

Witness: Karen Anita McEwan

Witness no.: WITN11360100

Date: 17 September 2024

POST OFFICE HORIZON IT INQUIRY

WITNESS STATEMENT OF KAREN ANITA MCEWAN

I, Karen Anita McEwan, c/o Post Office Limited, 100 Wood Street, London, EC2V 7ER, will say as follows:

SECTION 1: PROFESSIONAL BACKGROUND

- 1 I am currently the Group Chief People Officer of Post Office Limited ("POL"), having joined POL in September 2023. 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 12 July 2024. I have been assisted in preparing this witness statement by Brodies LLP.
- 2 I have a First-Class Honours Bachelor of Science degree in Psychology and over 30 years' experience in specialist human resources ("HR") and operational management roles for large organisations.
- 3 I worked for Tesco Stores Limited ("Tesco") between March 1981 and May 2016. I held several roles at Tesco, including as Format People Manager, Operations

Director and Stores Director. In December 2014, I became the UK People Director. I held that position from December 2014 to May 2016.

4 In October 2016, I took up the role of Chief People Officer at McColl's Retail Group Ltd ("McColl's"). In January 2020, I was made Chief People and Operations Officer. I was then appointed as Interim Chief Executive in February 2022 and held this position until January 2023. I left my role at McColl's in February 2023 by reason of redundancy following the sale of the business to Morrisons PLC.

5 I am currently a Non-Executive Director on the board of Chelmer Housing Partnership, a non-profit organisation.

Joining POL

6 In summer 2023, I was approached by MBS Executive, an executive search firm, about the role of Group Chief People Officer ("CPO") at POL. I had an interview with Nick Read, CEO, in July 2023. I had worked with Nick at Tesco approximately 20 years prior to this, but we had not kept in touch during this time.

7 As part of the interview process, I also met with Owen Woodley, Deputy Chief Executive, Henry Staunton, the then Chair of the Board, and Amanda Burton, Non-Executive Director and Chair of the Remuneration Committee ("RemCo").

8 I was appointed to the role of CPO in September 2023. It is an Executive position, reporting to the CEO. I am responsible for setting the 'People' agenda for the organisation; delivering the key objectives of the strategic plan; leading the design and delivery of talent pipelines and programmes; learning and development solutions; and the colleague 'experience' from onboarding to leaving the business. I

report to the RemCo on pay and reward matters and to the Nominations Committee on organisational moves and leadership changes.

Experience of Horizon IT system

- 9 I have no direct experience of the Horizon IT system, however, I understand it to be the system that serves POL branch IT infrastructure and that it has been in-situ for many years.
- 10 Prior to joining POL, I knew there were issues with the IT system - this awareness came from media reports, and from a television documentary which highlighted the system problems and the detriment that it had caused to Postmasters.
- 11 At my interview, in July 2023, Nick Read, CEO, highlighted the past problems with the system. He did not elaborate on the system issues but attributed the false prosecutions of Postmasters to these problems. Nick mentioned the system at this time to give context to what was happening with the Inquiry and what had happened in the past, but he did not go into detail about the specific problems which had occurred – the interview was focused on the CPO role and remit.
- 12 Once I had joined POL, I wanted to learn more about the business and was curious about what the issues with the system had been. Through conversations with colleagues, I became aware that there had been issues with its functionality leading to problems with reconciliation of accounts in branches and also that there had been issues with 'remote system access', meaning that people other than Postmasters could access individual branch systems. I understand that the reconciliation of branch accounts could be amended or adjusted by those accessing branch systems remotely. Due to my experience in the retail sector, I am aware of the importance of

staff working in retail environments being able to rely on a company's IT infrastructure and systems being accurate. I believe I was particularly alert to the issues relating to remote system access due to my experience in the retail sector - as far as I am aware, it would be unusual for such access to be possible.

- 13 Since joining, due to the nature of my role and responsibilities, I have not had direct involvement with the Horizon system, however, updates about the system have been provided occasionally to the Strategic Executive Group ("SEG"), of which I am a member.

SECTION 2: EXPERIENCE OF POL'S SEG

Training and induction prior to or on appointment to POL's SEG

- 14 I started at POL on 25 September 2023. I had a pre-booked holiday for two weeks in early October 2023 and had suggested I join when I return but Nick Read was keen for me to start as soon as possible. Therefore, I had around 10 days in the role before I went on holiday and returned to work in the last week of October.
- 15 I did not receive any pre-joining training. To get background information, I accessed POL's website and read historical news items. I listened to Nick Wallis' BBC podcast, which I had been pointed to by a former colleague, to seek some understanding of the issues of the past.
- 16 There was no formal induction process. On joining, I had initial meetings with functional business leaders, including directors and other members of the General Executive ("the GE"). At that time, the GE was the group with the responsibility for the day-to-day operation of POL. These meetings had been set up by my personal

assistant ("PA") who emailed me a meeting schedule prior to my start date (POL00458469 and POL00458470). These meetings had been arranged in discussion with members of the GE team, as well as with Nick Read's PA. These meetings were typically 30 or 45 minutes long and mainly covered (i) each person's role and the function for which they were responsible; (ii) the main issues currently being tackled by that function; and (iii) the individual function leader's background.

17 Subsequently, I arranged initial induction meetings with members of the Board, namely Henry Staunton and all of the Non-Executive Directors, namely the Postmaster Non-Executive Directors, Elliot Jacobs and Saf Ismail ("Postmaster NEDs") and Amanda Burton, Andrew Darfoor, Brian Gaunt, Ben Tidswell, Lorna Gratton and Simon Jeffreys. These meetings mainly took place on my return from holiday in late October and early November 2023. I initiated these conversations as I was interested in their perspective on the CPO role, and what they saw as the business priorities at the time. I also asked specifically what I could do to make things better at POL.

18 Prior to and over the Christmas period, I visited a number of branches. I did so on my own in London and East Anglia and for branches in Cambridgeshire the Regional Manager accompanied me. I asked for these visits to be arranged to help me to understand the operational elements of the branches and, on accompanied visits, to get to know the POL Regional teams. During these visits, as well as spending time with the Regional Manager, I was introduced to and spent time with members of the Regional Management team, branch colleagues and Postmasters. I was keen to learn about the issues experienced by Postmasters and their teams, to see how branch and regional operations were managed and to understand the challenges

associated with these operations and what I could do to help in my new role. At my request, I visited direct-managed branches ("DMBs") as well as franchised branches to better understand the key differences between them.

- 19 These visits were extremely insightful and, as a result of them, I was able to begin to gain an understanding of the operating model and organisational design set up from a field management perspective and how this supported branches and Postmasters. I had several conversations with Postmasters and was able to learn about some of their challenges, and the different challenges in the DMB branches. The Postmasters I spent time with were troubled by past events but had not directly experienced wrongful prosecution or challenges with reconciliation matters, as some of their colleagues had faced. They showed a great deal of empathy for those colleagues but were mainly focused on issues relating to the present. This included the fairness of their remuneration, potential business disruption due to outside influences, trouble recruiting new staff and resulting issues with branch coverage during busy periods. In both the DMB and Postmaster-led branches, Postmasters raised operational challenges that they had experienced such as the pace of change initiatives and the quality of support associated with these. I fed these back to the relevant people in the head office functions for resolution.

Reflections on the training and induction received

- 20 Before joining, I sent Nick Read an email to express my concerns about my pre-joining onboarding experience. I had been required to complete forms which I found to be intrusive and uncomfortable due to the level of personal information requested, for example I was asked to provide information to enable background checks to be completed on my husband.

- 21 I did not have sufficient understanding of the context of the business and felt I should have been told more about it before I started. I had not fully appreciated the stress that the business and the Executive were under, or that I was expected to, and needed to, start work on an urgent basis to begin to help to fix the issues the business was experiencing and support the Executive team. This meant that, whilst my background and relative experience allowed me to move into the role without difficulty, I did not have a pleasant or comfortable introduction into the business.
- 22 I was aware that the role of CPO at POL would be a demanding role, but I felt comfortable that it would be well within my competence, given the roles I had held previously. For example, my last role prior to joining POL had involved extraordinarily long working hours and levels of commitment to manage the sale of a business through an administration process. However, upon joining POL it became clear that the scale of my role was more significant than I had anticipated. The level of expectation of my working hours and visibility across the business, made it necessary to take on a rental property in London to be able to manage the demands of the business. This has impacted my personal life.
- 23 My onboarding experience was not in line with my expectations, nor was it typical of the onboarding process in other large organisations. I think there were a number of factors which contributed to this. There was no incumbent in the role to do a handover with me and when I joined in September 2023, several members of the senior HR team, including two HR directors, GRO, were absent due to stress (including work-related stress), and the department was under significant pressure. Morale within the HR team was low – members of the team told me that they felt undervalued and unable to effect change within the business,

including in relation to how performance was managed within the business. I think the pressure staff were under had an impact on the induction process that was arranged for me.

- 24 It may also have been partially due to the fact that I report directly to the CEO, Nick Read, who was extremely busy at the time I joined the business and in the immediate period afterwards as he was tackling a number of issues mainly related to the then Leadership team. At that time, there was conflict between senior members of the team and there were gaps in leadership, for example as the team was missing an experienced Chief Financial Officer ("CFO") as the permanent CFO, Alasdair Cameron, was absent due to ill health.
- 25 Given the nature of my role, I advised Nick that I felt the onboarding process was something that the People function (which was known as the HR function until January 2024) needed to fix and I set about work to establish the capability and structure within the People function to deliver an improved colleague onboarding experience.
- 26 In particular, I consider that there was a lack of structured support to help to ensure that colleagues at all levels, including senior leaders and Executives and Non-Executive Directors, were quickly and smoothly introduced to the business, its history and its current challenges. Until the 'Horizon Scandal' training module was launched in February 2024, there was no formal or comprehensive training module which considered the human impact of matters examined by Fraser LJ's Common Issues or Horizon Issues judgments.

27 This training was developed as an output of the 'Ethos Programme' which I discuss in paragraphs 88 to 91 below. The Programme Director, Tim Perkins, worked with the People Team and with members of the Remediation Unit, given their experience working to deliver compensation to Postmasters, to develop the content of this training module. Owen Woodley and I approved the training module having considered its contents in detail (POL00458471). It is unusual for training to be approved by two members of the Executive team, but we deemed it necessary due to the criticality of the training, the importance of its subject matter and the need to ensure it achieved the necessary level of engagement and impact across the organisation.

28 The objectives of this training are to:

28.1 *"Ensure that all colleagues are aware of what happened in the scandal and the destructive impact it had on Postmasters' lives and those around them.*

28.2 *Understand the cultural conditions that enabled poor treatment of Postmasters over many years.*

28.3 *Know how to act as an early warning system should they see conditions or behaviours in POL that, similarly, enable unacceptable behaviours or culture."*

29 It covers the critical timeline between 1999 and present day, including details of the wrongful prosecutions and their impacts, and the subsequent judgments and their recommendations as well as action POL has taken in this respect.

30 The training was launched in POL's Bolton, Chesterfield and London offices on 14, 15 and 22 February 2024, respectively, and was live streamed to those attending

remotely. These sessions were recorded and a link to the recordings were provided for those who were unable to attend the live sessions. It is also now a mandatory training module for all colleagues which was launched on 15 March 2024 and is included in the induction for all new starters, irrespective of work level or job function. There has been a lot of positive feedback from the training. I attended the session in the London office and witnessed the profound impact this training had, as colleagues came to understand at a personal level, the impact the wrongful prosecutions had on Postmasters and others who were affected, as well as those close to them. I was moved to tears during the session, as were others.

31 The newly developed People Plan (POL00458453), which I created, also addresses the gaps in pre-joining and on-commencement induction training including by raising awareness of the issues of the past. The People Plan is focused on developing three priority areas:

31.1 colleague experience, which includes:

31.1.1 engagement;

31.1.2 wellbeing;

31.1.3 reward;

31.1.4 core people processes;

31.1.5 people policies;

31.1.6 people systems; and

31.1.7 people data and analytics;

31.2 capability, which includes:

31.2.1 leadership;

31.2.2 talent development;

31.2.3 talent attraction;

31.2.4 performance management; and

31.2.5 organisation design; and

31.3 inclusion, which stands on its own as a core priority that needs to be embedded across the entire People Operating Model.

There are also three stages outlined in the People Plan, namely:

31.4 'Foundations' – which involves: (i) assessing where we are and where we want to be in relation to people, processes, technology and culture; (ii) starting where we are, using what we have and doing what we can to reinforce or build strong foundations that will underpin our ambitions for the future; and (iii) narrowing our focus to ensure we get the basics right first;

31.5 'Growth', which involves: (i) steadily building on the foundations to embed and improve; (ii) building trust and confidence in the People offering; and (iii) expanding our focus beyond the basics and aiming for best in class; and

31.6 'Sustainability' which involves: (i) scanning the horizon whilst continuing to listen, learn and deliver best in class; and (ii) a consistent, reliable offering across the whole colleague lifecycle.

32 The People Plan looks at the functional, operational work needed to create fundamental changes in the business to try and stop the problems of the past being repeated. It is based on the principle that the people serving the Postmasters should be the best they can be. I developed the plan using what I believed was right for POL and best HR practices. It has been socialised in all functions and the Board was taken through it at a session I led on 27 February 2024 in advance of which Tim Perkins prepared a board paper titled '3-year People Plan and People Structure' (POL00447854).

33 A review and revamp of the current induction process is also underway. The Horizon Scandal training module, referred to at paragraph 26 above, has been included as a pre-requisite module in the induction process for new joiners to POL. A pre-joining 'reading list', will now be provided to all Band 4 colleagues (i.e. those responsible for leading people, functions, or departments within POL such as Functional Managers, Heads of Departments and Heads of Functions) and above who join POL. This list includes:

33.1 Nick Wallis' book, 'The Great Post Office Scandal';

33.2 The Radio 4 podcast hosted by Nick Wallis, 'The Great Post Office Trial';

33.3 Nick Wallis' Post Office Scandal website (www.postofficescandal.uk);

33.4 A summary video including material from some of the Inquiry's human impact hearings (which is included in the Horizon Scandal Awareness training);

33.5 Tim Moloney KC's closing statement, on behalf of 76 former Postmasters, for Phase 4 of the Inquiry (2nd February 2024);

- 33.6 ITV documentary, 'Mr Bates vs The Post Office: The Real Story', broadcast in January 2024;
- 33.7 BBC Panorama documentaries, 'The Scandal at the Post Office', broadcast in June 2020 and 'The Post Office Scandal', first broadcast in April 2022;
- 33.8 Lord Justice Fraser's 'Common Issues Judgment' and 'Horizon Issues Judgment' in the case of *Bates and others v Post Office Limited*;
- 33.9 The Court of Appeal judgment in the case of *Hamilton v Post Office Limited*;
- 33.10 The ITV drama, 'Mr Bates vs The Post Office', broadcast in January 2024.

This material is not compulsory pre-joining reading/viewing but the list is intended to provide new joiners with resources to help them understand the issues facing POL and those of the past.

- 34 Whilst I identified areas for improvement in the onboarding training provided, POL's mandatory and compliance-based training is reasonably comprehensive and applies to all levels of the organisation, including the Executive. Topics covered include:
 - 34.1 anti-money laundering;
 - 34.2 information security and data protection;
 - 34.3 anti-bribery and corruption;
 - 34.4 'Speak Up' (POL's whistleblowing policy);
 - 34.5 modern slavery;
 - 34.6 group litigation orders;

34.7 Postmaster complaints handling;

34.8 contract management;

34.9 health and safety; and

34.10 as of March 2024, the Post Office Horizon Scandal.

35 Competition and procurement training modules are also mandatory for certain groups of colleagues.

36 This training is mainly conducted via an online portal, full instructions are provided and deadlines are set for the completion of each module. Performance and completion rates are centrally monitored and measured.

Briefings on issues addressed by the Inquiry before or on joining POL

Before joining POL

37 As noted in paragraph 16 above, I did not receive any formal briefings pre-joining. I became aware of the Inquiry and its objectives from media and my own pre-joining research.

38 At my interview with Nick Read, he informed me of the issues being addressed by the Inquiry, as they were in July 2023. At that time, the Inquiry was looking at the Horizon system issues, and the level of knowledge that previous and current POL colleagues may have had about those issues. Nick also informed me that several incumbent colleagues in POL had, and would be, called to provide statements or give oral evidence during the Inquiry's proceedings.

39 As noted above, Nick Read made me aware of the fact that there had been historical problems with the Horizon IT system. He described the court action taken by the group of Postmasters which I now know to be the Group Litigation Order proceedings. He also referred to subsequent judgments in respect of Postmasters but did not provide specific details about these.

40 At this interview, I was made aware of the unit which had been set up within POL to manage the execution of compensation payments to Postmasters affected by wrongful prosecutions. This work was viewed by Nick Read and the business as critical – he explained that it was critical that justice was served to financially compensate Postmasters affected by the issues of the past.

41 This clear determination by the business for redress, which was also stressed to me by Owen and Amanda, was one of the key reasons that I decided to join POL rather than pursuing the final interview stages for another CPO role at that time.

42 I believe it would have been helpful for me to have had more information about the Inquiry before I joined so that I could ensure I felt prepared for my role. However, with hindsight, I believe that no one at POL knew how high-profile matters relating to the Inquiry would become following the broadcast of the ITV drama, Mr Bates vs The Post Office, or the extent of the issues that it would unearth.

43 I have however made it my mission to ensure that senior people joining POL are sufficiently prepared and understand the issues and causes of POL's past mistakes. This is easier now than it was when I joined in September 2023 as there is so much information in the public domain. As discussed at paragraph 33 above, senior staff

who join the business will now be provided with a reading list to brief them on the background to the Inquiry.

Following joining POL

44 In my second week as CPO, I met and was briefed by the Remediation Unit Director, Simon Recaldin. He explained the Remediation Unit's function and its focus on Postmaster redress. Simon delivered the briefing clearly, however given the sheer volume of information and number of compensation schemes that had been initiated and their complexity, it was difficult for him to explain and for me to immediately understand all of the relevant information. It was clear it would take some time to properly understand the exact nature and purpose of each of the compensation schemes. However, given my role, it is not necessary for me to have a detailed understanding of all these schemes. There was certainly no need for me to gain this understanding immediately upon joining, as my priorities were to address matters relating to culture and other matters in the 'people' space.

45 In my first couple of months at the POL, I had subsequent sessions with Simon to understand the internal infrastructure and 'people structure' within the Remediation Unit. It appeared that the function was primarily made up of contractors (also referred to as 'contingent workers') however it was also staffed by members of POL staff who had been employed at the time the unit had been set up and had transferred into this unit. Simon believed that he had the necessary resource in place to deliver against his objectives.

46 During my initial induction meeting with Simon and in subsequent meetings, Simon stressed the Remediation Unit's focus on compensation, and the criticality of ensuring

that the team were competent and enabled to ensure that individuals could be compensated as quickly as possible. However, at this stage, Simon did not comment on the operational performance of the Remediation Unit. At this meeting we were focused on the structure of the team and how the people within the team were working together.

47 In or around February 2024, I had a group meeting with several of Simon Recaldin's direct reports to learn who in the team were responsible for the respective schemes and other work within the function.

48 During the last six months, I have also had cause to have a few meetings with members of the wider Remediation Unit in the course of 'business as usual' work and to discuss the work that had been undertaken regarding the 'Past Roles' project, which I discuss at paragraphs 178 and 179 below. At almost every meeting, their focus on fulfilling the Remediation Unit's purpose to provide redress for Postmasters has been clear. Those with whom I've met have demonstrated an urgency in tackling operational issues and have also openly described their personal commitment to helping to support Postmasters who suffered due to the Horizon IT issues.

49 During my relatively short time with the business, the Executive team has been provided at regular intervals with updates on the progress of the work of the Remediation Unit. Simon Recaldin has presented these updates at meetings of the SEG. Updates have also been provided to the SEG and the Board when there have been policy changes, such as those initiated by Government on redress or, recently, the changes made to the schemes for claims above £75,000 and those below £75,000, as well as the 'mass exoneration' decision taken prior to the General Election.

Reflections on adequacy and effectiveness of POL's current corporate governance arrangements

50 My reflections in relation to the adequacy of the POL's corporate governance arrangements relate to two broad categories (1) Board governance arrangements; and (2) operational governance arrangements.

Board governance arrangements

51 My experience of Board governance at POL is with the two Board Committees that I sit on, the RemCo and the Nominations Committee. These were established to govern decisions on pay and reward and on organisational people changes, respectively. I am not a member of the other POL Board committees.

52 There are appropriate terms of reference for each of the RemCo and the Nominations Committee (POL00458461 and POL00458472 respectively) and, in my experience, these Committees meet quarterly, are well organised, have a robust agenda and minutes are taken, actions are noted and followed through – these arrangements are in keeping with my experience of Board level committees in other organisations.

53 Representation at meetings of the RemCo is now also in keeping with my prior experience of Board level committees. I have been told by a colleague that, before the current RemCo Chair, Amanda Burton, and I joined POL, there were issues relating to the composition of the RemCo and the level of governance applied to decisions regarding pay and bonuses. As well as hearing this from internal sources, this is something which I have gleaned from news media. I became aware of a concern, which was in the public domain, that Nick Read had received a bonus that he subsequently had to partly repay. When I joined POL, Nick was attending

meetings of the RemCo, which was unusual given his position of CEO, however, this is no longer the case. This change in Nick's attendance came about following a conversation between Amanda and me, after which Amanda spoke to Nick. I believe I raised this issue with Amanda but I am aware that she shared my concern about Nick's attendance at these meetings.

54 I have not had any concerns about representation at meetings of the Nominations Committee.

55 Over recent months, I have worked with Amanda and our Reward team to make positive changes to the RemCo. For example, we have a more structured approach to attendance at and preparation for the meetings, including the production of papers, and feedback from Committee members has confirmed that the quality of updates provided has significantly improved.

56 At my interview and induction meetings with Amanda, I asked what she saw as the priorities for the CPO role as it relates to the RemCo and the Nominations Committee, as she is a member of both. Amanda advised that there was a need to improve the quality of management information and reports and a need to review the two key incentive schemes – namely an annual bonus scheme and a longer-term incentive which offers bonuses every three to five years. Amanda also considered that there was a more general need to improve the quality and content of RemCo papers relating to remuneration and she was particularly keen for me to improve the quality of the Board updates and papers submitted for RemCo consideration and approval. That is what I, working with Amanda, set out to do upon taking up the CPO role.

57 In November 2023, I became aware that a full governance review was in the process of being conducted by Grant Thornton ("GT"). I was asked to contribute to the process. I attended an interview with GT representatives via Teams and was asked several questions about my observations of governance at POL and opportunities for improvement. My experience of the POL's governance at that time was extremely limited as I was a matter of weeks into my new role. I had experienced one RemCo meeting which took place on my second day in the business.

58 A copy of GT's report (POL00446477) was made available to me on 25 June 2023, in advance of a SEG meeting on 3 July 2024, although I believe a version was shared with the Board for their consideration earlier in the year. At that meeting, a list of operational governance items which had been extracted from the GT report by the POL's Chief of Staff was also shared (POL00458460). Accountability for these items was assigned to different areas of the business. I have started to make improvements to the areas within my control based upon what I deem to be best practice.

Operational governance arrangements

59 In terms of matters relating to 'operational governance', I consider that there is a need for significant improvement. Whilst some areas have been addressed by the recent changes to the Leadership team and the SEG, as outlined below, there are opportunities for further improvements to be made.

60 In my opinion, based upon my previous experience, the need for improvement is related to issues surrounding (1) frequent changes of leadership; (2) the organisational structure of teams within the 'control environment' (i.e. risk, assurance, compliance and audit); and (3) cultural challenges.

Frequent changes of leadership

61 There has been significant turnover of senior leaders and I believe that, over time, this has eroded knowledge of the business and has meant that it has not been possible to get change embedded as it might have been with stable leadership. There have been many reasons for the attrition of senior leaders and executives, including ill health and other personal reasons. Separately, some senior members of staff did not have their contracts renewed or did not stay beyond their probation period – this has applied to individuals in the roles of Chief Transformation Officer ("CTO"), Chris Brocklesby; CPO, Jane Davies; and Interim CFO, Kathryn Sherratt. Kathryn left due to voluntary redundancy GRO

Structure of control environment

62 The organisational structure of areas within the control environment has not been fit for purpose as there has not been one single point of leadership at executive level. Accountability for these areas has been moved due to the absence of the General Counsel, Ben Foat, and subsequently the CFO, Al Cameron, and then the Interim CFO, Kathryn Sherratt.

63 We have recently made significant changes, recruiting a Risk and Assurance Director to bring together as one function, and assume the leadership role for, all assurance activities. This role is a now key member of the Leadership team, with a reporting line directly into the Interim CFO and a dotted line into the Chair of the Audit & Risk Committee ("the ARC"), Simon Jeffrey. As set out in the job description for this role (POL00458462), the Risk and Assurance Director is responsible for implementing POL's strategic plans by leading an integrated Assurance function and developing its

functional strategy and the roadmap for its delivery. This role will be pivotal to ensure POL remains centred around ethical decision making and doing what is right, both from a Postmaster and colleague perspective, and in demonstrating an improved and effective governance regime. Anshu Mathur has been appointed to this role as an internal hire and has recently taken up the post.

64 The Risk and Assurance Director will also be responsible for ensuring the 'three lines of defence model' is embedded in the ways of working in POL. This risk governance model is recognised as best practice by the Institute of Internal Auditors. The 'first line' of defence is Business Operators and Functional Compliance leaders who own and manage the relevant risks; the 'second line' is the Group Assurance team, formed of compliance specialists, which monitors and oversees the management of risks; and the 'third line' is the Group Internal Audit team which provides independent assurance.

65 It is critical that the first line, Business Operators and Functional Compliance leaders, not only understand their accountabilities but are also able to demonstrate their levels of compliance and performance through self-assessment, along with constructive challenge and business partnering from the new Risk and Assurance Director and the Assurance team. This team will create and deliver a risk based Integrated Assurance plan (the second line), and Internal Audit (third line) will ensure that POL is managing risk appropriately. All three lines of defence are responsible for implementing the Integrated Assurance plan created by the Assurance team.

Cultural challenges

- 66 Other matters can be summarised under the umbrella of 'cultural challenges'. The Executive are often not empowered to make decisions, particularly those regarding expenditure. Aside from the operational challenges that this presents, I believe that in the past this lack of delegated authority led to colleagues outside of the SEG and the wider Leadership team not having autonomy to make decisions, and consequently to them not having responsibility for the decisions which are made.
- 67 There is an apparent aversion to risk, and this still exists despite the recent changes we have made to the Leadership team. Colleagues in senior positions are reluctant to make decisions that, in my experience, would normally be taken by their counterparts in other organisations. Feedback provided to me by members of the wider management group, has suggested that this is due to a fear of 'getting it wrong' or of more public criticism and scrutiny, which may be exacerbated by the current profile of the business and the mistakes that have been made in the past. This may prevent colleagues from taking action. There is a reluctance about, or avoidance of, decisions being taken at the right level, i.e. by the functional business owners and colleagues who are at the 'sharp end' of decisions needing to be made. This seems to extend across functions and is typically seen when expenditure is required or processes need to change. In my view, this has driven a need to escalate matters on which decisions are needed, mainly to the SEG, which disempowers people further.
- 68 In my early experience of meetings of the GE, the agendas were cramped, too many decisions were required, and it was impossible to give items the proper consideration they needed. There were often occasions where it became impossible to cover the entire agenda, leading to decisions being delayed and/or lack of proper discussion.

- 69 Since disbanding the GE and forming the SEG, as described in paragraph 80 below, the quality of discussion has improved and we have revised the topics on the agenda so we are focused on the most important matters requiring decisions and discussion. Owen Woodley and I initiated these changes and they have been supported by POL's Chief of Staff, Chrysanthy Pispinis. While agendas for meetings of the SEG are still very busy, the SEG is less overwhelmed than the GE was previously.
- 70 We have recently launched the Behaviours Framework for the business (POL00458463), which was developed in conjunction with 'Business 4 Zero', a management consultancy firm which specialises in helping businesses set strategic visions. This firm was commissioned as part of the Ethos project discussed in paragraphs 88 to 91 below. The behaviours which the Framework promotes were derived from an analysis of colleague survey feedback, listening forums and historical knowledge, and were based on the key outcomes we wanted to see from the organisation this year and beyond.
- 71 One of the four key behaviours is 'own the outcome', which I am confident will help drive the changes in ownership and accountability we need to see. The other key behaviours are 'be curious', 'move it forward', and 'back each other' all of which are critical to cultural change.
- 72 We have started to engage with the organisation in relation to the Behaviours Framework, leading the engagement plan through the business leaders and heavily supported by the People team. While there is still progress to be made, feedback so far has been extremely positive, with colleagues and, more recently, Postmasters citing the Behaviours Framework as a sign that POL is on the way to cultural changes. The Framework requires implementation from a development and training

perspective, and role modelling and coaching by senior business leaders. However, as the behaviours promoted in the Framework will be used to underpin performance management processes, performance reviews, progression, and recruitment, we now have a robust framework to move forward, supporting leaders and we also have a mechanism which can be used to highlight the consequences of a lack of, or poor, decision-making. We have provided guidance for colleagues and for leaders in terms of identifying, using clear examples, how they can see when the behaviours are being 'lived' and when they are not.

73 Despite there being an aversion to risk in the business, I consider that POL is not as focused on assessing and managing risks as it should be. The newly established Assurance function needs more exposure in the business. There also needs to be strong representation for this function at leadership level and the consequences of poor risk management should be incorporated into performance reviews. These matters will be addressed by the appointment of the new Risk and Assurance Director, Anshu Mathur, (as discussed at paragraphs 63 – 65 above) and by the support and focus of the Executive and Leadership teams on matters relating to risk.

74 I am confident that the work carried out so far in relation to the Behaviours Framework and the review and restructure of the control functions will prove instrumental in driving the cultural change that is needed. This will need to be supported by strong and consistent leadership from the Board and the Executive, as well as by all leaders at POL. These individuals should act as role models of the new behaviours, thereby embodying the changes that they are designed to achieve.

75 A rule was also put in place providing that to achieve this year's bonus award from the short-term incentive plan, all mandatory training needed to have been completed

by 31 March 2024 for the bonus to trigger. This is a symbolic change and one which should help to drive cultural improvements. The mechanism for this was devised by the Reward Director, Ian Rudkin, and me, and it was agreed by the RemCo earlier this year.

Culture of the POL at SEG level and cultural changes since the findings of Fraser LJ in the Common Issues Judgment or resulting from evidence arising in the Inquiry

76 I would describe the culture of the SEG as evolving and improving – there is still work to be done, but in my relatively short time with POL, there have been steps forward in relation to culture.

77 On joining, I found the GE to be untypical of senior leadership groups I have been part of prior to joining POL. There was not a deference to subject matter expertise, and the group felt hierarchical in its approach. There was a reluctance within the group to show vulnerability and support for others' opinions - members often felt the need to have and share opinions, even when they did not have the requisite knowledge or experience to be able to add value. There seemed to be an expectation that members of the group would contribute to discussions on all topics - for example, there was an occasion where I was asked to give my opinion on aspects of specific corporate contractual arrangements, in an area of which I had no knowledge and several occasions where opinions were forcefully made on 'people' issues from colleagues who did not have the relevant subject-matter experience.

78 At that time, the group lacked diversity, including in relation to gender and ethnicity, and this combined with its members' relative inexperience of the operation of distressed businesses, impacted the speed of decision making and the nature of

debate. These issues were exacerbated by the broadcasting of Mr Bates vs The Post Office, POL staff being called to give evidence at the Select Committee and the challenges the business faced at that time.

79 I also believe that this group had not helped to drive the work on culture that was needed in the business - colleagues should have been able to look to this group as an example of leading organisational change and 'living' the values of POL. Shortly after I joined, members of the wider management population told me that they felt that they could not trust the GE because members discussed their colleagues with other GE members and with individuals outside of the GE. Members of the group and those outside the group also told me that there was a lack of trust within the group. This feedback was the main driver, from my perspective, for the need for change in this structure. Against the backdrop of historical issues, past wrongdoing, and the need for institutional change, it would have been impossible to have continued without making changes to the construct of the GE.

80 In January 2024, Owen Woodley and I agreed with Nick Read that we should disband the GE and establish the SEG. The function of the SEG and terms of reference is the same as the GE, but the membership of the group has changed. There are however some roles that were on the GE and are now on the SEG, namely the CEO, the Deputy CEO, the CTO, the CFO, the Chief of Staff who attends as an advisory member, and the CPO.

81 The GE was formed of 13 members who each had differing levels of experience, knowledge and capability and were of varying levels of seniority. The SEG is a smaller group formed only of the most senior people in the business. I have talked with the SEG about the perception that there was of the GE and members of the SEG

are aware of the trust issues that were associated with the GE. I consider that the SEG's culture is far more collegiate, supportive, and trusting. Decisions are taken more quickly, aided by the reduced size of the group, and subject matter expertise is valued by group members. Critically, there is more curiosity, questioning and challenge and more focus on what matters for Postmasters.

82 In or around March 2024, it was decided that there would be further changes to the structure of the SEG, including the creation of the role of Chief Operations Officer ("COO"), resulting in the role of Group Chief Retail Officer ("CRO") falling away. It was also decided that the role of Deputy CEO would not be replaced when Owen left the business in September 2024. Initially, Owen was responsible for taking forward this organisational redesign process to avoid me being in a position of conflict as it was intended that a new role of Chief Distribution and People Officer would be created, as a replacement for an expansion of the CPO role. However, this proposal was not taken forward. I have exhibited with this statement a document which shows the structure of the GE as it was before it was disbanded, the structure of the SEG when it was formed in January 2024 and the structure of the SEG as it was at 1 August 2024 (POL00458464).

83 Recent leavers, including the incumbent and then the Interim CFO, Kathryn Sherratt, the CTO, Chris Brocklesby and CRO, Martin Roberts, in quick succession and the onboarding of new senior leaders, including the new Interim CTO, Andy Nice, Interim CFO, Preetha McCann, and Interim COO, Neil Brocklehurst, mean that the SEG will need to stay focused on building and uniting as a team.

84 Shortly after the GE was disbanded and the SEG was established, a new Leadership team was formed. It has 23 members but it does not meet as a group to make

decisions and instead comes together in sub-groups. The criteria for membership of the Leadership team is:

84.1 relevance of the role in running the business day-to-day;

84.2 criticality of the role in the current business context (meaning membership is likely to be fluid); and

84.3 adherence to, and role-modelling of, the expected leadership behaviours.

85 I am seeking to get others to understand the connection between the culture within POL and how this impacts Postmasters' trust of POL – if members of the leadership team within an organisation do not trust each other, how can it expect the organisation to be trusted by others? When I produced the new People Plan (POL00458453), the Postmaster NEDs noted that there was no reference within it to Postmasters. I explained that, while it is a plan that is specific to POL colleagues, I believe that by doing all we can to improve the culture within POL, we will also improve the experiences of Postmasters.

86 There is still work to be done to ensure that the cultural change which needs to happen at a systemic level is first established at the most senior parts of the organisation. It is my firm belief that unless this happens, as a pre-requisite to wider change, any cultural progress would be superficial and short-lived. We as leaders of the organisation must 'behave our way' to the change we want to see, acting as role models and exemplars of our values and ways of working. This can only be achieved by acknowledging where we see shortfalls, and by showing determination to stamp out any areas of behaviour and cultural issues that are not in keeping with our ambitions for change.

Actions taken to change the culture of the wider organisation following the findings of Fraser LJ or resulting from evidence arising in the Inquiry

87 On joining the organisation, I was keen to quickly understand the work which had already been taken in relation to culture and the progress and impact of that work and to identify where there were gaps, and therefore opportunities, for me and for the People function to contribute to the work to improve culture.

88 I established the work that had been done by asking questions of Owen Woodley, who was the executive sponsor of the Ethos Programme, Tim Perkins, and senior members of the People team. The Ethos Programme had been established in Spring 2023 to attempt cultural change based upon the findings of Fraser LJ in the Common Interest Judgement. Changes had however started to be made to address cultural problems within the organisation from 2020 onwards, following Nick Read joining POL.

89 The interventions which resulted, at least in part, from the work instigated by Nick and/or the Ethos Programme included:

89.1 structural changes, for example the changes which Owen and I made, transforming the GE to the SEG stemmed in part from work done by the Ethos Programme;

89.2 vision-setting, i.e. launch of POL 'ways of working', guidelines designed to shape culture and how staff work together;

89.3 staff surveys;

89.4 workshops;

- 89.5 service-related training;
- 89.6 the GLO awareness training, which launched in 2022 and is mandatory for all staff;
- 89.7 culture sessions;
- 89.8 appointment of the Postmaster NEDs; and
- 89.9 the establishment of equality, diversity and inclusion ("EDI") colleague network groups.

All of these actions, save for the structural changes to the GE/SEG, were taken before I joined POL.

- 90 To understand the terms of reference and the key objectives of the Ethos Programme, I spent time with Tim Perkins and had several subsequent meetings with him to understand what progress had been made, and to establish how I may be able to either help to accelerate the work, or to integrate the Programme's deliverables into the work I intended to do to build a strategic People Plan.
- 91 It became apparent that whilst there was a strong intent to deliver cultural change, evidence by the setting up of the Ethos Programme and its sponsorship at an executive level, there had been a lack of significant change to the extent needed.
- 92 One area in which further change is required is that of EDI. Although significant efforts have been made, the changes are not yet as apparent or as meaningful as they need to be. As noted above, EDI network groups have been set up to represent under-represented groups of colleagues. These are:

- 92.1 Prism - connects and supports LGBTQ+ employees;
- 92.2 Affinity - promotes the progression of women at Post Office;
- 92.3 Complexions - supports and celebrates religious and cultural diversity; and
- 92.4 Be You - supports those with disabilities, promotes awareness of mental health, neurodiversity and wellbeing at Post Office.
- 93 These groups are very active and they are assigned a budget. There has been an increase in diverse ethnic background representation in management roles from 2% in 2021 to 11% in 2024 but there is still much more work to be done in this critical area. I have received feedback from members of the EDI network groups and from members of the People team that, prior to me taking up the role of CPO, there had been a lack of engagement, funding and actions from the executive team to drive change.
- 94 After spending time in my initial weeks at POL on understanding the fundamental aspects of the organisation's culture, it was clear to me that the Ethos programme would not be adequate to bring about fundamental change. Owen Woodley, and I discussed this and agreed that the 'People'-related items would move across to sit within my remit, and the reporting line of the Ethos Programme Director would be a solid line report to me, and a dotted line report to Owen, who retained overall sponsorship for the programme.
- 95 It is difficult to explain why less progress had been made than I would have expected given what I had been told about the ambition of the organisation to make improvements. However, in my view (as outlined above), the People function was

under significant pressure when I took up the role of CPO and there had been a lot of turnover in the CPO role. I have also outlined the pressures on the Leadership team and the events which required their attention and the wider issues relating to delegation and accountability within the organisation. It is likely that these factors, as well as the lack of experienced or capable HR representation at a Leadership and Executive level, were contributing factors in the limited progress that had been made in the work to improve culture. There was also a need to conduct a root cause analysis of the cultural issues and put in place a robust, all-encompassing plan of work with clear targets and measures.

96 I believe that there have also been issues across the organisation, and in the People function, regarding a lack of measurable objectives and performance management consequences, capacity and capability, and lack of investment in the activities which drive the most impactful change.

97 There has however been significant progress in the last six months. I have put in place a strategic People Plan (POL00458453), which sets out a three-stage approach ('building foundations', 'growth' and 'sustainability') and spans three key streams ('inclusion', 'capability' and 'colleague experience') as set out at paragraph 31 above. The overall intent set out in the People Plan is to 'create a great place to work, for all'. A new People function structure is in place, designed to 'partner and serve' the organisation, as well as provide a 'centre of expertise'. These changes are focused on building relationships with Postmasters by increasing organisational capability through better selection, onboarding and training, and by having a focus on restoring trust. The function is fundamentally different in structure from the previous iteration and is set up to bring structure and organisation to the way work is conducted and to

make significant investment in 'partnering' the business to coach leaders through the change.

98 In May 2024, the People team launched the Behaviours Framework (POL00458463) discussed at paragraph 70 above. It outlines the behaviours expected of all colleagues in POL, not just of its leaders. The behaviours defined in the Framework have been chosen to help to ensure that the organisation delivers the required cultural change. For example, the behaviour 'be curious', was designed and articulated to ensure that colleagues are empowered and enabled to ask the right questions, to be unaccepting when things are wrong and to seek to better understand different perspectives.

99 POL is working to change its culture but I am unsure to what extent this is a result of Fraser LJ's findings in the Common Interest Judgement. Fraser LJ referred to POL having "*a culture of secrecy and excessive confidentiality*". Progress has been made to increase communication, for example Nick started town hall sessions for Postmasters and POL colleagues to try and break through barriers that may exist between these groups. However, not enough has been done. I believe that there is not, at least currently, any intent within POL to be secretive but I still think that there could be clearer communication within the organisation and that leaders need to be more transparent with colleagues and Postmasters. There is still a perception that the organisation is not as open as it could be.

POL culture and building and maintaining trust between POL and Postmasters, managers and assistants

100 I've been asked whether POL's culture supports the building and the maintaining of trust between POL, Postmasters, managers and assistants. It is my belief that progress has been made with regard to communication and transparency, which in turn supports the building and maintenance of these relationships, but that this progress is confined to particular parts of the organisation and between particular groups.

101 In my experience to date, there seems to be a stronger degree of trust at a branch level, i.e. between Postmasters and their colleagues (assistants) and the Field Management team, than there may be between Postmasters and other areas of the business. This is most likely due to the nature of these roles being more interdependent and members of the Field Management team being more visible and having more in-person contact with Postmasters, compared with those in more remote roles, for example, in the head office functions. Great efforts seem to have been made by the Retail and Field Management teams to build trust, by instigating Postmaster conferences and listening forums, and by the appointment of a Postmaster Experience Director, a role currently held by Mark Eldrige. As set out in the relevant job description (POL00458458), the purpose of this role is to "*champion the importance of the Postmaster at all levels within Post Office and putting the Postmaster at the heart of what we do.*" The appointed Postmaster Experience Director is a serving Postmaster and works across branches and POL's head office as the conduit between Postmasters and POL. Feedback, including from the

Postmaster NEDs, is that this Director role seems to be valued by the Postmaster population and by the business.

102 As people and roles become further removed from the branch and the Postmasters, relationships with the Postmasters do not appear to be as strong. This is not untypical of other commercial organisations of which I have experience, with Head Office colleagues and their agendas often being somewhat removed from what happens 'on the ground'.

103 There have been recent efforts to raise all POL staff's awareness of past issues, such as by introducing the Horizon Scandal training as discussed at paragraph 26 above and by adopting a more open approach at weekly communications sessions, known as '10@10'. These sessions take place in the POL's London office and are streamed to all colleagues. They are also recorded so that people can watch them later if they do not attend or watch the live stream. These sessions are hosted by Nick, Owen and other members of the Leadership team. Recently, Postmasters have also been invited to speak at the 10@10 sessions, with one or two Postmasters coming to talk about life as a Postmaster at each session from the beginning of July 2024 onwards. The sessions provide a forum in which questions can be asked by those in the room and/or those attending online and are answered by Nick or others in real time during the session. A monthly town hall meeting also takes place which is hosted by Nick and broadcast to all POL colleagues in the same way as the 10@10 sessions. Nick and members of the Leadership team also take questions in real-time at these meetings. There are plans to create a version of 10@10 purely for Postmasters.

104 I believe that these interventions will continue to build trust, as key elements of the trust relationship are based on visibility and transparency of communication. The

10@10 and town hall sessions have provided opportunities for questions to be asked, and in my view, have resulted in POL staff having more curiosity and more empathy with Postmasters of the present and of the past. There seems to be more awareness and a better understanding of past wrongdoing amongst the wider office populations. This is evident in the questions being asked and in the openness and responsiveness of leaders.

105 POL colleagues' understanding of past events was also helped by the ITV drama, Mr Bates vs The Post Office, and the subsequent media reporting, as it highlighted in a factual and detailed way the suffering caused to Postmasters by POL. In my time with POL, I have never heard or experienced anyone suggest that Postmasters are not or were not to be trusted save for Richard Taylor, the former Communications Director, which I refer to at paragraph 191 below. In light of the wrongful prosecutions, it seems self-evident that in the past Postmasters were not trusted, however, I do not have any direct knowledge of these events.

106 I have described above some of the critical interventions which have been implemented, such as leadership changes, awareness raising, training, and onboarding improvements and there are further interventions planned for this year that are yet to come. For example, leadership coaching for all leaders and most importantly, the demonstration of the consequences of poor behaviour by the management team which should make for more trusting relationships across the wider organisation. POL will utilise the Behaviours Framework in decisions on hiring and on promoting managers.

107 In January this year, I made significant changes and improvements to the structure of the HR function, which was renamed the People function at this time. These

changes were made following a full review of the People team structure, which began in November 2023 and was led by Angela Woolfenden, an external People and Organisation Design consultant, and involved removing 19 roles and creating 40 new roles. 40% of the new roles were filled internally and the remainder were filled externally. This restructure has supported our plans to create a more diverse team, ensuring we also have the technical expertise needed to deliver our plans. These changes will enable the People function to do the work that is needed to make systemic changes to the capability and performance of staff to support the POL's cultural change ambitions.

- 108 To execute cultural change, it is critical that the organisation sees the culture as the responsibility of everyone, including the most senior leadership. We therefore removed 'culture' from two job titles, to prevent this being seen as a 'HR responsibility' or a responsibility which sits with specific people only. We took the opportunity when restructuring the People function to create new roles which have responsibilities for reinforcing culture and to change other roles to make reinforcing culture part of their remit, for example by introducing the role of 'Colleague Experience and Engagement Manager' and establishing the Partnering team, as shown on the organisation chart for the People Function (POL00458457). The Partnering team is formed by members of the People team who work with leaders in other functions and are responsible for deploying the People Plan. The People team have also designed experiences to reinforce the culture (e.g. development programmes, onboarding programmes) and policies and frameworks to nurture the culture (e.g. behaviours framework, wellbeing policies, reward and recognition frameworks).

109 Whilst it seems that most people regard the mistakes made by the business and the injustices experienced by Postmasters and others as being in the past, it is critical that those of us in the current Leadership team and across the entire organisation, never forget how these happened, and strive to ensure that nothing like them can ever happen again.

110 Regular measurement of trust at a qualitative level is critical. POL, and those of us in the Leadership team, must continue to ask questions, show curiosity and explore how Postmasters and colleagues feel about POL. Surveys, forums and listening groups which apply across the stakeholder spectrum are essential to building trust.

Experience of the SEG's relationship with and approach towards SPMs

111 Since I joined POL, it has been clear to me that efforts have and are being made to build a trusted relationship with Postmasters. This understanding has stemmed from my initial interview with Nick Read and Owen Woodley, at which they talked about their commitment to and the focus on remediation, and from the intentions I have seen and heard from the wider organisation to provide a better future. From my initial interview, it was obvious that building a trusted relationship was the intent of the Leadership team and I envisaged my role in this. As mentioned above, this commitment was one of the reasons for deciding to join POL.

112 There are quarterly Postmaster conferences, held around the UK, at which the SEG, and more recently, the Board is well represented by its members. These conferences are structured as participative sessions, with business updates provided and open question and answer sessions, allowing time for Postmasters to ask questions and share their feedback on business initiatives. Although these sessions seem to work

well, in-person Postmaster representation is lower than I would expect. Virtual attendance is higher and the sessions are live-streamed to a wider audience. However, there is opportunity to encourage more in-person attendance, including through the Postmaster Experience Director, Mark Eldrige.

113 At SEG meetings, and as a matter of course, members of the SEG constantly question the potential impact of decisions on Postmasters including the benefits and potential detriments. If proposed changes to process and routines, and planned initiatives, are of relevance to Postmasters they are challenged with consideration as to how they would be viewed by Postmasters and how they may impact them. In my view, there is potential to formally include Postmaster representatives, as well as colleague representation, at decision making fora and steps are being taken to set up a Postmaster Oversight Committee. This would be a sub-committee of the Board or the SEG – in either case it is intended that there would be executive level representation on this committee and that Saf Ismail and Elliot Jacobs, the Postmaster NEDs, would be members.

114 The Postmaster NEDs provide expert advice and challenge to the Board, to the Executives and the Leadership team, and their input is invaluable. In my view and based on my experience, this role is critical for the future of the business, both in shaping future plans, to help ensure that they meet the needs and expectations of Postmasters, and in providing a channel of communication between POL and Postmasters, updating Postmasters on business-critical information and planned initiatives and changes and providing POL with key information about the views of Postmasters.

115 There is a real focus within POL on improving the relationship of POL management, including the SEG, and colleagues with Postmasters. While there is room to develop this further, and to build trust more universally across the business, I believe that there is a genuine commitment to forge stronger bonds and to understand the current challenges Postmasters encounter, as well as genuine empathy for Postmasters affected by the wrongs of the past. In addition to this being expressed verbally, it has been demonstrated by a willingness to listen to Postmaster groups including the National Federation of Sub Postmasters ("NFSP"), Communications and Workers Union ("CWU") and the Voice of the Postmaster ("VOTP").

My experience of the SEG's relationship with POL's Board.

116 The relationship between the SEG (previously the GE) and POL's Board has improved and evolved since I joined the business. This relationship continues to strengthen and is now far more in keeping with my previous experience of working with other Board Committees and my current experience of working with the RemCo and Nominations Committee.

117 Earlier in the year, following the release of the ITV drama 'Mr Bates vs the Post Office' and the documentary which followed, there was a huge strain on the business and its leadership. By this time, we had made the changes outlined above to the GE/SEG team, but the SEG was neither fully formed nor functioning, and it felt like we were in a state of crisis.

118 The CEO, Nick Read, was under significant strain, and this was of concern to me. At that time, all of the executives shared a concern that there was a lack of visibility and support from the Board although we each had different perspectives of this due to

our differing roles. In terms of my perspective, there needed to be more non-executive support to Nick from a wellbeing perspective, as well as the appropriate level of challenge in terms of how he and the Executive were managing the business at the time. Owen Woodley and I asked Nick if we could have some time with the Board to explain the situation, express our concerns, and ask for support at an individual and a business level. Owen and I were concerned Nick was becoming more frustrated and, in my opinion, he had not had the level of counsel and guidance, challenge, or support that in my previous experience, and my experience as a Non-Executive Director, I have come to expect of the Chair of the Board. In my previous roles, the organisations had Chairs who pushed and nurtured the CEO. However, as outlined below, Henry Staunton's behaviour was not what I had come to expect from a Chair and I believe that this contributed to the lack of support Nick was experiencing.

119 Following Henry Staunton's removal as Chair of the Board in January 2024, the Senior Independent Director, Ben Tidswell, stepped in as the Interim Chair, and was keen to help the SEG, and to hear where there were shortcomings, and this enabled Owen and I to have an open conversation with the entire Board on 30 January 2024. Owen and I described the stress that Nick was under, the challenges with which the SEG was dealing, and the impact of the drama and documentary on the wider colleague and Postmaster population.

120 The conversation was helpful and constructive, and the Board was receptive and responsive to our feedback. Nick, Owen and I all contributed to this discussion – I spoke about the people agenda and, culturally, the need for support from the Board. Following the discussion, Board members ensured that they kept close to what was happening in the business, without compromising their responsibilities as

independent directors – for example, by having more regular one-to-ones with members of the SEG. In my view, this has helped to form stronger working relationships, and to build trust at an individual and group level.

121 I have experienced one Board meeting and two subcommittee meetings since the appointment of the new Chair, Nigel Railton, and these meetings have been productive, with a keen focus on both current business activities and the strategic plans to build a stronger POL.

The SEG's relationship with key relevant external stakeholders

122 POL has a multitude of important stakeholders, and this is difficult to navigate, particularly for less experienced colleagues or those who do not have experience of dealing with a complex stakeholder matrix. This complexity arises from POL being owned by Government – there are multiple stakeholders from which approval is required for changes and/or expenditure. The public sector processes are also complex for colleagues without public sector experience. POL's relationships with NSPF, CWU, UK Government Investments ("UKGI") and Fujitsu are critical to the future success, and the transformation, of POL.

123 The building and maintaining of relationships across the spectrum of stakeholders, as well as with customers and colleagues, is regularly discussed at both formal and informal Executive and Leadership team meetings. Naturally, as in other businesses, individual colleagues are more connected to some stakeholders than others due to the nature of their respective roles. However, each member of SEG is connected, to a greater or lesser extent, to all stakeholders.

- 124 The CWU relationship is partially 'owned' (i.e. managed) by the People function from a broad industrial relations perspective, with input predominantly from the Retail and Supply Chain teams, as the need for consultation on specific topics arises. Our Health and Safety team also works closely with CWU as CWU's health and safety representatives are line managed within the Health and Safety team.
- 125 In the case of the relationship between POL and Fujitsu, this is owned almost entirely by the CTO, formerly Chris Brocklesby and now Andy Nice. It makes sense that Chris was, and Andy will become, the key contact for this relationship as they have the relevant expertise in information technology. There is also a relationship between Fujitsu and the Oversight Committee, which is a sub-committee of the Investments Committee, on which Andy and Owen sit. The Oversight Committee is responsible for overseeing expenditure and programme management. I am not a member of this Committee, nor do I have any involvement in managing the stakeholder relationship with Fujitsu.
- 126 As the NFSP represents Postmasters, 'branch facing' colleagues, including the Retail team and those in 'back office' operational functions, are responsible for the relationship with the NFSP. On the POL side, this relationship is led by the senior leadership of the Retail function, and there are also open communications and meetings between NFSP representatives and members of the SEG, such as Nick and Owen.
- 127 In terms of the POL/UKGI stakeholder relationship, this seems to be more generally owned by the SEG and senior leadership teams - this includes relationships with those at a senior UKGI level, including Benjamin Kennedy, and those working in the UKGI function. For example, most matters relating to pay and reward, and complex

employee relations issues, are discussed between senior members of the People Leadership team and members of UKGI. A representative of UKGI, Lorna Gratton, is a member of the POL Board, the RemCo and the Nomination Committee. There are many matters requiring discussion with UKGI across a multitude of topics and with different people within POL.

128 From a personal perspective, I consider the relationship between UKGI and POL to be healthy, strong and with the appropriate levels of governance, tension, and challenge. I feel able to discuss important matters relating to the running of the business with Lorna Gratton, and I find this constructive and helpful in bringing about the necessary change for the business. Topics we have discussed include the People team structure, the People Plan and leadership changes, amongst other people-related matters. I believe that the relationships between POL and the UKGI, including my interactions with Lorna, are productive, constructive and focused on 'doing the right things' for the business, colleagues and Postmasters.

129 Regarding the relationship between POL and the Department for Business and Trade, I do not have any direct experience, as this relationship is mainly owned and managed by the CEO. Members of the SEG and wider Leadership team are often called upon to attend meetings with the Department. To my knowledge, this has in the past included senior colleagues in the Finance, Transformation and Technology teams, as well as the Head of the Remediation Unit, however I have not been asked to join any meetings during my time at POL to date.

130 More recently, meetings have been arranged by the previous CRO, Martin Roberts, on behalf of the CEO, between POL Leadership, CWU, NFSP, and VOTP. VOTP is a relatively newly formed group set up to act as a support network and driver of change

for Postmasters. Initially this group began on social media and because of the increasing membership it has made requests and representations and asked questions of the Leadership team. The group is made up of a diverse mix of people with different perspectives and priorities but all of which are serving Postmasters. I have attended two meetings with VOTP to date, which were structured but not formal in nature. The first was also attended by CWU and NFSP representatives, and the more recent meeting included CWU and VOTP, but not the NFSP. I found both meetings to be useful, and productive, with healthy debate and discussion. Some difficult and topical matters were openly discussed, questioned, and challenged. Members of the SEG have each commented on the usefulness of these sessions, and their importance for forming strong relationships. In my opinion, such meetings are a pathway to cultural change, and should be encouraged, strongly attended and supported by all members of POL management, irrespective of their individual functional roles.

Current composition of the POL SEG and its experience, expertise and abilities

131 As outlined above at paragraph 80, in January this year, the Deputy CEO, Owen Woodley, and I instigated a radical change to the composition of the GE resulting in the formation of the SEG. This was based on concerns held by Owen regarding capability and efficacy and my immediate impressions of the GE on joining POL – which related to the GE having a frantic ‘business as usual’ agenda, the need for transformational change and the bandwidth of the CEO.

132 Whilst the GE did not lack commitment to the business, the size of the group, the context within which the business was operating and the level of change required drove the urgency to make the critical changes. The number of individuals who

reported to the CEO (namely all members of the GE) was also a driver for change. At the time, we made the changes to the GE in the knowledge that this would be the first of other subsequent changes, and we made the decision to stagger the changes, based on the capacity of the organisation and the potential disruption we anticipated from the restructure.

133 The current members of the SEG are seasoned and experienced in their respective fields, and this engenders trust in each other to preside on matters relating to each SEG member's field of experience.

134 There are, however, several opportunities to further strengthen the team. We have plans to recruit to replace the CFO role on a permanent basis and the second phase of the original restructure plan was to create a COO role, which has recently been filled by an experienced leader, Neil Brocklehurst, who has joined from Camelot.

135 It may also be beneficial to seek to address the potential skill gap in terms of the lack of public sector experience within the current SEG. This may or may not be something that is necessary for future ideal team composition.

136 It is likely that following completion of the Strategic Review, which is currently being conducted by Teneo Group, having been commissioned by Nigel Railton, there will be a need to further review the composition of the SEG and the Leadership team. We expect the review to deliver a fundamental analysis of the role and purpose of POL. The SEG awaits the findings of the review, the formation of the business plan and strategic deliverables to determine the future operating model.

Current composition of POL's Board and its experience, expertise and abilities

137 My experience with POL's Board, as an entity, is relatively limited. In my experience at POL to date, most of my interactions with the Board have been in attending parts of Board meetings relating to specific agenda items at which I present on topics in my remit.

138 Due to the nature of my role and the stakeholder relationships for which I am responsible, I have had more interactions with Amanda Burton and Lorna Gratton than with other Board members. I have frequent, regular and positive contact with Amanda and Lorna. I have also had, on a less frequent basis, exposure to attendees at the wider RemCo and Nominations Committee meetings.

139 I have complete confidence in Amanda Burton's and Lorna Gratton's expertise, ability and experience. Since joining, I have worked closely with Amanda in her capacity as RemCo Chair to review and improve the quality of Board papers (as outlined at paragraphs 55 and 56 above) and the robustness of the various reward schemes. She has provided counsel and has shared much of her experience to help POL to move forward and to help me to professionalise the content of the schemes.

140 In her capacity as shareholder representative, Lorna Gratton provides counsel, support and challenge, as and when appropriate.

141 More widely, it is difficult to comment on expertise and ability of Board members beyond a superficial level. I believe that the appointment of Andrew Darfoor as Senior Independent Director will be positive for POL. I have found Andrew to be an excellent sounding board, providing constructive challenge. He provided helpful suggestions in relation to the formulation of the People Plan at a strategic and operational level. In

my experience to date, the Chair of the Audit Committee, Simon Jeffreys, also provides strong counsel and guidance to the Audit Committee and colleagues who attend the Committee to present. Although the Audit Committee is outside of my direct remit, feedback from senior and more junior colleagues about their interactions with Simon is positive.

142 As in the way that steps have been taken, and are being taken, to ensure the SEG and the Leadership team has the right expertise and experience, it is important that the Board is comprised of the necessary skills and subject matter experience. It must be ensured that the business is compliant from a governance perspective and, following the resignation of Ben Tidswell, who is an experienced legal professional, as Senior Independent Director, the Board and, to a lesser extent, the SEG are likely to miss expert input and counsel in this regard. In terms of the SEG, although not a member, the General Counsel has an advisory role to this group.

143 I have been asked if it would be desirable to have a member or members of the Board and/or SEG with specific IT experience. I am uncertain as to whether this should be a pre-requisite for the Board, providing that the business is assured that the CTO and the colleagues leading the function are operationally and technically proficient. It may, however, prove helpful, for the Board to have a member with IT/platform transformation experience, as it is this element of the IT/Technology function which is most critical at this time. As noted above, the current CTO, Andy Price, is an experienced CTO and a member of the SEG.

144 Postmaster representation on the Board is currently provided by two appointed Postmaster NEDs, Saf Ismail and Elliot Jacobs. Not only do the roles of Postmaster NED, and the individuals in these positions provide insight as to a true picture of the

business through the lens of Postmasters, they help to frame and shape presentation of topics to the Board. They provide expert advice and challenge to the Board and to the Executive and Leadership teams and make invaluable contribution to discussions. I have consulted with them on the formation of the priorities in my function, as well as on 'business as usual' matters for advice and counsel.

145 Their input is invaluable and, in my view, their roles are critical for the future of the business, both in the shaping of future plans, ensuring they meet the needs and expectations of Postmasters, but in providing a channel of communication between Postmasters and POL, as described at paragraph 101 above.

The culture in POL and whistleblowing

146 I've been asked whether I think the culture in POL actively encourages whistleblowers to speak openly and honestly about their concerns. I believe that significant efforts have been made, over time and since the findings in the judgments, to foster an environment of openness and to encourage people at all levels of the business to share their concerns with their Line Managers and/or business leaders. This work continues to evolve through the People Plan, and by POL having more visible and open leadership – for example, by the CEO and other members of the SEG and the Leadership team participating in the 10@10 and town hall question and answer sessions.

147 Staff can raise concerns by submitting a grievance and I am aware of instances of this having been done. Colleagues have also raised concerns with me on an ad hoc basis.

148 There is, however, always a need to provide a route for colleagues to share more critical concerns or issues, which need a different form of escalation, and for them to be able to do so on an anonymous basis. POL has an established and well socialised whistleblowing policy, which is known as the Speak Up Policy (POL00447997). To the best of my understanding, people would feel able to use this process and would believe that action would be taken. Since I joined the business, we have issued several reminders that the process exists, and encouraged colleagues to use this route if they believe the need has arisen. I refer below to specific instances of whistleblowing of which I am aware, however, I am also aware that the process has been used on other occasions (my awareness being the result of updates that are provided to SEG and the Board about investigations being conducted).

149 The Speak Up process is managed by the A&CI team who report to the Interim Group Legal Director, Christian Spelzini, who, in turn, reports to the Interim General Counsel, Sarah Gray. It is championed at Board level by Amanda Burton in accordance with the Speak Up Champion Terms of Reference (POL00458465). Amanda presides over the process and ensures its integrity and that it is fit for purpose. She also makes sure the policy is applied properly and complainants are protected.

150 I think POL encourages whistleblowing as well as other businesses I've worked in, as it is mentioned frequently. For example, when the documentary "Mr Bates vs The Post Office – The Real Story" was created by Little Gem TV, we had an open conversation with colleagues letting them know it was coming and reminding them there is access to our colleague support network, OPTIMA. This messaging has been reinforced via the Horizon Scandal training, other compliance-based training and

through the 10@10 and town hall forums, at which we reference the Speak Up Process and advertise it on screen.

- 151 At the Horizon Scandal training live sessions, colleagues were asked to anonymously complete something called the 'Yes check'. This is a series of 10 questions where they will be asked to answer 'yes' or 'no' from a personal perspective to self-assess cultural risk. If they answered 'no' to any of the questions they would be guided to discuss their response with their manager, another manager or to use the Speak Up function. This tool is included as part of the Horizon Scandal e-learning and has been shared on POL's intranet.

Whistleblowing complaints relevant to matters being investigated by the Inquiry

- 152 There have been two incidents of whistleblowing/'Speak Up' matters since I joined POL of which I have direct knowledge.
- 153 In or around the middle of March 2024, one of my direct reports, Nicola Marriott, made me aware that a matter had been raised by the Postmaster NEDs to members of the Board that the Postmaster NEDs felt had not been dealt with. Saf and Elliot raised this issue with Nicola during an investigatory meeting into Project Pineapple, which I discuss in paragraph 187 below. They disclosed this matter on a confidential basis and asked for it not to be minuted as part of the investigation meeting.
- 154 The issue they had raised with the Board was that they believed that Nick Read had not been honest when appearing at the Select Committee when he was asked whether the terminology 'untouchables' was something he recognised. They advised Nicola that Nick had used this term on a call with the Board, they also referred to an email they had sent to Nick, which referenced the fact that Nick had used the term

'untouchables' and noted that this email had not been shared at the Select Committee hearing. They were concerned that they had not seen the outcome of their report of this matter to Board members and asked Nicola what action they should take. Nicola reinforced the need for them to escalate this to the wider Board and ensure that they had been heard. At this point, the matter was not raised as a whistleblowing report – it was more of a private discussion between the Postmaster NEDs and a member of the management team.

155 Nicola took legal advice following this disclosure and emailed the Postmaster NEDs reinforcing the need to raise the matter with the wider Board and explained that if they did not confirm they had done this, she would escalate it to Owen Woodley and to me. When they did not respond, she raised the issue with me and on 12 March 2024 sent me a copy of the emails that the Postmaster NEDs believed had not been disclosed to the Select Committee (POL00458449) – namely, an email that had been sent by Elliot Jacobs to Nick Read on 18 January 2024 which stated that Nick had used the term untouchables (POL00448383); and a copy of an email from Saf Ismail to Henry Staunton on 23 January 2024 outlining matters to be discussed at a Board meeting (POL00448384).

156 Believing that there was clearly a need to look into the matter, I spoke with Ben Foat, General Counsel, due to the sensitivity of the matter, and he assured me that he would speak with Nicola and take forward the escalation of this matter. Nicola later advised me that a meeting took place with her, Ben, Amanda, and one or more legal colleagues in attendance at which she learned that the Postmaster NEDs had already raised the issue directly with Amanda, who had committed to looking into it.

157 In early May, I remembered the matter, and wanted reassurance that it had been properly investigated and followed through. I was aware that the responsibility for the investigation sat with the legal team, and in Ben Foat's absence due to preparing for the Inquiry. I asked Sarah Gray, Interim General Counsel, to ensure that the Postmaster NEDs had closure regarding their complaint. Sarah consulted with Laurence O'Neill, one of the legal team, who contacted me to discuss my query. Laurence emailed me, following our telephone conversation, stating that the complaint should be read as "*a potential Speak Up report that Ben Foat subsequently made to POL's Speak Up champion, Amanda Burton*". Laurence also concurred with me that the matter should be chased, and that assurance was needed that it had been resolved (see email from Laurance O'Neill of 9 May 2024 POL00458454 – additional document withheld by POL by reason of privilege). As I had a routine call with Amanda Burton planned for the following week, I said that I would raise the issue. I was not aware of any further details but I advised Amanda on the call that there seemed to be a lack of awareness in the legal team as to the status of this complaint, and said that I would leave it with her to pursue it as she believed necessary. I am not aware of the outcome of the discussions held due to the nature of the complaint and the level at which it had been escalated.

158 The second complaint I am aware of is an issue which has since been termed 'Project Alder'. This relates to an allegation that arose during a grievance investigation which suggested that there had been potential detriment to Postmasters due to delays in implementing the Suspension Remuneration Review scheme and a planned change in calculation of compensation.

159 The original grievance was one of bullying and harassment made against Simon Recaldin, Remediation Unit Director which also raised concerns about the use of contractors and the value for money of the set-up of the Leadership team in the Remediations Unit. It was being investigated by a member of the People team. During the investigatory meetings relating to that grievance, it was alleged that there was an improper application of the Suspension Remuneration Review process which had been instigated to compensate Postmasters who had been suspended for the financial detriment they experienced during the period of their suspension relating to the issues which arose with the Horizon IT Scandal. It was alleged that this led to (i) delayed implementation of the scheme (ii) potential for inaccurate/unnecessarily reduced offers of compensation being made and (iii) the prolonging of contractor contracts such that they may benefit by the process being improperly applied and taking longer. It was suggested that there were deliberate delays to the set up and implementation of the scheme in order to support the contractor 'gravy train'.

160 This matter was raised by the originator of the original grievance and then independently by two further witnesses at investigatory meetings during January 2024.

161 The member of my team who was investigating the grievance flagged the concerns that had been raised to me and confirmed that she would be escalating this to the Assurance and Complex Investigation ("A&CI") team for this to be investigated.

162 I held a meeting on 6 March 2024 with Simon Recaldin, to provide him with the detailed outcome and findings of the original grievance. At this meeting, I informed him that a further allegation had been raised, as outlined above, and that it had been recommended that the allegation relating to the process for Postmasters'

compensation should be escalated for further investigation and that this was to be handed over to the A&CI team. I shared a copy of the full report in relation to this grievance (POL00458448) with Simon by email on 8 March 2024 (POL00458447).

163 The investigation was subsequently outsourced to DLA Piper. Chris Brocklesby was the Executive sponsor for this investigation. This investigation has now concluded.

164 I also assumed the role of Commissioning Executive for a Speak Up investigation into a complaint about Nick Read's treatment of my predecessor in the CPO role, Jane Davies. Henry Staunton was also named in this complaint. Ben Foat was originally the Commissioning Executive but I was asked to take over this role after Christmas in 2023. Marianne Tutin, barrister, conducted the investigation as set out in the relevant Terms of Reference (POL00458467) and I was interviewed as part of this process. I was asked about Henry Staunton's behaviour and whether I had ever been asked by Nick Read to close down the investigation into the allegations made against him. I informed Marianne that Nick had never asked me to close down the investigation but Henry had asked me to do so and had said that he was doing so on behalf of Nick.

165 I was also contacted directly by a member of staff in a branch who raised serious allegations about her treatment by the Postmaster for whom she worked. This matter was passed to the Head of Postmaster Engagement, Shaun Kerrison, who referred it to the Speak Up team. I believe it is positive that branch staff have felt able to approach me with concerns and others have done so in an informal basis, for example on the branch visits I refer to at paragraph 19 above.

Adequacy and effectiveness of POL's current whistleblowing policies and procedures

166 In my opinion, Speak Up Policy (POL00447997) and the related process and procedures are robust. They are in keeping with best practice and are congruent with those in other businesses with which I have worked.

167 The communication to ensure that colleagues are aware that this process is a confidential and safe mechanism is also strong, and several opportunities have been taken to reinforce this message. Colleagues are aware that the Speak Up process is sponsored by a NED, and I believe that having someone who is known to be independent may also encourage colleagues who wish to escalate a whistleblowing complaint to do so confidently.

Legal professional privilege and sharing such information with the Board and the Executive

168 My understanding of legal professional privilege is mainly derived from my previous roles in other organisations and the nature of my work in these roles. In my previous roles my experience of, and exposure to, critical legal matters was generally confined to matters of employment law and, in my last role, matters relating to the administration and sale of a business. However, I understand the restrictions that apply to sharing information which is legally privileged.

169 I am aware, from information in the public domain, of criticism that POL has in the past misused legal professional privilege. However, I am not aware of any issues arising in this regard during my time with POL to date.

170 I have been asked whether I consider the provision of legal information to the Board and the SEG (and the relevant mechanisms for providing such information) to be sufficient. I am unable to comment on matters escalated to the Board in terms of their sufficiency, as I am not a Board member. However, I do believe, to the best of my knowledge, that the mechanisms in place to share such information are appropriate at SEG/Executive level and that the SEG is provided with sufficient legal information. The General Counsel, Ben Foat, sits in an advisory capacity at SEG meetings. Currently in Ben's absence, Interim General Counsel – BAU, Sarah Gray and Interim General Counsel – Inquiry, John Dillon, attend meetings of the SEG in an advisory capacity.

171 I do not have any particular concerns regarding legal professional privilege.

SECTION 3: KEY EVENTS

The Times article dated 19 February 2024

172 I have been asked to describe my understanding of the matters raised in the Times article dated 19 February 2024 (RLIT0000201) ("the Times article") and my reflections on the quoted statement of Elliot Jacobs that he and Saf Ismail were "ignored and seen [...] as an annoyance" by other members of POL's Board.

173 This article was published, and the events surrounding it occurred, relatively shortly after I had joined. By the time it was published, the Postmaster NEDs had told me

that they had concerns about investigations conducted by POL - they were angered by the past conduct of investigators, concerned about the style of approach being used in current investigations of any type and did not see the Investigations function as being well run.

174 Henry Staunton had also told me that he had concerns regarding the operational elements of the function, and of performance in this area. He had stressed this at an early meeting with me. The concerns Henry expressed at that time specifically related to an investigation into a complaint made against Nick Read by the previous CPO, Jane Davies, but he also referenced investigations more broadly.

175 I had noted the more general concerns of the Postmaster NEDs and the Chair and raised them with Ben Foat, as the Investigations function sits within his remit. I suggested that he and I conduct a review of the entire investigations process, as, in my opinion, there were areas for improvement with which I believed I could help. There were also areas within the remit of the A&CI team that I believed could be moved to other functions within the business, meaning that workload would be more evenly spread, and the investigations process could be expedited.

176 At this time, there had been an increase in Freedom of Information requests - although not to the levels subsequently seen - and this was having an impact on the capacity of those within the A&CI team managing such requests. Following the ITV documentary, business events overtook the work which I had proposed. The General Counsel, Ben Foat, was absent due to being engaged in preparing the POL's corporate witness statement for the Inquiry and there continued to be an increase in workload and problems with capacity in this team. Work is now in progress to review the end-to-end investigations process - terms of reference have been drawn up and

will be implemented shortly to determine any improvement opportunities for the process. I am the Executive sponsor for this review, which is being conducted by a cross-functional work group.

177 Shortly after joining the business, I was made aware of a programme of work, which was then known as Project Phoenix, that had been set up to address issues that had been identified concerning the practices of some individuals, who were still employed by POL, who had worked as investigators or worked in other roles that had led to the wrongful prosecutions of Postmasters. There were seven current employees that fell within the scope of this work – one of whom, Stephen Bradshaw, had been highlighted as questions had been raised about his past conduct during the Inquiry's Human Impact Hearings.

178 Concurrent to this work, the Project team was also mandated to look at 'past roles' and this became known as the Past Roles Review. This work involved the review of the role and activity of any current employee who may have undertaken a role in the past related to the subject of the Inquiry to ensure they created no conflict and posed no risk to either (1) the integrity and independence of work being done now; or (2) public or Postmaster confidence in that work or employee wellbeing. It included the identification and review of any individuals employed by the business between 1999 and 2017 who were involved in activity that is a subject of investigation by the Inquiry i.e. Contract Management, Audit, Investigations and any other role involved in the prosecution of Postmasters, which are referred to as "in scope" roles.

179 By the time I joined, a data methodology had been defined and applied to identify current colleagues who were employed during the period in question and to identify whether they (1) had no relevance to the issues of interest; or (2) had carried out

roles which were in scope but were not necessarily involved in any wrongdoing. The review then highlighted individuals who had carried out in scope roles in the past, who are in roles today in which their involvement may undermine Postmaster trust and confidence in activity being undertaken. This included but was not limited to work in the Remediation Unit. At that time, the Executive sponsor for the work was the Deputy CEO, Owen Woodley, and the programme was run by the People Organisation Director, Patrick Quinn. In December 2023, we agreed that the work relating to the Past Roles Review should move across to sit within my domain, as this was its natural place.

180 In my experience, Project Phoenix and the Past Roles Review and the population of people to which they relate are very often conflated. Even senior leaders within the business struggle to accurately describe the numbers involved and/or the matters at hand in each project. This confusion has led to misrepresentation of the facts, both internally and externally.

181 Shortly after joining, I detected that there was a stigma regarding investigators and investigations, which extended as far as to the Chair, Henry Staunton. The teams managing investigations relating to all business matters, and unconnected to Postmasters, including the Complex Investigations team are in some cases perceived as having similar *modus operandi* and attitudes as seen in the cases of the unjust prosecutions.

182 The difference between the populations in question has become better understood at a senior level, as we have regularly updated the Executive and the Board as the work has progressed, but there is possibly still confusion in pockets of the business. I believe that this is a potential problem in the building of trusted relationships

between Postmasters and POL as there is a perception that colleagues identified as being within the Past Roles population have been involved in a form of misconduct, which is inaccurate. Separately, the Investigations team have also flagged that they have felt under attack by the media and some areas of the business.

183 On 18 January 2024, Owen Woodley alerted me to an email which had been sent by Nick Read to Ben Foat, Martin Roberts, and Tracy Marshall, Retail Engagement Director, asking for them to produce a response to an email from Henry Staunton to Nick (POL00458442). The original email from Henry attached a file note Henry had prepared and sent to Saf Ismail and Elliot Jacobs following a conversation they had had, together with Elliot's and Saf's replies (POL00448511). This attachment was included by Nick in error when he forwarded Henry's email to Ben, Martin and Tracy. This attachment raised issues relating to poor leadership behaviours by Martin and a failure by POL to investigate and deal with them, as well as a number of concerns on process and operational issues. It contained inflammatory comments regarding Ben and Martin, as well as John Bartlett, the Director of Assurance and Complex Investigations. Among others, it included concerns that:

183.1 Martin and his team did not want an extension to the terms of office of Saf and Elliot as the Postmaster NEDs as less experienced Postmasters would not be able to challenge them;

183.2 there were inherent views within the culture of the organisation that Postmasters are not to be trusted;

183.3 that Ben had allowed Project Phoenix to "*go into the long grass*"; and

183.4 there were over 40 people involved in investigations "*just like [Stephen Bradshaw]*" who "*needed to go*".

184 Ben Foat also shared the email and its attachments with me later that day (POL00458468). When I spoke with Ben, he was extremely angry and emotional - he said he was going to contact his legal representatives and that there was likely to be press interest in the issues described in the email, which greatly perturbed him. This concern arose from the level of press interest in POL at the time and the profile of the issues that had been raised. I subsequently called Martin and managed to speak with him on Saturday 20 January – he was also very upset. I left a voice message for Tracy as she was out of contact.

185 The email exchange between Henry, Saf and Elliot which had been shared referenced 'Project Pineapple' (I have referred to this as the "Project Pineapple email" below). Neither Ben or Martin knew what this was and asked me to clarify. I had no knowledge whatsoever of Project Pineapple at that time, nor did senior members of the People team and other members of the management team.

186 It was later established that Project Pineapple was the term used by Henry Staunton and the Postmaster Non-Executive Directors to refer to concerns raised relating to Martin, Ben and the Investigations team.

187 Based on email correspondence that followed (POL00458446), I understand that Martin met with Saf and Elliot following a board meeting on 30 January 2024. Martin then sent Saf and Elliot an email asking them to put their apology in writing and withdraw the allegations made in the Project Pineapple email. Elliot emailed Owen noting that, while the tone and the way in which the concerns were circulated were

inappropriate, he and Saf did not feel that the content was incorrect. Elliot also raised further concerns. Owen shared Elliot's email with me and we agreed that a formal investigation would be needed to investigate the concerns Saf and Elliot had raised about Martin. Ben also followed up by email in relation to his concerns on 23 January and 21 February 2024 (POL00448577). Nicola Marriot was appointed to conduct the investigation, which has included interviews with all named colleagues in the email, as well as interviews with Postmaster NEDs. The outcome of this investigation is awaited.

188 The statements contained in the Times article are similar in terms to those contained in the Project Pineapple email (POL00448511) and in the emails from the Postmaster NEDs referred to at paragraph 155 above (POL00448383 and POL00448384). The Times article states that:

"The culture that PMs are guilty and on the take is embedded in this company and whilst we continue to employ 40+ people who ensured innocent people were found guilty and who continue to believe that mantra, this will never change".

189 I fully understand the sentiment regarding the continuous employment of colleagues who may have been involved in past wrongdoing and concur that, where evidence exists to support this, we should take disciplinary action, including dismissal. However, I was concerned that, as previously mentioned, confusion existed between the work of Project Phoenix and the work of the Past Roles Review which has been set up to establish the truth about those who were employed during the relevant period and remain employed.

190 When I first became involved in seeking to resolve this issue, the Postmaster NEDs had a very strong view that anyone who was involved in any of the relevant roles during the period which the Inquiry is investigating should no longer be working at POL (for example, see email correspondence between Elliot Jacobs, Owen Woodley and me on 9 and 10 February 2024, POL00448309). The treatment of these colleagues is something which has divided opinion across the Board and the SEG. Henry was very sympathetic to and aligned himself with the views Postmaster NEDs expressed, and Nick Read and Kathryn Sherratt, at least initially, also held these views. I believe Nick's view changed over time, but I did not have any further conversations with Kathryn about this matter. Others, including me, took the view that it would be inappropriate, and likely to be contrary to employment law, to dismiss colleagues based on allegations without following a proper process to identify if they were involved in any wrongdoing. This division is one of the reasons why it has taken so long to determine what should be done about those who form the Past Roles population.

191 At that time, and to date, I have never witnessed anyone making reference to the guilt of the convicted Postmasters or making any reference to them being "on the take", save for the references made to this in the case of Richard Taylor, the previous Communications Director, which have been widely reported. In my experience, the SEG and the Board would have taken immediate action to dispel and refute these allegations – and in Richard Taylor's case this is what was done.

192 The statement within the Times article that:

"The way we treat [postmasters] and investigate them needs a thorough and proper review - by a postmaster-run oversight committee"

is also a view that I was aware was held by the Chair, Henry Staunton, and Postmaster NEDs, therefore it was not a surprise to read. In my opinion at that time, there were root cause issues giving rise to this concern including the increase in Freedom of Information requests, the resource and capability of the team, and the fact that they were fielding work that I believe should have sat elsewhere in the business, as outlined previously at paragraph 175.

193 I did not have personal experience or other information regarding the approach and style of individuals within the team. Given that many come from an investigative background including from the police and the military, I would assume that their approach would be rigorous. In spring of this year, Elliot Jacobs told me that, as the subject of an investigation, he experienced an interview in which he felt as if he were 'on trial'.

194 The Times article states that "*investigators were nicknamed "the untouchables" by Nick Read*". At that time, I had no experience of the terminology "untouchables" - it is not a descriptor that I had heard mentioned by anyone in the organisation. Had it been used in my presence, I would have reacted at that time. I became aware that the terminology existed, and was used to describe the Investigations team, when I saw the email from Elliott Jacobs to Nick Read that is referred to at paragraph 155 above (POL00448383 and POL00448384).

195 With regard to the dismissal of Henry Staunton, as referenced in the Times article, I was aware that there were concerns regarding his conduct and behaviour and, as described below, had discussed this matter with Nick Read, Amanda Burton, Ben Tidswell and Lorna Gratton prior to the dismissal taking place.

196 Finally, in terms of the Times article referencing the view of the Postmaster NEDs as being “*ignored and seen [...] as an annoyance*”, with limited exposure to the Board at that point in time, my impression of the relationship between the Postmaster NEDs and POL was that it was strong. Henry Staunton referenced both NEDs often in my early days at the POL and seemed to put great confidence in their feedback. I was impressed that the business had seen it appropriate to involve and include Postmasters at the centre of the organisation and believed that this would be helpful in the work needed to change the culture. However, some colleagues were displeased or, in the case of those named, hurt by the comments in the Project Pineapple email and I believe this incident damaged their credibility within the business at that time. I also believe that the Postmaster NEDs could not have felt valued, otherwise they would not have made the comment.

197 At a Board and SEG level, I believe that the role of the Postmaster NEDs is invaluable, and I believe that my colleagues have the same view.

Background to dismissal of Henry Staunton on 27 January 2024

198 Due to Henry Staunton’s position as Chair, I was not directly involved in his dismissal - my understanding is that this was enacted by the Secretary of State, Kemi Badenoch. I am, however, aware of and, was subject to, comments and behaviour by Henry Staunton from November 2023 up to January 2024 which I raised concerns about. I raised these concerns with Nick. I also raised my concerns with Lorna Gratton, Amanda Burton and Ben Tidswell, I did so by speaking with them on an individual basis but also at a meeting with both Amanda and Ben. I understand the concerns I raised with Lorna, Amanda and Ben were fed back to Kemi Badenoch and that they may have been a contributing factor in Henry's dismissal.

199 I did not raise my concerns on an anonymous basis and advised at the time that I would be happy to provide an official named statement, should the need arise, however, I was not asked to do so. At the meeting with Amanda and Ben, it became apparent to me that my complaints and/or observations in relation to Henry had not been the only, nor the first complaints about him.

200 From when I joined the POL, it was obvious, in my opinion, that the conduct of Henry was not in keeping with a culture that a modern business would want to create and nurture. I was concerned about his general demeanour, which given his position of seniority and influence and the changes that I knew POL needed to make to its culture, were alarming. I found him to be aggressive and rude and I mentioned this to Nick on a few occasions, once by email (POL00458677 and POL00458678).

201 At the meeting with Amanda and Ben, I cited several examples of what I considered to be inappropriate behaviour which had been directed at me, and two other members of POL's Leadership team specifically the Interim CFO, Kathryn Sheratt, and Ben Foat. I had not been asked by these individuals to raise the matter, however I felt duty bound to escalate what I considered to be wholly inappropriate behaviour of someone as senior and experienced as Henry.

202 In summary, this behaviour seemed to be centred on Henry's view of how investigations were conducted in the business. He had strong and, in my view, biased views about colleagues working across the Investigations team and considered them all to be ineffective. However, he did not seem to understand how the function worked or who had responsibility within it. He criticised Ben Foat's leadership of the function and said that I should take control of it.

203 Henry did not want investigations to be conducted and wanted current investigations to be shut down – including those relating to employment issues, for example, grievances and concerns about behaviour. He expressed these views to me from an early stage after I had joined POL. Essentially, he wanted all investigations apart from those forming part of Project Phoenix to be shut down. While I could understand his frustration with the time it was taking for investigations to be conducted and the fact that the processes were not fit for purpose, I was appalled by the Chair telling me that we should not be conducting investigations when, had POL carried out proper investigations in the past, Postmasters may not have been wrongfully prosecuted. He said to me that Nick did not need the stress of ongoing investigations, however, I believe that as Chair, Henry should have been pushing Nick to support the undertaking investigations irrespective of what came out of them.

204 I considered that to some extent that Henry's view was self-serving, as I understand that he was aware that he had been named in the complaint made by Jane Davies and this appeared to exacerbate his view that investigations should be closed down.

205 His view of investigations was a common and recurring theme in the behavioural concerns I had at that time. It was of particular concern, as I believed that this behaviour may have the effect of either preventing people from raising complaints for investigation, or of frustrating the investigatory processes at that time, or both.

206 There was one incident relating to Henry's treatment of Ben Foat which became the deciding factor for me to formally raise the complaint. He had shouted at Ben so loudly that members of the PA team had heard, he accused Ben of being "uncommercial and incompetent". Ben subsequently left the office in a state of distress. I did not witness the event but having been immediately informed by Nick

Read that it had occurred, I went to look for Ben as I was concerned for his welfare. Ben recounted the incident - it was consistent with behaviour I had previously seen from Henry therefore I advised Nick Read that I was going to escalate the matter as it was unacceptable.

207 In another incident, which I did not witness but in relation to which Kathryn Sheratt asked me for advice, Henry instructed Kathryn not to speak to her Board colleagues about a concern she had in relation to an investigation without checking with him.

208 My concerns also related to Henry's inappropriate and disparaging comments, for example about the notion of managers working part-time as being "ridiculous", and efforts to undermine proper processes. On one occasion he persistently and aggressively told me to "shut up and stop talking" during a telephone call and I am aware he made comments about me to Nick, including that I "should be on the side of management" as this was in an email which I subsequently was shown.

209 I am aware that following Henry's dismissal there was a significant amount of press interest and reporting on the matter. I am also aware that there were several reasons raised for his dismissal, not least because Henry had claimed that the business was 'stalling' on making compensation. I was not made aware of the reason given to Henry at the time of his dismissal and I have not been told since. However, I was told that he was made aware that concerns relating to his behaviour had been escalated when he met with the Secretary of State.

Circumstances leading to the departure of Alisdair Cameron on 25 June 2024

- 210 I have been asked about the circumstances leading up to Alisdair Cameron's resignation. Alisdair Cameron left the business on 25 June 2024, however, the reason for leaving was not resignation but by reason of retirement on the grounds of ill health.
- 211 During my interview process, I had asked Nick Read about the Executive team and learned that Alisdair Cameron (known in the business as Al) was away from the business on medical grounds and had been since around Spring 2023. I registered my concern with Nick at that stage and suggested that irrespective of whether I was to join, someone in the HR team ought to be making an intervention from a welfare perspective. My understanding is that Juliet Lang, the previous Talent Director and member of the People Leadership team, spoke to Al and offered support and to be a point of contact during his absence. Juliet has since left the business by reason of redundancy but remained in touch with Al on a fairly frequent basis up to her departure.
- 212 At my interview, when discussing Al's absence, Nick also informed me that there had been complaints regarding Al's behaviour but did not specify what had been alleged. He also told me that a conversation had taken place between Al and him in early 2023 regarding Al making an 'exit' from the business, as the relationship between them had broken down due to a long-standing employment dispute between Al and Nick/the business but this conversation did not go well. Al had then been off work due to ill health and was not engaging with the business.
- 213 Upon joining, I was concerned that there was no permanent CFO in place and that Al remained unwell. I asked Juliet Lang to provide an update on his welfare and on what she knew about the background of his absence. Juliet advised that no formal occupational health referral had been made at that time as Al's sickness absence had

not reached six months continuous absence. We agreed that depending upon the outcome of the next discussion between Juliet and AI, we would decide as to whether an OH referral may be appropriate. Juliet also advised me that at their last discussion, AI had mentioned that he was in dispute of the grievances against him, and that his position was they were unfair and fabricated. Juliet also advised that on balance, and having worked alongside AI, she believed that there was some truth in the allegations regarding his behaviour. I am however unaware of any evidence to substantiate the allegations against AI's behaviour.

214 In October 2023, Ben Foat briefed me on correspondence that had been received from AI's solicitors. Thereafter, there were discussions between Ben and AI's solicitors to attempt to negotiate AI's exit from the business. It was suggested that AI could return to work on in an alternative role, however, the Board did not consider this to be a viable option.

215 After Christmas, and on my advice, Juliet approached AI for his consent to a medical report being obtained via the POL's occupational health provider, Optima which would mean contacting his General Practitioner ("GP"). AI provided his consent, however this was a long process as I believe Optima requested all correspondence in written form, not via email. Eventually, in early March, Optima approached AI's GP for his medical records. AI fully cooperated throughout the process, and eventually the medical report concluded that whilst his condition would not prove to be long term ill health, the potential for him to return to POL was extremely unlikely, and that the business should consider termination of his employment on ill health grounds. It was agreed by Lorna Gratton, Amanda Burton, Nick Read and me that this was the optimal solution for AI and for POL. Lorna was involved in this discussion as

shareholder approval is needed before any financial settlement can be agreed; Amanda was involved in her capacity as Chair of the RemCo; and Nick took part in his capacity as AI's line manager. UKGI approved AI's exit arrangements on 31 May 2024, following which Amanda consulted with the RemCo and its members passed a written resolution on 21 June 2024. Nicola Marriot, who was leading on this matter within the People team, then instructed POL's legal representatives to finalise the process.

SECTION 4: ADDITIONAL COMMENTS

216 I was, and have been further since joining POL, deeply troubled by the terrible mistakes made in the past, by the hardship, suffering and trauma caused to innocent people and their families. As now a member of the leadership of the business, I am truly sorry for the suffering that has been caused.

217 In this statement, I have outlined the challenges I encountered upon joining POL and there was a point at which I felt that I would not be able to continue in my role. However, I joined the Post Office because I believed that I could make a positive and fundamental difference to the performance and to the culture of the organisation. It has been with this spirit and determination I have gone about my work, and the work of my team since joining. I have and will continue to make every effort to do what I can to ensure that justice and redress is served, and that in particular, I do all that I can personally do to make sure that such catastrophic failings in leadership judgment and behaviour can never happen again.

218 It is my belief that progress has been made in some areas, and not in others. There is so much more to do, and a need for significant fundamental cultural change in

order to build a trusted relationship with Postmasters, the establishment for example, of the 'Postmaster Oversight Committee' is a crucial next step. Committing to actions and not words is critical, only then will we earn belief that we are serious about making a difference.

Statement of Truth

I believe the content of this statement to be true.

Signed: _____

GRO

Dated: 17/09/2024 _____

Index to Witness Statement of Karen McEwan

No.	URN	Document Description	Control Number
1.	POL00458469	Email from Elisabeth Parnaby-Myers to Karen McEwan dated 15 September 2023 attaching schedule of meetings organised on arrival	POL-BSFF-WITN-031-0000626
2.	POL00458470	Schedule of meetings – attached to email from Elisabeth Parnaby-Myers to Karen McEwan dated 15 September 2023	POL-BSFF-WITN-031-0000627
3.	POL00458471	Email from Karen McEwan to Tim Perkins and Owen Woodley dated 20 January 2024 approving Horizon Scandal Training	POL-BSFF-WITN-031-0004679
4.	POL00458453	Strategic People Plan	POL-BSFF-WITN-031-0008741
5.	POL00447854	"3-year People Plan and People Structure" Board Paper dated 27 February 2024	POL-BSFF-106-0000094
6.	POL00458461	Terms of Reference of the Remuneration Committee	POL-BSFF-WITN-038-0000011
7.	POL00458472	Terms of Reference of the Nominations Committee	POL-BSFF-WITN-038-0000038
8.	POL00446477	Grant Thornton Governance Review dated 25 June 2024	POL-BSFF-099-0000003
9.	POL00458460	"Grant Thornton Operational Governance Recommendations" Board Report dated 3 July 2024	POL-BSFF-WITN-031-0011432
10.	POL00458462	Group Assurance and Risk Director Job Description	POL-BSFF-WITN-038-0000014

11.	POL00458463	Behaviours Framework dated July 2024	POL-BSFF-WITN-038-0000016
12.	POL00458464	Structure of the General Executive prior to disbandment and structure of the Strategic Executive Group as at January 2024 and 1 August 2024	POL-BSFF-WITN-038-0000046
13.	POL00458458	Postmaster Experience Director Job Description	POL-BSFF-WITN-031-0011419
14.	POL00458457	Organisation Chart for the People Function	POL-BSFF-WITN-031-0011415
15.	POL00447997	Speak Up Policy	POL-BSFF-107-0000081
16.	POL00458465	Speak Up Champion Terms of Reference	POL-BSFF-WITN-040-0000003
17.	POL00458449	Email from Nicola Marriot to Karen McEwan dated 12 March 2024	POL-BSFF-WITN-031-0006919
18.	POL00448383	Elliot Jacobs to Nick Read dated 18 January 2024 - first attachment to email from Nicola Marriot to Karen McEwan dated 12 March 2024	POL-BSFF-WITN-012-0000021
19.	POL00448384	Email from Saf Ismail to Henry Staunton on 23 January 2024 - second attachment to email from Nicola Marriot to Karen McEwan dated 12 March 2024	POL-BSFF-WITN-012-0000022
20.	POL00458454	Email from Laurence O'Neill to Sarah Gray and Karen McEwan dated 9 May 2024 re NED's Speak Up Report	POL-BSFF-WITN-031-0008946

21.	POL00458448	Grievance Investigation Report into Simon Recaldin	POL-BSFF-WITN-031-0006718
22.	POL00458447	Email from Karen McEwan to Simon Recaldin dated 8 March 2024 attaching copy of grievance report.	POL-BSFF-WITN-031-0006717
23.	POL00458467	Terms of Reference: Investigation into Concerns raised under POL's Speak Up Policy re. Jane Davies	POL-BSFF-WITN-005-0010711
24.	RLIT0000201	Times article dated 19 February 2024	RLIT0000201
25.	POL00458442	Email from Owen Woodley to Karen McEwan and Chrysanty Pispinis dated 18 January 2024	POL-BSFF-WITN-006-0030054
26.	POL00448511	Email chain between Henry Staunton, Saf Ismail and Elliot Jacobs re. "Project Pineapple" dated 14 – 15 January 2024 attached to email above.	POL-BSFF-WITN-004-0057993
27.	POL00458468	Email from Ben Foat to Karen McEwan and Benjamin Tidswell dated 18 January 2024 re email chain between Henry Staunton, Saf Ismail and Elliot Jacobs	POL-BSFF-WITN-005-0010761
28.	POL00458446	Correspondence between Owen Woodley, Saf Ismail and Elliot Jacobs dated 31 January 2024 - 13 February 2024 re. Project Pineapple	POL-BSFF-WITN-031-0005760
29.	POL00448577	Email from Ben Foat to Karen McEwan, Benjamin Tidswell and Nick Read dated 21 February 2024 re. Project Pineapple	POL-BSFF-122-0000042
30.	POL00448309	Correspondence between Elliot Jacobs, Owen Wood, and Karen McEwan dated 9 –	POL-BSFF-WITN-009-0000004

		10 February 2024 re. Project Phoenix and Past Roles	
31.	POL00458677	Email from Karen McEwan to Nick Read dated 6 December 2023	POL-BSFF-WITN-031-0002893
32.	POL00458678	Additional email from Karen McEwan to Nick Read 6 December 2023	POL-BSFF-WITN-031-0002992