	FUJ00088683	Fujitsu - Post Office Security Management Service: Description Version 3.0 dated 15 October 2010	POINQ0094854F
18.	FUJ00003642	ICL plc Board Meeting Minutes dated 31 October 2001	POINQ0009813F
19.	FUJ00003663	FSMC Meeting Minutes dated 5 February 2004	POINQ0009834F
20.	FUJ00003633	Resolutions, associated correspondence and a Board Report dated 28 June 1999 concerning capital injections	POINQ0009804F
21.	FUJ00003693	ICL Pathway Ltd Board Meeting Minutes dated 15 August 2000	POINQ0009864F
22.	FUJ00003695	FSMC Minutes dated 14 February 2007	POINQ0009866F