

Witness Name: Charles Hunter Donald

Statement No.: WITN10770300

Dated: 2 May 2024

POST OFFICE HORIZON IT INQUIRY

THIRD WITNESS STATEMENT OF CHARLES HUNTER DONALD

I, CHARLES HUNTER DONALD, will say as follows

INTRODUCTION

1. I am the Chief Executive Officer of UK Government Investments ("UKGI"). This is the third witness statement that I have made to the Inquiry, the first being dated 6 February 2024 and the second being dated 9 February 2024.
2. This witness statement is in response to the Inquiry's Rule 9 Request dated 1 February 2024 (the "Request"). The Request is the fifth request for information under Rule 9 made to UKGI. By the Request, UKGI is asked to submit a witness statement in the following terms:
 - "1. Any written arrangements and specifications of procedures and outcomes for UKGI's evaluation of:
 - (a) the performance of the Post Office Limited Board as whole;
 - (b) the performance of individual members of the Post Office Limited Board;
 - (c) the performance of UKGI non-Executive directors of POL (or any parent companies and subsidiaries).*
 - 2. Any written procedures and policies specifying how whistleblowing arising in Post Office Limited or about Post Office Limited was to be*

treated by UKGI and the UK Government, including the required escalation and reporting processes.”

3. The Request applies to UKGI's (and its predecessor the Shareholder Executive (“ShEx”)) role in relation to POL during the “relevant period”, which as noted in my first witness statement substantively commenced from when POL separated from the Royal Mail Group in April 2012. For the purposes of this statement, I have construed the Request as pertaining to the period leading up to and including the present date. For Part 1 of the Request, I have focused on how Board evaluations, Chair evaluations and individual non-executive director (“NED”) evaluations are performed within POL and how it is that UKGI engages with these processes. For Part 1 (a) and (b) of the Request, it should be noted from the outset that evaluation of the performance of the POL Board as a whole and of individual POL Board members is the responsibility of the POL Chair (on behalf of the Board) and the responsibility for the evaluation of the POL Chair rests with POL's senior independent director (the “SID”). It is not within UKGI's remit as shareholder representative for POL to conduct formal evaluations of either the Board or individual NEDs. UKGI's role is primarily to encourage POL to put in place appropriate processes to regularly carry out such evaluations and to encourage POL and relevant stakeholders to engage with these processes appropriately. Over time, UKGI's internal guidance which outlines best practice expectations for how these processes should work within UKGI's assets (taking into account that individual assets may have different processes as a result of their specific circumstances) has evolved and, where this is the case, I have sought to explain how UKGI's engagement with POL's processes adjusted accordingly. In addition, UKGI has visibility over the outcome of these POL processes via its shareholder

non-executive director (the "Shareholder NED") on the POL Board and via information flow into UKGI's shareholder team (the "Shareholder Team") for POL. This enables UKGI to form a view on the adequacy of the processes POL has in place for these evaluations, as well as the overall performance of the POL Board and of individual POL Board members.

4. For Part 1(b) of the Request, I have focused on the evaluation of POL non-executive directors because evaluation of the performance of executive directors on the POL Board, namely the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), is the responsibility of the POL Chair and POL CEO respectively.
5. For Part 1(c) of the Request, I have set out the process by which the Shareholder NED is evaluated by UKGI on their performance of their duties as an employee of UKGI, including their performance of their role on the POL Board.
6. For Part 2 of the Request I have focused on how whistleblowing arising in POL or about POL works in practice, as well as addressing how UKGI, acting as the shareholder representative for the Department for Business, Energy and Industrial Strategy / Department for Business and Trade (collectively, the "Department")¹, has visibility on the adequacy of the whistleblowing policies and protocols implemented at POL. I would, of course, be happy to provide further detail on these matters if that would be of assistance to the Inquiry.

¹ The Department for Business and Trade assumed ownership of POL from the Department of Business, Energy and Industrial Strategy in February 2023 as part of machinery of government change.

7. I am duly authorised to make this statement on behalf of UKGI. The contents of this witness statement are true to the best of my knowledge and belief. As stated in my first witness statement, I joined UKGI in late May 2018 and I do not therefore have direct knowledge of the organisation or its predecessor, ShEx, prior to the date of my first appointment. In preparing this statement, I have communicated with other members of staff, including those who have been or are part of UKGI's shareholder team for POL (the "Shareholder Team"), and I have also referred to various documents. Where I have referred to information from other sources, I believe that information to be true. In preparing this statement (and the accompanying exhibits), I have been assisted by lawyers employed by UKGI and by Eversheds Sutherland (International) LLP (the recognised legal representatives for UKGI in the Inquiry).

RESPONSE TO THE REQUEST: PART 1

Part 1(a): Evaluation of the performance of the POL Board as a whole

8. Regular reviews of board effectiveness are both a requirement of the Financial Reporting Council's UK Corporate Governance Code (the "Corporate Governance Code")² and the Cabinet Office's Arm's Length Body Sponsorship Code of Good Practice³ (the "CO Sponsorship Code"). UKGI considers them essential to maintaining the quality and effectiveness of an asset's board and the expectation

² Financial Reporting Council, The UK Corporate Governance Code, September 2012 (UKGI00044324); Financial Reporting Council, The UK Corporate Governance Code, September 2014 (UKGI00044332); Financial Reporting Council, The UK Corporate Governance Code, July 2018 (UKGI00019000).

³ Cabinet Office's Arm's Length Body Sponsorship Code of Good Practice, May 2022, Activity 1.6. (UKGI00044329).

for assets in ShEx/UKGI's portfolio to hold them regularly has been part of ShEx/UKGI's internal best practice guidance since 2007.⁴

9. UKGI's current best practice guidance expects the assets in its portfolio to conduct a board effectiveness review ("BER") annually and an externally facilitated BER (i.e. a BER facilitated by a reviewer external to the Board and to the asset) at least every three years.⁵ This is in line with provision 21 of the Corporate Governance Code.

10. The Board of an asset is responsible for ensuring BERs are carried out and their recommendations followed-up. UKGI's internal guidance since 2017 has been for the Chair to lead internally facilitated BERs and commission external BERs.⁶ The responsibility could also be assumed by the SID.

11. UKGI's role in relation to an asset's conduct of BERs primarily takes the following forms:
 - a. monitoring whether the assets hold BERs, which (if any) external parties they use to facilitate BERs, and the quality of BERs;⁷
 - b. encouraging, via the UKGI Shareholder NED on the asset's Board and the Shareholder Team's relationship with the asset, the conduct of BERs

⁴ Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287); 2007 ShEx handbook, Section 3, Part 5, paragraph 6 (UKGI00044314).

⁵ Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287).

⁶ Principles of Portfolio Governance, June 2017 paragraph 3.8 (UKGI00044258); Principles of Portfolio Governance, A Practitioner's Guide, July 2018 paragraph 3.8 (UKGI00044268); Portfolio Operating Principles with Guidance, July 2020 v 1.0 – Guidance provision 28.1 (UKGI00044267) and Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 28.1 (UKGI00044294).

⁷ Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287).

(whether internal or external) covering all meaningful elements of the Board's functioning;⁸

- c. encouraging, via the Shareholder NED or the Shareholder Team, input into the BER from the asset's stakeholders, including the relevant department who may provide feedback directly via an interview with those leading the BER or indirectly via the Shareholder NED; and⁹
- d. In addition, the Shareholder NED also participates in the BER as a board member of the asset.¹⁰

12. UKGI regards full transparency in relation to both the process and the outcome of BERs as important, and BER reports are made available to UKGI via the Shareholder NED. Subsequently, there may be a case for disclosure to ministers if the BER reveals material issues, or UKGI may provide a summary update to the relevant department as part of routine reporting.¹¹

Internal BERS

13. As noted in paragraph 9 above, internal BERS are expected to be conducted annually except where an external BER is held. In the case of POL, since its separation from Royal Mail in 2012, internal BERS have taken place annually, except for (i) the years in which external BERS were held and (ii) in 2014 and 2017, when it was determined by the then POL Chair that an internal BER would not be conducted due to significant impending changes in the Board's composition.

⁸ Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 28.2 (UKGI00044294).

⁹ Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 28.3 (UKGI00044294).

¹⁰ Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 28.1 (UKGI00044294).

¹¹ Guidance Note 1, Board Effectiveness Reviews, updated March 2023. (UKGI00044287).

14. As noted in paragraph 10, for internal BERs, the Chair of the asset is expected to lead BERs on behalf of the Board, although in certain instances the SID may also assume leadership of an internal BER.¹² With respect to POL, the internal BERs that were conducted between 2013-2018 and in 2023 were led by the Chair. From 2018-2022, they were led by the SID.

15. Practice and expectation of the scope of internal BERs have evolved over time. Currently UKGI expects internal BERs to cover a range of topics, including: board and sub-committee composition and effectiveness, cohesiveness and dynamics of the Board, clarity of key performance indicators, risk management and the quality of intra- and extra-board relationships.¹³ The most recent internal BER for POL covered these topics.¹⁴ From time to time, the Shareholder Team and the Shareholder NED may input into the setting of questions being posed to facilitate stakeholder feedback for internal BERs.¹⁵

16. In terms of the process for an internal BER, the individual leading the internal BER would ensure that feedback from Board members and other relevant stakeholders is received (typically based on a list of questions to which written or verbal

¹² 2007 ShEx Handbook, paragraph 6.2 (UKGI00044314), Principles of Portfolio Governance, June 2017 paragraph 3.8 (UKGI00044258); Principles of Portfolio Governance, A Practitioner's Guide, July 2018, paragraph 3.8 (UKGI00044268), Portfolio Operating Principles with Guidance, November 2023 v4.3 - Guidance provision 28.1 (UKGI00044294), Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287).

¹³ Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287).

¹⁴ "Board Evaluation Report 2022/23", Post Office Limited Board Report, meeting date 11 July 2023 (UKGI00044328).

¹⁵ Email dated 2 November 2018 from Tom Aldred (UKGI) to Veronica Branton (POL Company Secretary) providing suggestions and comments on draft Board and sub-committee evaluation questions (UKGI00008609); email dated 28 January 2020 from Veronica Branton (POL Company Secretary) to Tom Aldred (UKGI) seeking UKGI input draft Board and sub-committee evaluation questions (UKGI00044321).

responses are provided) and findings are summarised in a written report, which would also include recommendations in relation to areas for improvement. The report would then be shared with and discussed by the Board.¹⁶ As a POL Board member, UKGI's Shareholder NEDs have participated in the successive internal BERs by providing feedback and gaining visibility of the findings and recommendations via the written report tabled and discussed at POL Board meetings. With respect to recommendations from the written report, it has been POL's practice since 2020 for the Nominations Committee (which is chaired by the POL Chair) to be responsible for monitoring their implementation.

External BERs

17. External BERs were conducted for POL in 2016 and 2021 by external reviewers.

The 2019 external BER was deferred by POL Nominations Committee (chaired by the then POL Chair) until December 2020 (and reported to the POL Board in 2021), with an internally facilitated BER conducted in March 2020. This was to reflect the changes to the Board membership and to allow new directors to attend a number of Board and sub-committee meetings before being asked to contribute to the BER.

18. Whilst conducted by an external reviewer, UKGI expects that an external BER should be engaged with constructively by the Board and for the process to be "owned" by it.¹⁷ The external BER should be prepared in consultation with the Board, as was the case for the POL external BER in 2016 conducted by Lintstock and the external BER in 2021 conducted by Independent Audit.

¹⁶ Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287).

¹⁷ Guidance Note 1, Board Effectiveness Reviews, updated March 2023 (UKGI00044287).

19. The areas covered by an external BER are similar to an internal BER, albeit that the reports summarising the findings of externally facilitated BERs tend to be more detailed. For example, the 2021 external BER for POL focused, amongst other matters, on:¹⁸

- a. the focus and balance of the Board's attention, including how to transform the culture of the organisation, with the objective of putting postmasters at the heart of its strategy;
- b. Board composition, dynamics and succession planning;
- c. maintaining an effective management team; and
- d. the adequacy of POL's risk, compliance and assurance frameworks.

20. In terms of process for an external BER, as an example, the external BER for POL in 2021 reflected the expectations set out in UKGI's best practice guidance first introduced in July 2018¹⁹, in that the external firm appointed gathered feedback from a wide range of stakeholders within and without POL (including via interviews with the POL non-executive directors (including the Shareholder NED) and officials at the Department), observed meetings of the Board as well as three of its sub-committees (Remuneration Committee, Audit, Risk and Compliance Committee and Nominations Committee) and reviewed the quality of the board information.²⁰ The findings were then summarised in a written report, which also contained recommendations in relation to areas for improvement, which was then shared with

¹⁸ "Post Office Limited: Review of the effectiveness of the Board and Committees" dated March 2021 conducted by Independent Audit (UKGI00017887).

¹⁹ Guidance Note 1, Board Effectiveness Reviews, first published 2018 (UKGI00044259), last updated March 2023 (UKGI00044287).

²⁰ "Post Office Limited: Review of the effectiveness of the Board and Committees" dated March 2021 conducted by Independent Audit (UKGI00017887).

and discussed by the Board.²¹ As noted in paragraph 16 above, it has been POL's practice since 2020 for the Nominations Committee (which is chaired by the POL Chair) to be responsible for monitoring the implementation of recommendations from the report.

Visibility of the Shareholder Team on internal and external BERs

21. The Shareholder NED participates in BERs and in discussions about the BERs and their recommendations at Board meetings and (where relevant) sub-committee meetings. The Shareholder Team has visibility of the outcome of the internal and external BERs via the regular flow of Board papers it receives. UKGI does not, as a matter of course, share the outcomes of internal and external BERs with the relevant department.

Part 1(b): Evaluation of the performance of the POL Chair

22. Evaluation of the Chair commonly forms part of BERs, which provide particularly valuable context for the performance and effectiveness of the Chair. POL's internal and external BERs from 2013 onwards considered the POL Chair's effectiveness in facilitating Board discussions, with 2021 external BER also considering the wider performance and effectiveness of the Chair. However, it should be noted that there is an expectation that the Chair is appraised in addition to BERs, and regular appraisal of the Chair on behalf of the Board is a core requirement of the Corporate Governance Code and the CO Sponsorship Code.²² UKGI's current best practice

²¹ Post Office Limited: Review of the effectiveness of the Board and Committees" dated March 2021 conducted by Independent Audit (UKGI00017887).

²² Financial Reporting Council, The UK Corporate Governance Code, September 2012, A4.2 (UKGI00044324); Financial Reporting Council, The UK Corporate Governance Code, September 2014 A.4.2 (UKGI00044332); Financial Reporting Council, The UK Corporate Governance Code, July 2018,

guidance on conducting Chair appraisals notes that the key purposes of annual Chair's appraisals are to provide an opportunity to review objectively the overall performance of the Chair and the Board under the Chair's leadership. These appraisals inform and influence Chair succession planning and are typically referred to in reappointment submissions to ministers.²³ Since 2019, UKGI's guidance also states that the Chair's appraisal offers a mechanism by which the Chair's performance can be measured against the objectives and expectations set out in the relevant year's Chair's letter from the relevant department (the "Chair's Letter").²⁴

23. Formal Chair appraisals in addition to BERs have been a regular feature for POL since 2018. In line with UKGI's current internal best practice guidance (introduced in 2019), the POL SID is responsible for leading the appraisal of the Chair's performance on behalf of the Board and for collecting input from Board members (usually via the POL Company Secretarial team) and other key stakeholders.²⁵ UKGI's role in this process is primarily to ensure that an annual appraisal takes place and to provide feedback to the SID as one of the key stakeholders. The POL Chair also conducts a self-assessment against the objectives set out in the Chair's Letter to inform the appraisal process. The SID produces a written report, and an appraisal meeting is then held to provide feedback to the POL Chair.

provision 12 (UKGI00019000); Cabinet Office's Arm's Length Body Sponsorship Code of Good Practice, May 2022, Activity 1.7. (UKGI00044329).

²³ Guidance Note 8, Chair Appraisals, updated March 2023 (UKGI00044283).

²⁴ Guidance Note 8, Chair Appraisals, first published October 2019 (UKGI00044262).

²⁵ Portfolio Operating Principles with Guidance, July 2020 v1.0 – Guidance provision 27.1 (UKGI00044267); Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 27.1 (UKGI00044294); Guidance Note 8, Chair Appraisals, updated March 2023 (UKGI00044283).

24. In 2019 and 2020, the appraisal meetings with the POL Chair were conducted by the SID. In 2021, in line with UKGI's revised best practice guidance which introduced the concept of senior departmental officials conducting Chair appraisal meetings, the Permanent Secretary of the Department conducted the appraisal meeting with the POL Chair following the SID-led appraisal process.²⁶ In 2022, no Chair appraisal was carried out because the then POL Chair, Tim Parker, departed the organisation in September 2022 before the year-end appraisal. Similarly, his successor as POL Chair, Henry Staunton, departed the organisation before his formal Chair appraisal for 2023 could be completed although the process of his appraisal had been already agreed and commenced.

25. In 2018, in line with UKGI's internal guidance at the time (introduced in 2017), an appraisal of the POL Chair was conducted by the then CEO of UKGI (with input from the POL SID) as part of the process for the Chair's reappointment process.²⁷

26. There are also various less formalised means by which ShEx/UKGI could raise any concerns they may have of the performance of the POL Chair, similar to the practice in the private sector. Please refer to paragraphs 30 and 31 below.

Evaluation of the performance of NEDs on the POL Board

27. Annual evaluation of the performance of individual Board directors is a requirement of the Corporate Governance Code, although it does not prescribe how these

²⁶ Portfolio Operating Principles with Guidance, July 2020 v1.0 – Guidance provision 27.1. (UKGI00044267).

²⁷ Principles of Portfolio Governance, June 2017 paragraph 3.7 (UKGI00044258).

should be conducted.²⁸ UKGI's guidance on the evaluation of performance of NEDs on the Boards of assets was first introduced in 2020 and outlined UKGI's expectation for the asset Chair to be responsible for evaluating the performance of individual NEDs annually.²⁹ How this is performed in practice will depend on the individual preferences of the relevant asset Chair.³⁰ As with internal and external BERs, UKGI's primary responsibility for this process, in addition to the Shareholder NED's participation as a Board member, is to encourage the Chair to carry out this responsibility.

28. From the recollection of the Shareholder NEDs in post between March 2014 and May 2023, the appraisal of individual POL NEDs conducted by the POL Chair during their respective tenures tended to be conducted on an informal basis and UKGI did not formally have visibility of the output of these appraisals except for the Chair's views of the performance of the Shareholder NED. In 2023, with the arrival of a new POL Chair, formal appraisals of the POL NEDs were conducted in December 2023, including the Shareholder NED, in line with UKGI's current internal best practice guidance.³¹

29. UKGI would also request and receive from the POL Chair feedback on the performance of individual POL NEDs at the point at which a NED was being

²⁸ Financial Reporting Council, The UK Corporate Governance Code, September 2012 (UKGI00044337); Financial Reporting Council, The UK Corporate Governance Code, September 2014 (UKGI00044332); Financial Reporting Council, The UK Corporate Governance Code, July 2018 (UKGI00019000).

²⁹ Portfolio Operating Principles with Guidance, July 2020 v1.0 – Guidance provision 29.1. (UKGI00044267).

³⁰ Portfolio Operating Principles with Guidance, July 2020 v1.0 – Guidance provision 29.1. (UKGI00044267).

³¹ Guidance Note 14, NED Appraisal, first published August 2021 (UKGI00044327), last updated March 2023 (UKGI00044313).

reconsidered for reappointment, to assist with the assessment of whether their tenure should be renewed. In addition, as set out in paragraphs 30 and 31 below, there are various other mechanisms by which the Shareholder NED and the Shareholder Team can reflect on the performance of individual POL NEDs.

Other means of evaluating the performance of the POL Chair and POL NEDs

30. In addition to the formalised regular BERs and Chair and NED appraisals outlined above, UKGI also has internal monitoring processes (which have evolved over time) which consider the effectiveness of an asset and its governance on a periodic basis. These internal processes provide an avenue for the Shareholder Team to raise any material concerns which they may have about the functioning of the Board (including about the Chair or other Board members).³² For example, as part of UKGI's current corporate governance processes, the Shareholder Team is able to capture any material concerns in relation to Board functioning in UKGI's internal risk reporting processes and individual risk registers produced in respect of POL, as well as in peer-led portfolio review processes which are typically conducted three times a year for POL.

31. The regular communication that the Shareholder Team and the Shareholder NED have with the POL Chair, POL CEO as well as with the Department can provide a forum in which board effectiveness and the performance of individual Board members (including the POL Chair) can be brought up in discussion if deemed

³² Portfolio Operating Principles with Guidance, November 2023 v4.3 – UKGI Reporting (UKGI00044294).

appropriate.³³ In the context of providing advice to the relevant department relating to appointments and reappointments of asset Chairs and Board members, UKGI also provides the Department with UKGI's views on the composition of the Board and the effectiveness of individuals members if relevant.³⁴

Part 1(c): UKGI's evaluation of the performance of Shareholder NEDs on POL's Board

32. I outlined in my first witness statement that ShEx/UKGI's shareholder role in respect of POL included the appointment of a Shareholder NED to the POL Board from 2012 onwards. As a member of the POL Board, the performance of the ShEx/UKGI Shareholder NED would be included in the general assessment of Board composition, dynamics and relationships as part of the internal and external BER processes carried by POL. This section of my witness statement will focus on ShEx/UKGI's own evaluation of the performance of the POL Shareholder NED.

33. The POL Shareholder NEDs were/are typically ShEx/UKGI employees and as such the evaluation of their performance on the POL Board forms part of the wider evaluation of their performance as ShEx/UKGI employees. Responsibility for performance evaluation of Shareholder NEDs lies with the line manager of that individual, which for the current POL Shareholder NED is the UKGI CEO.³⁵

³³ Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 40.2 (UKGI00044294).

³⁴ Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 40.1 (UKGI00044294).

³⁵ With respect to the period from March 2013 to March 2014, the then Shareholder NED was not employed by ShEx but rather another government department and feedback in relation to their performance would have been provided by the POL Chair and the Shareholder Team to the ShEx CEO.

Evaluation of Shareholder NEDs' performance is typically conducted via gathering ongoing feedback from discussions with internal and external stakeholders. UKGI's current practice for formalised performance reviews of its employees is to have a mid-year review and an end-of-year review.

34. The different ways in which the current UKGI CEO can gain visibility on the performance of the POL Shareholder NED, in order to conduct the performance reviews, are listed as follows:

- a. line management meetings with Director-level employees at least monthly;
- b. UKGI Executive Committee weekly (and from July 2023 onwards, fortnightly) meetings;
- c. regular interactions with the Shareholder Team;
- d. regular updates relating to POL at the Board of UKGI;
- e. peer-led portfolio reviews relating to POL which are typically conducted three times a year;
- f. regular meetings with the Chair of UKGI (which may include providing feedback on the Shareholder NED from the UKGI Chair's meetings with the POL Chair);
- g. regular meetings or conversations with the Permanent Secretary of the Department, at least monthly;
- h. regular meetings with the director-general of the Department, at least quarterly; and
- i. meetings with the POL CEO and Chair, at least annually.

35. Under the previous ShEx/UKGI CEO (in post from 2013 to 2019), formalised feedback on the performance of the POL Shareholder NED was primarily sought from the then POL Chair by the Shareholder NED's line manager and via the channels similar to those outlined in paragraph 35 (a) – (f) above.

RESPONSE TO THE REQUEST: PART 2

36. I note that the question posed by the Inquiry requires me to address the question of whether there were any written procedures or policies setting out how UKGI and HMG would have dealt with whistleblowing arising either within POL (which I take to mean whistleblowing complaints made to POL through POL's internal processes) or about POL (which I take to mean whistleblowing complaints made to UKGI or HMG by UKGI employees (or other government employees) and other external stakeholders about POL) – and any relevant escalation and reporting processes – during the relevant period up to the present date. I address two elements of the Inquiry's request in turn.

Part 2(a): Whistleblowing within POL

37. Firstly, with respect to whistleblowing arising within POL, it should be noted that, in line with the Corporate Governance Code³⁶ and POL's status as a Public Corporation – operating at arm's length from Ministers and HMG, with a fiduciary

³⁶ Principle E and Provision 6 of The UK Corporate Governance Code issued by the Financial Reporting Council 2018 places the responsibility on the board for ensuring workplace policies and practices are in place to enable concerns to be raised (in confidence) (UKGI00019000).

Board³⁷ – the responsibility for internal policies and compliance with those policies, including whistleblowing, lies with the POL Board. As such, neither the Department, as shareholder, nor ShEx/UKGI acting on its behalf as shareholder representative, has – or had – a formal process or policy in place for whistleblowing matters to be escalated by POL into HMG.

38. In order to assist the Inquiry, I have therefore sought to provide a high-level overview – based on a review of relevant documents that UKGI has been able to identify – of how whistleblowing policies and procedures were adopted within POL from 2012 onwards.³⁸ In addition, I have sought to provide an overview of UKGI's understanding of the role that the POL Board plays in overseeing POL's whistleblowing policies, including current practices, and how the Shareholder NED (as a Board member) as well as the Shareholder Team, satisfy themselves that robust whistleblowing policies and procedures are in place and that the Board is effective in the implementation of those policies.

39. I address the policies and processes pertinent to whistleblowing reports arising within POL in the following terms:

- a. the way in which the POL Board currently discharges its responsibility for POL's whistleblowing function, including our high-level understanding of current whistleblowing procedures;

³⁷ As noted in paragraph 17 of my first witness statement to the Inquiry dated 6 February 2024, as a Public Corporation, POL is expected to operate at arm's length from Ministers and HMG as a separate institution from its shareholder Department, and its governance arrangements were designed to provide it with substantial independence from HMG. Neither the Secretary of State as Shareholder, nor the Department, were directly involved in the day-to-day operations of POL, oversight of which was the responsibility of the POL Board. Instead, the POL Board was and is accountable for the performance of the company to the Secretary of State as POL's shareholder.

³⁸ Noting that, given these documents relate to matters of the POL Board, POL should have a fuller record of all relevant documents.

- b. an overview of the way in which POL's whistleblowing policies and procedures were overseen by the POL Board and Audit, Risk and Compliance Committee between 2012-2021;
- c. the evolution and significant changes made to the whistleblowing function following the conclusion of the GLO;
- d. how the whistleblowing policies relate to postmasters in particular;
- e. the way in which UKGI, as the Shareholder's representative, assures itself as to the robustness of POL's whistleblowing function by reference to UKGI's operating principles and internal guidance; and
- f. the approach taken for escalation and reporting of whistleblowing matters into the Department.

The current role of the POL Board (since 2021)

40. POL's current whistleblowing policy, known as the "Speak Up Policy"³⁹, notes that it is the POL Board which has overall accountability for overseeing that a positive "Speak Up" culture is proactively encouraged throughout POL and that the procedures in place are challenged and assessed for areas of continuous improvement. I have outlined below my high-level understanding of how both the POL Board and the Audit, Risk and Compliance Committee ("ARC") assures itself as to the robustness and adequacy of the whistleblowing processes and practices within POL, both to assist the Inquiry and to provide important context as to how UKGI, as shareholder representative for the Department, assures itself that there is sufficient oversight of whistleblowing within POL.

³⁹ POL Speak Up Policy, May 2023 (UKGI00044337).

41. With respect to whistleblowing, the role of the Board is twofold: firstly, to ensure that there is a sufficiently robust whistleblowing policy in place; and secondly, to assure itself that such policy is being effectively implemented. In the recent past, the Board has satisfied itself in this regard in several ways, as follows:

- a. **Speak Up Champion:** the appointment of one of the independent Non-Executive Directors on the Board (separate to the Chair of the ARC) as a “Speak Up Champion”, to act as a point of assurance to the Board on the integrity, objectivity, independence, effectiveness and evolution of the Speak Up function. In addition, the role of the Speak Up Champion is to ensure that *“a positive “speak up culture” is proactively encouraged throughout the Post Office”*.⁴⁰ The Speak Up Champion therefore provides key visibility to the Board on whistleblowing matters and acts as an additional point of escalation for feedback or concerns raised about the Speak Up function;
- b. **External Assurance on the Speak Up Policy and procedures:** in addition to periodic internal audits, at various junctures POL has sought external assurance on its Speak Up Policy and the adequacy and effectiveness of POL’s whistleblowing systems and controls, with a view to providing comfort to the Board in respect of the same. These include: (i) in 2020/2021, a review by an external law firm of whistleblowing reports within POL to determine any evidence of detriment to whistleblowing reporters⁴¹; (ii) in

⁴⁰ Post Office Limited Annual Report & Consolidated Financial Statements 2022/23 (UKGI00044323).

⁴¹ See the ARC papers for an ARC meeting held on 30 March 2021, referencing a review by Herbert Smith Freehills of whistleblowing reports within POL to determine any evidence of detriment to whistleblowing reporters (UKGI00038546).

2020/21 a comprehensive review of POL's whistleblowing policy, alongside the Investigations and Postmaster Complaints policies, undertaken by an external law firm;⁴² (iii) in 2020/2021, an approach to Protect (the UK whistleblowing charity) for support and guidance as to industry best practice; (iv) during the course of 2023, an external assurance review of the Speak Up process and procedures;⁴³

- c. **Clear responsibility for the whistleblowing policy and its implementation:** relevant members of the Executive Team own the Speak Up Policy and oversee the Speak Up Team and have overall accountability to the POL Board in respect of whistleblowing.⁴⁴ On behalf of the Board of POL, the ARC has responsibility both for the whistleblowing policy itself and, pursuant to the ARC's Terms of Reference, for reviewing (with external and internal auditors) the results of any review of the compliance with the Speak Up Policy, the adequacy of confidential "speak up" channels and the independence and proportionality of investigations;⁴⁵
- d. **Annual review of the Speak Up policy by the ARC:** POL has an annual review cycle whereby the Speak Up Policy is reviewed and approved by the ARC;
- e. **Regular Reporting to the ARC:** the relevant members of the POL Executive Team provide "Speak Up" reports to the ARC on a regular basis, which provide the ARC with an overview of: (i) activity under the Speak Up

⁴² ARC papers for an ARC meeting held on 30 March 2021 (UKGI00038546).

⁴³ In particular, the ARC papers for an ARC meeting held on 16 May 2023 state that "*assurance on the [Speak Up Policy] has been carried out on the Speak Up Team together with an external review of the Speak Up process and procedures conducted by EY*" (UKGI00044336).

⁴⁴ POL Speak Up Policy, May 2023 (UKGI00044337).

⁴⁵ ARC Terms of Reference 2022/23, as included in ARC papers for an ARC meeting held on 23 January 2023 (UKGI00044331).

Policy; (ii) the issues and risks raised by those reports; and (iii) action taken to mitigate those issues and risks. Prior to this more regular reporting (which commenced in July 2023),⁴⁶ the relevant members of the POL executive team reported annually to the ARC on whistleblowing, summarising the activities undertaken by the executive team to improve whistleblowing processes and raise awareness of those processes within POL, together with a summary of the number and types of Speak Up reports received throughout the year; and

- f. **Updates to the POL Board:** the Chair of the ARC provides updates to the POL Board summarising the activity of the ARC, including whistleblowing, for discussion by the POL Board. Certain Speak Up cases (for example, those that are particularly serious or pertain to members of the Executive Team) would be escalated to the POL Board and the Speak Up Champion for consideration.

42. As a member of the Board and the ARC, the Shareholder NED actively participates in the Board's and the ARC's oversight of whistleblowing policies and procedures. The Shareholder NED provides the Shareholder Team and therefore, UKGI, with the necessary visibility to allow UKGI, as Shareholder representative, to assure itself as to the robustness of POL's whistleblowing function.

The role of the POL Board 2012-2021

43. The Speak Up Policy and procedures currently in place and the process of reporting into the POL ARC and POL Board have evolved over time. Accordingly,

⁴⁶ There have been two more regular Speak Up reports so far.

to assist the Inquiry I have set out below my understanding of the way in which the Board exercised oversight of POL's whistleblowing function between 2012 and 2021, together with an overview of the significant changes that were introduced from March 2021, following the conclusion of the GLO.

44. From April 2012, when POL separated from RMG, to the present day, corporate governance best practice – as set out in the various iterations of the Corporate Governance Code – has provided that the responsibility for ensuring that there are arrangements in place to allow the workforce to raise concerns in confidence lies with the audit committee (with the 2018 version of the Corporate Governance Code making clear that overarching responsibility for such procedures lies with the Board).

45. In the period from April 2012 to February 2013, the responsibility for whistleblowing arrangements lay with POL's Executive Risk and Compliance Committee. From February 2013, following a "Corporate Governance Review", the responsibility shifted to the ARC, in line with the Corporate Governance Code, with the ARC's Terms of Reference updated accordingly.⁴⁷ As noted in my first witness statement, the Board sub-committees on which the various Shareholder NEDs have sat is not prescribed and has not remained static. As such, whilst a Shareholder NED was a member of the ARC from April 2012 to March 2013 and from January 2016 to the present day, there was no Shareholder NED on the ARC from March 2013 to

⁴⁷ As set out in Board Papers (UKGI00043173) and Board minutes (UKGI00044322) for a POL Board meeting held on 23 January 2013.

January 2016.⁴⁸ I am unable to meaningfully comment, therefore, on the effectiveness of POL's whistleblowing policies and procedures in place prior to January 2016 (although do note that a whistleblowing policy was in place as at February 2013).⁴⁹

46. In the period from January 2016 to March 2021, UKGI's understanding of the way in which whistleblowing within POL operated is as follows:

- a. as noted above, the ARC's Terms of Reference designated responsibility for whistleblowing to the ARC from January 2013;
- b. POL's whistleblowing policy came to the ARC for approval on an annual basis;
- c. data relating to whistleblowing – such as the number and types of whistleblowing reports made (not including information on individual cases) – came to the ARC on at least an annual basis from 2017 onwards and, from 2018, took the form of an annual whistleblowing report. This provided an overview of the whistleblowing reports received over the previous 12 months, summarising any thematic issues or outcomes (albeit without including detail on individual cases), together with key activities delivered to drive reporting;⁵⁰

⁴⁸ Shareholder NEDs sat on the ARC as follows: from April 2012 – March 2013, Susannah Storey; from January 2016 to March 2018, Richard Callard; from March 2018 – May 2023, Tom Cooper; and from May 2023 – present, Lorna Gratton.

⁴⁹ Based on a reference to the whistleblowing policy having been noted by the ARC in ARC minutes for an ARM meeting held on 13 February 2013 (UKGI00042818).

⁵⁰ By way of example, see the "*Whistleblowing Annual Report 2017-18*" included in the ARC papers for ARC meeting held on 31 July 2018 (UKGI00021233).

- d. updates from management in respect of whistleblowing reports and investigations, to be provided to key stakeholders within the Executive Team;
- e. periodic internal audits of the whistleblowing process were undertaken by POL;⁵¹ and
- f. there was a consistent expectation that serious whistleblowing concerns would be escalated to the ARC by the executive, for onward escalation to the Board to the extent required.

47. Although I have provided the above information with the aim of assisting the Inquiry, it is important to note that the processes described above were instituted, operated and maintained by POL. Accordingly, should the Inquiry wish to receive further detail in relation to those processes (and related actions in respect of whistleblowing matters across the relevant period), such a request may be better directed to POL (albeit that UKGI naturally remains ready to assist the Inquiry if it is in a position to do so).

Developments to POL's whistleblowing policies and procedures from 2021

48. In March 2021, the ARC approved a significant suite of amendments to POL's Speak Up Policy. These amendments implemented the results of a wide-ranging review of the adequacy and effectiveness of POL's whistleblowing systems and controls in light of the GLO and the Public Inquiry.⁵²

⁵¹ For example, ARC papers for an ARC meeting held on 27 July 2020, refer to the Financial Crime Policy Assurance Framework review, which covers whether minimum control standards in relation to whistleblowing are being met (UKGI00031007).

⁵² As set out in the ARC Papers for ARC meeting held on 30 March 2021, this review looked at detriment to whistleblower reporters/subjects and whether improvements were required to whistleblowing

49. As part of these changes, the ARC approved new roles and governance oversight, with respect to whistleblowing, including:

- a. the creation of a NED Whistleblowing Champion to oversee that: *“(i) a ‘whistleblowing culture’ is promoted across Post Office, ensuring employees are genuinely encouraged to speak openly and honestly about their concerns and misgivings; (ii) the current arrangements are always challenged and assessed for areas of continuous improvement; (iii) employees are always supported in raising a concern; (iv) barriers to speaking up are uncovered and addressed; (v) the whistleblowing team, senior managers and leaders receive training on the importance of whistleblower support; and (vi) root cause analysis is undertaken for all cases and issues, so that continual improvements can be made in the relevant areas”*; and
- b. the creation of a new dedicated Whistleblowing Manager to *“manage whistleblowing processes and investigations, triaging reports and assigning to investigating managers, completing root cause analysis and ensuring any corrective controls are implemented, designing and delivering a programme of training and awareness.”*⁵³

processes and was based on (i) POL's internal review of past whistleblowing reports, supported by an external law firm; (ii) enhancements suggested by a Protect (the UK whistleblowing charity), self-assessment and industry benchmarking; (iii) a comprehensive review of POL's whistleblowing policy, alongside the Investigations and Postmaster Complaints policies, undertaken by an external law firm; and (iv) a review of the BEIS Guidance and Code of Practices for Employers published in March 2015 (UKGI00038546).

⁵³ ARC papers for an ARC meeting held on 30 March 2021 (UKGI00038546).

50. The changes made to the whistleblowing policies and processes in early 2021 were built on in subsequent years, including:

- a. in the latter part of 2021 and 2022: putting in place an independent team to complete investigations, to ensure independence and consistency in the depth and quality of whistleblowing investigations;⁵⁴ and
- b. in 2023: conducting a further external review of the Speak Up process and procedures;⁵⁵ discussing and socialising the Speak Up function with the postmaster community;⁵⁶ carrying out internal assurance of the Speak Up function's processes and procedures "*to assess the robustness of their control environment*";⁵⁷ and from July 2023, implementing more regular Speak Up Reports to the ARC.

Policies as they relate to postmasters

51. POL's current Speak Up Policy was put in place for its "*staff*", and so not directly applicable to postmasters who do not fall within the current policy's definition of staff. However, since 2017,⁵⁸ the policy has stated that POL will seek to extend "*equivalent protection*" to "*postmasters...and members of the public*". POL's current policy likewise states that, "*in order to encourage reporting of possible wrongdoing, POL will, where appropriate, and to the extent possible, follow equivalent principles to encourage, receive and investigate incidents of Speak Up*

⁵⁴ ARC papers for an ARC meeting held on 28 September 2021 (UKGI00044334).

⁵⁵ ARC papers for an ARC meeting held on 16 May 2023, refer to an external review of the Speak Up process and procedures conducted by EY, with "*recommendations to be detailed in EY's report*" (UKGI00044336).

⁵⁶ ARC papers for an ARC meeting held on 10 July 2023 (UKGI00044335).

⁵⁷ ARC papers for an ARC meeting held on 10 July 2023 (UKGI00044335).

⁵⁸ POL Whistleblowing Policy, as included in ARC papers for an ARC meeting held on 25 September 2017 (UKGI00016375).

by postmasters...and members of the public" (noting that postmasters are not protected under law to the same extent as POL staff, as "*employment protection can only extend to employees*").⁵⁹

52. In addition to the above, POL also introduced a suite of postmaster-specific policies, including the Postmaster Complaint Handling Policy, in March 2021⁶⁰ which sets out the standards relating to the management of postmaster complaints. The policy states that it should be considered and "*read in conjunction with the Speak Up Policy*" and sets out how postmaster complaints are to be handled by POL, including guidance on the identification of whistleblowing reports to be passed on to the whistleblowing team. The ARC reviews and approves the Postmaster Complaint Handling Policy and postmaster complaints which are handled under the Speak Up Policy, come to the ARC (on a non-individualised basis) as part of the Speak Up reports.

UKGI operating principles: whistleblowing in portfolio assets

53. In line with the requirements of the Corporate Governance Code and as noted above, the responsibility and accountability for internal policies and compliance with those internal policies lies with assets and their Boards. As such, UKGI does not – and is not set up to – provide an assurance function on behalf of any of its assets' internal policies.⁶¹ It is for Boards to seek periodic assurance, either through a company's internal audit function or through external assurance providers.

⁵⁹ POL Speak Up Policy, May 2023 (UKGI00044337).

⁶⁰ Postmaster Complaint Handling Policy (UKGI00044333), as included in ARC papers for an ARC meeting held on 30 March 2021.

⁶¹ UKGI Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 20.1.(UKGI00044294).

54. Notwithstanding the above, UKGI nevertheless seeks to promote “*appropriate internal policies which underpin the relevant asset’s governance framework and encourage the asset to review its own compliance with such policies.*”⁶² UKGI does this via the Shareholder NED’s visibility and engagement on these matters at Board-level and through the relevant Shareholder Team’s engagement with the asset where necessary. Such visibility and engagement facilitate the Shareholder NED and Shareholder Team in understanding how the asset’s Board, and any relevant sub-committee, has assured itself of the effectiveness of core internal policies, such as whistleblowing.

55. UKGI (and ShEx) did not – and do not – have asset-specific policies or procedures in place for dealing with whistleblowing, including in respect of POL. However, during the relevant period, from 2012 to the present day, ShEx and UKGI have had in place internal guidance which sets out the relevant expectations in respect of the governance of portfolio assets. I address these below.

56. UKGI’s Portfolio Operating Principles, which were introduced in July 2020 (and updated in May 2021 and November 2023), set out guidance for shareholder teams in implementing the “*target operating model*” applicable to the assets in UKGI’s portfolio, including, as set out above, promoting appropriate internal policies. This internal guidance has evolved over time, via a combination of internal reflection and following developing practices in the public and private sectors, with each

⁶² UKGI Portfolio Operating Principles with Guidance, November 2023 v4.3 – Guidance provision 20. (UKGI00044294).

iteration referring to relevant prevailing corporate governance best practice, namely, the Combined Code on Corporate Governance (known as the UK Corporate Governance Code from 2010 onwards).⁶³ This is reflected in the Framework Document in place between BEIS, POL and UKGI, which states that POL should seek to comply with the principles and provisions of the Corporate Governance Code.⁶⁴

57. Each version of the Corporate Governance Code in place during the period from April 2012 (when POL separated from RMG) to the present day, sets out that whistleblowing is the remit of either the Board or, in pre-2018 versions of the Corporate Governance Code, the audit committee, who should “*ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action*”.⁶⁵

58. The shift in the 2018 Corporate Governance Code, to make clear that whistleblowing is the direct responsibility of the Board, rather than solely the audit committee, underscores the increasing focus on whistleblowing in recent years and the expectation on Boards to increase their focus on the topic. Since 2020, UKGI

⁶³ The relevant guidance in place in 2012 (when POL separated from HMG) was the 2007 ShEx Handbook (UKGI00044314), which referred to the Combined Code on Corporate Governance, July 2003. Following the incorporation of UKGI in 2016, the following guidance has been in place: UKGI, Principles of Portfolio Governance, June 2017 (UKGI00044258); UKGI, Principles of Corporate Governance, A Practitioner’s Guide, July 2018 (UKGI00044268); UKGI Portfolio Operating Principles with Guidance, July 2020 v1.0 (UKGI00044267); UKGI Portfolio Operating Principles with Guidance, May 2021 v2.0 (UKGI00044266); UKGI Portfolio Operating Principles with Guidance, November 2023 v4.3 (UKGI00044294).

⁶⁴ Post Office Limited: Shareholder Relationship Framework Document, dated March 2020, paragraph 9.4 (UKGI00031517).

⁶⁵ Financial Reporting Council, The Combined Code on Corporate Governance, June 2010 (UKGI00044325); Financial Reporting Council, The UK Corporate Governance Code, September 2012 (UKGI00044324); Financial Reporting Council, The UK Corporate Governance Code, September 2014 (UKGI00044332); Financial Reporting Council, The UK Corporate Governance Code, July 2018 (UKGI00019000).

has provided specific additional guidance for Shareholder NEDs and Shareholder Teams outlining how as an asset's Board might review the adequacy of their own whistleblowing policies.⁶⁶ The most recent guidance note issued in 2023 notes that the Shareholder NED and Shareholder Team need to be able to satisfy themselves that an asset's Board has sufficient visibility on the policies and processes relating to whistleblowing and that this topic is given sufficient attention at the Board or the relevant Board sub-committee.⁶⁷

59. The guidance note outlines key issues and a number of questions that UKGI considers it prudent for an asset's Board to consider with respect to whistleblowing matters. We have set out below some examples of the types of questions posed within this guidance, and how the POL Shareholder NED and Shareholder Team has, in practice, answered these with respect to POL:

- a. *How often is the whistleblowing policy reviewed by the Board?* As set out above at paragraph 41(d), the ARC review POL's Speak Up Policy on an annual basis. As a member of the ARC, the Shareholder NED is party to this annual review and approval process and is able to ask questions of the relevant members of the Executive Team presenting the policy for review;
- b. *Has the policy been compared against best practice?* As set out at paragraphs 41(b), 46(f) and 50(b) above, the Speak Up Policy has been subject to external review and assurance at various junctures (as set out above), including POL carrying out a self-assessment (applying guidance

⁶⁶ Guidance Note, Whistleblowing Policies and Complaints: Key Issues for Boards to Consider, July 2020 (UKGI00044263).

⁶⁷ Guidance Note 21, Whistleblowing and Serious Allegations: Key Corporate Governance Issues, updated November 2023 (UKGI00044274).

from the whistleblowing charity Protect) to assess whether the Speak Up Policy had any gaps against industry best practice for whistleblowing (with actions then taken to bring the whistleblowing policy and procedures up to best practice);

- c. *Has the Board appointed a Board level champion with responsibility for whistleblowing?* As set out above at paragraphs 41(a) and 50(a), the Board has appointed a NED Speak Up Champion with responsibility for ensuring the effectiveness of the Speak Up Policy and procedures;
- d. *What are the reporting thresholds at Board level – does the Board receive information on the number and types of whistleblowing concerns being raised?* How does the Board review the data it receives? What are the metrics relating to the close out of complaints raised? The ARC receives regular (and at least annual) reports on the number and type of whistleblowing reports raised and actions being taken. As a member of the ARC, the Shareholder NED is able to review and discuss the data received. For example, the current Shareholder NED, recalls recently requesting that POL presents data to the ARC in a manner that makes trends over time easier to spot and requesting further assurance on feedback from individuals making reports i.e., how it feels to engage the Speak Up processes);
- e. *Does the policy provide multiple channels for raising concerns? Has the asset considered using an external independent source of advice for their staff?* The Speak Up Policy allows for whistleblowing reports to be made in several different ways, including by phone, secure online portal and through an anonymous external confidential reporting service; and

- f. *Is there adequate training for all employees on the asset's whistleblowing policies and procedures? Since 2020/21, mandatory training on whistleblowing is required of all POL employees.*

Escalation and Reporting into DBT / Relationship between UKGI, Post Office Limited and the Department

60. As noted above, the Shareholder NED's seat on the POL Board, as well as the visibility the Shareholder Team has of the POL Board and the ARC papers, facilitates UKGI's understanding of how the POL Board and the ARC takes accountability and implements whistleblowing policies in practice. The regular dialogue between the Shareholder NED and the Shareholder Team, as well as the DBT policy team, particularly through briefings prior to and after Board meetings, provides an opportunity for issues being presented in Board papers in relation to whistleblowing to be discussed.

61. In line with UKGI's developing best practice on the topic of whistleblowing, to the extent that the POL Board or the ARC are made aware of significant whistleblowing allegations, and correspondingly the Shareholder NED and Shareholder Team become aware of these in tandem, there is an expectation that the Shareholder NED and Shareholder Team should take steps to ensure that they are properly sighted on how POL is handling its response. If they consider the handling to be inadequate, further intervention should be considered. There is no prescriptive way in which this should be done; indeed, given the nature of whistleblowing reports, it is appropriate to work on a case-by-case basis, and accordingly, the relevant actions for the POL Shareholder NED and Shareholder Team will be dependent

on individual circumstances. There are however a range of options available for further intervention should the Shareholder NED and Shareholder Team remain concerned. These could include, for example: further challenging the executive on the sufficiency of information being presented to the Board; asking to be sighted on the governance arrangements for the investigation concerned; and considering escalating the matter into the Department.

62. In addition, UKGI's guidance underscores the importance of considering whether further intervention may be appropriate in those cases which do not constitute formal 'whistleblowing' but which nevertheless concern serious allegations. These may include circumstances in which there are repeated related complaints or discrimination against or ill treatment of a stakeholder or stakeholder group, which the Shareholder team considers are not being handled in an appropriate manner.⁶⁸

Part 2(b): Whistleblowing outside of POL

63. As noted in UKGI's response to the Call for Evidence, UKGI has had in place, since 2016, its own whistleblowing policy which applies to UKGI employees, and which provide a route by which employees within UKGI who are working on POL related matters could blow the whistle. Prior to 2016 and the establishment of UKGI, ShEx employees would have had fallen within the relevant Departmental policies.

64. UKGI's current Whistleblowing Policy seeks to encourage UKGI employees to raise any concerns that they might have about being required to act in an improper

⁶⁸ Guidance Note 21, Whistleblowing and Serious Allegations: Key Corporate Governance Issues, updated November 2023 (UKGI00044274).

way, or any evidence they might have of unethical, improper, criminal or unlawful activities by others.⁶⁹ The UKGI Whistleblowing Policy provides a mechanism by which employees can raise concerns anonymously, although it acknowledges that investigating anonymous claims can be challenging. In addition, the policy seeks to reassure staff that concerns that are not raised anonymously will be treated in confidence to the extent possible.

65. In addition, UKGI's external complaints handling procedure, as set out on UKGI's website, sets out how third parties can raise concerns to UKGI with respect to interactions with UKGI and its staff, which would include those individuals working on POL related matters.⁷⁰

Statement of Truth

I believe the content of this statement to be true.

Signed: 

Dated: 2 May 2024

⁶⁹ UKGI Whistleblowing Policy and Procedure, last updated January 2023 (UKGI00044330).

⁷⁰ UKGI external complaints handling procedure (UKGI00044326).

Index to Third Witness Statement of CHARLES HUNTER DONALD

| No. | Document Description | Inquiry URN | Inquiry Control Number |
|------------|---|--------------------|-------------------------------|
| 1. | UK Corporate Governance Code 2012. | UKGI00044324 | UKGI054531-001 |
| 2. | UK Corporate Governance Code 2014. | UKGI00044332 | UKGI054539-001 |
| 3. | UK Corporate Governance Code 2018. | UKGI00019000 | VIS00012399 |
| 4. | Cabinet Office's Arm's Length Body Sponsorship Code of Good Practice – published May 2022. | UKGI00044329 | UKGI054536-001 |
| 5. | UKGI Guidance Note 1 – Board Effectiveness Reviews – March 2023. | UKGI00044287 | UKGI053011-001 |
| 6. | 2007 ShEx handbook – Section 3, Part 5. | UKGI00044314 | UKGI053038-001 |
| 7. | Principles of Portfolio Governance 2017. | UKGI00044258 | UKGI052982-001 |
| 8. | UKGI Principles of Corporate Governance - A Practitioner's Guide - July 2018. | UKGI00044268 | UKGI052992-001 |
| 9. | Portfolio Operating Principles with Guidance 1.0 - July 2020. | UKGI00044267 | UKGI052991-001 |
| 10. | Portfolio Operating Principles with Guidance 4.3 - November 2023. | UKGI00044294 | UKGI053018-001 |
| 11. | Internal Board Effectiveness Review – Board Evaluation Report - 2022-2023. | UKGI00044328 | UKGI054535-001 |
| 12. | Email dated 2 November 2018 from Tom Aldred (UKGI) to Veronica Branton (POL Company Secretary). | UKGI00008609 | UKGI019417-001 |
| 13. | Email dated 28 January 2020 from Veronica Branton (POL Company Secretary) to Tom Aldred (UKGI). | UKGI00044321 | UKGI054528-001 |
| 14. | Post Office Limited: Review of the effectiveness of the Board and Committees dated March 2021 conducted by Independent Audit. | UKGI00017887 | UKGI027894-001 |

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| 15. | UKGI Guidance Note 1 – Board Effectiveness Reviews – July 2018. | UKGI00044259 | UKGI052983-001 |
| 16. | UKGI Guidance Note 1 – Board Effectiveness Reviews – August 2020. | UKGI00044280 | UKGI053004-001 |
| 17. | UKGI Guidance Note 8 – Chair Appraisals – March 2023. | UKGI00044283 | UKGI053007-001 |
| 18. | UKGI Guidance Note 8 – Chair Appraisals – version 1 - October 2019. | UKGI00044262 | UKGI052986-001 |
| 19. | UKGI Guidance Note 14 – NED Appraisal – version 1 - August 2021. | UKGI00044327 | UKGI054534-001 |
| 20. | UKGI Guidance Note 14 – NED Appraisal – March 2023. | UKGI00044313 | UKGI053037-001 |
| 21. | POL Speak Up Policy - May 2023. | UKGI00044337 | UKGI015444-001 |
| 22. | Post Office Limited Annual Report and Consolidated Financial Statements 2022/23. | UKGI00044323 | UKGI054530-001 |
| 23. | ARC papers for a POL ARC meeting held on 30 March 2021. | UKGI00038546 | UKGI047441-001 |
| 24. | ARC papers for a POL ARC meeting held on 16 May 2023 Part A. | UKGI00044336 | UKGI054543-001 |
| 25. | POL ARC Terms of Reference 2022/23. | UKGI00044331 | UKGI054538-001 |
| 26. | Board Papers for a POL Board meeting held on 23 January 2013. | UKGI00043173 | UKGI_CR_00000131 |
| 27. | Board minutes_for a POL Board meeting held on 23 January 2013. | UKGI00044322 | UKGI05429-001 |
| 28. | Minutes for a POL ARC meeting held on 13 February 2013. | UKGI00042818 | UKGI051713-001 |
| 29. | ARC papers for a POL ARC meeting held on 31 July 2018. | UKGI00021233 | UKGI030128-001 |
| 30. | ARC papers for a POL ARC meeting held on 27 July 2020. | UKGI00031007 | UKGI039902-001 |

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| 31. | ARC papers for a POL ARC meeting held on 28 September 2021. | UKGI00044334 | UKGI054541-001 |
| 32. | ARC papers for a POL ARC meeting held on 10 July 2023. | UKGI00044335 | UKGI054542-001 |
| 33. | POL Whistleblowing Policy. | UKGI00016375 | UKGI027168-001 |
| 34. | Postmaster Complaint Handling Policy. | UKGI00044333 | UKGI054540-001 |
| 35. | UKGI Portfolio Operating Principles with Guidance - May 2021. | UKGI00044266 | UKGI052990-001 |
| 36. | Post Office Limited: Shareholder Relationship Framework Document - March 2020. | UKGI00031517 | UKGI040412-001 |
| 37. | Combined Code on Corporate Governance - June 2010. | UKGI00044325 | UKGI054532-001 |
| 38. | UKGI Guidance Note - Whistleblowing Policies and Complaints: Key Issues for Boards to Consider - July 2020. | UKGI00044263 | UKGI052987-001 |
| 39. | UKGI Guidance Note 21 - Whistleblowing and Serious Allegations: Key Corporate Governance Issues - updated November 2023. | UKGI00044274 | UKGI052998-001 |
| 40. | UKGI Whistleblowing Policy and Procedure, last updated January 2023. | UKGI00044330 | UKGI054537-001 |
| 41. | UKGI's external complaints handling procedure. | UKGI00044326 | UKGI054533-001 |