

Witness Name: Charles Hunter Donald

Statement No.: WITN10770100

Dated: 19 February 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF CHARLES HUNTER DONALD

I, CHARLES HUNTER DONALD, will say as follows...

INTRODUCTION

1. I am the Chief Executive of UK Government Investments (“UKGI”). I was appointed to this position in February 2020 and took up the role in March 2020, having joined UKGI in late May 2018 as the Head of the Financial Institutions Group. Prior to this, my entire career was in investment banking, during which time I first spent 19 years in financing and equity research before then moving into UK corporate advisory in 2006, where I held a number of senior management positions.
2. This witness statement is made in response to the Inquiry’s Rule 9 Request dated 8 December 2023 (the “Request”). The Request is the third request for information under Rule 9 made to UKGI and is described as being relevant to Phase 6 of the Inquiry. By the Request, UKGI is asked to submit a witness statement in the following terms:

“A written statement that explains UK Government Investments’ (UKGI) (or its predecessors’) role in Post Office Limited’s (and its relevant predecessor(s))

corporate structure during the Relevant Period (as defined in the List of Issues, or until the date of settlement of the GLO).

This should include (but not necessarily be limited to):

(a) an overview of any relevant board or governance structures involving UKGI (or its predecessors) and how these operated;

(b) any ownership and relationship between POL and any parent company/corporation and relevant Government entities and agencies (including UKGI) and

(c) the relevant changes over this period.”

3. 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 above, I joined UKGI in late May 2018 and I do not therefore have direct knowledge of the organisation or its predecessor, the Shareholder Executive (“ShEx”), prior to the date of my first appointment. In preparing this statement, I have therefore drawn on the institutional memory of the organisation, as conveyed to me through communications with other members of staff and I have also had reference 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 documents), I have been assisted by lawyers employed by UKGI and by Eversheds Sutherland (International) LLP (the recognised legal representatives for UKGI in the Inquiry).

4. As the Inquiry is aware, much of the information relevant to the Request has already been provided by UKGI in the form of (in particular), UKGI’s / BEIS’s joint

response to the Call for Evidence (INQ00000228), the responses to Batch Requests 001-004 (INQ00000028, INQ00000044, INQ00000888, INQ00000883 and INQ00000009), and UKGI's Opening Statement to the Inquiry (SUBS00000006). I have reproduced the contents of those materials in this witness statement, to the extent necessary to address the Request.

5. For the purposes of this statement, and in accordance with the Request, I have concentrated on addressing the period up to the settlement of the Group Litigation Order (GLO) in December 2019. In accordance with the Request, I have focussed on describing the structures (including governance structures) by which UKGI (and predecessors) interacted with POL, but I wish to make clear that this statement does not constitute a comprehensive description of the work undertaken by the Shareholder NED or the Shareholder team. I am aware that UKGI has also received a Rule 9 Request for evidence addressing any relevant changes in the ownership and governance arrangements since the settlement of the GLO, and I will provide a further statement dealing with those matters in due course.

RESPONSE TO THE REQUEST

ShEx's History

6. ShEx was established as part of the Cabinet Office in 2003. In 2004, ShEx was transferred to what was then the Department of Trade and Industry ("DTI"). Although in its earliest incarnation ShEx's role was advisory in nature, following the transfer of ShEx to DTI ShEx was charged with performing (in conjunction with

other relevant parts of central Government) central Government functions in relation to a portfolio of assets owned by the Government (“HMG”), which had previously been performed by the relevant Government Department. That portfolio included the Royal Mail Group (“RMG”), of which Post Office Limited (“POL”) was a subsidiary, as described below.

7. ShEx continued to operate from within DTI (and its successor Departments, including the Department for Business, Enterprise and Regulatory Reform (“BERR”) and Department for Business, Innovation and Skills (“BIS”) (together, and including DTI, the “Department”)), until its responsibilities were transferred to UKGI in April 2016, a newly-formed Government company wholly owned by HM Treasury. Until April 2016 the Accounting Officer for ShEx was the relevant Departmental Permanent Secretary.¹ From the transfer of ShEx’s responsibilities to UKGI in April 2016 (as addressed further below), the Accounting Officer for UKGI was (and remains) the CEO of UKGI.

8. ShEx was responsible for managing HMG’s shareholder relationships with a portfolio of businesses owned or part-owned by HMG. ShEx’s employees were drawn from civil servants and the private sector and enabled ShEx to offer a blended skillset. Additionally, from 2004, ShEx started to provide HMG with an in-house source of corporate finance expertise and advice. This focussed on advising HMG on financial interventions and advising and structuring financial transactions including asset realisations.

¹ The Accounting Officer in a public sector organisation is the person who Parliament calls to account for stewardship of that organisation’s resources. For further information in relation to the role of Accounting Officer, please see Chapter 3 of HM Treasury’s guidance document *Managing Public Money* which I exhibit as document UKGI00043211.

9. In its shareholder role, ShEx's principal purpose was to enhance HMG's capability as an efficient and intelligent shareholder, as distinct from HMG's role as a policy-maker, regulator and / or customer for assets within its portfolio. The BERR Annual Report from 2008-9 (UKGI00043212) notes that the role of ShEx was to: *“work with government departments and management teams to help its portfolio businesses perform better. Its aim is to create a climate of ownership that, whilst challenging, is genuinely supportive and provides frameworks for businesses to be successful. To achieve this, the Shareholder Executive works with boards and management teams of the Government-owned businesses to create long-term shareholder value”*.²
10. The scope and breadth of the shareholder roles that ShEx performed varied between assets depending principally on the wishes of the owning Department as well as the constitutional position of the organisations, which ranged from Agencies (which had no separate legal identity from their Department) to Public Corporations (which were companies in their own right and with fiduciary Boards). Common to all, however, was ShEx's core role of advising Ministers and Departments on governance arrangements (constitutional documents and (where relevant) framework agreements, delegations and freedoms, etc.), Board appointments, business plans and funding arrangements. Typically, ShEx would also play a role in the monitoring of performance against business plans, including financial performance. In respect of POL, it should also be noted that, unusually and in contrast with other assets in its portfolio, ShEx undertook a policy role in addition

² BERR Annual Report 2008-09, page 70.

to its more conventional shareholder role. This arrangement, which is described in more detail below (see in particular paragraphs 19 and 36) persisted following the transfer of ShEx's functions to UKGI in April 2016, before coming to an end in August 2018 when UKGI transferred the policy role in respect of POL to a newly formed team within the Department. References in this statement to the shareholder role that ShEx (and latterly UKGI) undertook in respect of POL in the period prior to August 2018 include the policy work undertaken by ShEx in respect of POL.

11. ShEx's model was either to advise Ministers directly on their shareholder interests across the portfolio of businesses or to support Departmental Shareholder Teams with the performance of this role. With respect to POL, ShEx advised Ministers within the relevant Department directly. ShEx's CEOs were Director General-level civil servant appointments within the Department that ShEx operated from. In 2007 ShEx appointed its first non-Executive Chairman. In late 2009 ShEx appointed its first advisory Board.

The ownership structure of POL

12. In order to understand the relevant Board and governance structures of POL involving UKGI and its predecessor ShEx, it is necessary first to outline the ownership structure for POL prior to, and after, 1 April 2012 (when POL became separated from RMG).

13. Prior to 1 April 2012, POL was one of a number of principal subsidiaries of RMG (I note that the 2011 Annual Report and Accounts of RMG (UKGI00043213), listed six principal subsidiaries of RMG, of which POL was one). During that period, POL operated a subsidiary Board that was predominantly comprised of RMG executives, but the main decision-making body for RMG was the board of Royal Mail Holdings Ltd (“RM Holdings”). RM Holdings’ Board comprised what I would describe as a structure similar to that of the Board of a listed company, including a Chair and a majority of independent Non-Executive Directors (“NEDs”).

14. In the period up to and until April 2012, HMG did not have a seat on RM Holdings’ Board (this is explained further at paragraphs 21 and 23 below) but HMG did hold a special share in RM Holdings. That special share conferred certain rights on HMG over the activities of RM Holdings, including a right to request certain information (including information with respect to POL) and to require HMG’s consent in respect of certain specified actions, for example major transactions, Board appointments (including, in respect of POL, the appointment of NEDs to the POL Board, and the appointment of the CEO / Chair), Board remuneration and borrowing.

15. Following the formulation of Government policy to privatise the Royal Mail Group while preserving Post Office in public ownership, RMG underwent a complex group restructuring before separating from POL on 31 March 2012. Therefore, from 1 April 2012, POL existed separately from RMG and was classified as a Public Non-Financial Public Corporation (“Public Corporation”) by the Office for National Statistics’ national account system. It was then, and remains today, wholly owned

by the Secretary of State for Business, Innovation and Skills (“BIS”), the predecessor Department to what would become the Department for Business Energy & Industrial Strategy (“BEIS”) and what is now the Department for Business and Trade (“DBT”).

16. Public Corporations are designed to operate at a distance from Ministers and HMG, with accountability placed with the Board and executive team who are appointed based on their expertise and specialisms, to manage and oversee the company. A core tenet of the classification (described in guidance published by HM Treasury (UKGI00043214), and which has remained consistent throughout the period from April 2012 to date) is the ability of the Public Corporation to have “*appropriate levels of freedom to exercise commercial judgement, within appropriate delegated authority arrangements that protect Departments*”.

17. As a Public Corporation, POL was therefore 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. Further details on the shareholder consent rights that HMG had under POL’s constitutional arrangements, post its separation from RMG in 2012, are set out in paragraph 39 below.

ShEx's Performance of the Shareholder Role

18. From 2004 (i.e., the point at which ShEx was transferred from the Cabinet Office to DTI, as set out at paragraph 6 above), whilst POL remained a subsidiary of RMG, there was a team within ShEx (the POL Shareholder Team, distinct from the Royal Mail Shareholder Team) which undertook a shareholder role in respect of POL on behalf of the Department. During this period (and subsequently) the Shareholder Team reported to a Director-level civil servant within ShEx (who was ultimately accountable to the CEO of ShEx). The shareholder role during this period included reviewing financial and performance reports and related information in connection with POL's business; engaging with the business to secure funding from HMG to deliver the policy objectives set for the business by the Department (and related funding matters, including the day to day administration of a working capital facility); oversight in relation to certain appointments to the POL Board (including the CEO and Chair, as set out at paragraph 14 above); and oversight of the remuneration of the POL Board.

19. As is set out at paragraph 10 above, until August 2018, the role undertaken by the Shareholder Team also included policy responsibility for POL on behalf of the Department. In the period prior to April 2012, this included monitoring the implementation of policy objectives relating to the Post Office network, including changes to, and the continued sustainability of, POL's network of post offices and Crown branches, as well as supporting Department Ministers on these policy decisions and with Parliamentary or other stakeholder engagement relating to POL (including liaising with other Government Departments, such as HM Treasury in

respect of funding matters). The principal aim of HMG for POL at this time was the maintenance of as many post offices as could be kept viable (including with the assistance of a Government subsidy), a theme which continued throughout the relevant period. I understand that there were a significant number of policy objectives which changed over time. In particular, following the formulation of Government policy regarding the privatisation of RMG, the Shareholder Team were also preparing for the anticipated separation of POL from RMG, as a result of the expected privatisation of the latter.

20. Prior to 2012, engagement with POL included regular meetings with the executive team and senior management on policy and shareholder matters, supporting Ministerial meetings and Ministers' objectives, including the funding for the organisation; monthly meetings between the Shareholder Team and members of POL's senior management team to discuss POL's performance; quarterly performance reviews to discuss more strategic and / or long-term matters; and the receipt and approval of the group's strategic plan. Further visibility on financial performance was also enhanced via holding annual and interim investment reviews of POL, following its separation from RMG.

21. Despite the above, it is important to note that, prior to 2012, without a seat on the Board of RM Holdings, the role of ShEx with respect to POL was limited primarily to receiving information from RMG (including POL) and engaging with it on the matters detailed above (and related areas of policy). At this stage, ShEx did not have the broader shareholder role and corporate governance responsibilities for POL that it was to assume later.

22. Once the timetable for the privatisation of RMG was known, POL's Board was restructured in anticipation of POL's separation from RMG, with the aim of promoting POL's independence from RMG, and putting in place suitably robust governance arrangements for POL. In particular, a new Chair was appointed in July 2011. This was followed by the appointment of a senior independent (non-executive) director in September 2011. Following POL's separation from RMG in April 2012, the new Board met for the first time in April 2012.

23. In the period after April 2012, ShEx's shareholder role in respect of POL (including its related policy role, until August 2018) was performed in two ways: firstly, via the dedicated Shareholder Team within ShEx; and secondly, via the appointment of a new Shareholder NED to the POL Board. The appointment of a Shareholder NED to a ShEx portfolio asset was a relatively novel concept for ShEx and HMG at the time, reflecting a desire, in particular, to ensure that Government-owned assets, particularly those constitutionally distant from their Department, were clear on the objectives of Departments and their Ministers for the organisations. It also provided HMG with an enhanced line of sight into the activities of Government-owned assets. Prior to 2012, very few Arm's Length Bodies ("ALBs") had Government officials on their Boards in a shareholder representative capacity. Given its historic independence from HMG, as a subsidiary of RMG, convincing POL to allow a Shareholder NED onto its new Board was particularly challenging.

24. Initially, the Shareholder NED did not lead the Shareholder Team (which instead reported to a Director-level civil servant within ShEx, as set out above, and who was ultimately accountable to the CEO of ShEx) but rather worked collaboratively

with it. The Shareholder NED focussed on her responsibilities as HMG's representative on the POL Board, whilst the Shareholder Team focussed on the delivery of the shareholder role. There was regular interaction between the Shareholder NED and the Shareholder Team during these early years, although the sharing of information between the two was subject to certain restrictions, primarily due to POL's concern that having a member of the Shareholder Team on the POL Board at a time when funding arrangements were being negotiated might give rise to a conflict of interest. Consequently, copies of POL Board papers were not automatically shared with the Shareholder Team, although the Shareholder NED did meet regularly with the Head of the Shareholder Team, which allowed for an informal flow of information from the POL Board (and vice versa).

25. In March 2014, the structure of the Shareholder Team was changed when the head of the Shareholder Team was appointed to be the Shareholder NED, and the two roles were then performed by the same individual (albeit that the head of the Shareholder Team continued to report to a Director-level civil servant within ShEx, in accordance with the reporting structure summarised above). As the relationship with POL developed, the Shareholder Team was able to receive copies of the information that POL shared with the Shareholder NED, providing it with enhanced visibility on the issues being considered at the POL Board.

26. Whilst the Shareholder Team role was subject to a degree of evolution between 2012-2019, the principal functional responsibilities of the team post-2012 included:

- a. monitoring and evaluating POL's corporate and financial performance, including against policy objectives and the obligations in the existing

- Funding Agreement (albeit that from 2018 this was primarily limited to monitoring POL's performance against its obligations to maintain an appropriate network, in light of the creation of a policy team within the Department) and reviewing POL's strategic plan;
- b. working to ensure the sustainability of POL's financial position, including in relation to its financing and applicable EU state aid approvals;
 - c. monitoring significant risk issues and reporting these to the Department;
 - d. acting as a liaison between POL and the Department to provide relevant shareholder consents in respect of Reserved Matters (explained further in paragraph 39 below);
 - e. advising ministers in respect of the foregoing, and assisting the Department to secure sufficient funding from HMG for POL to deliver the Department's policy objectives, as well as supporting the Department Ministers with Parliamentary or other stakeholder engagement;
 - f. advising on appointments to the POL Board, including remuneration for these roles; and
 - g. arranging and attending ad hoc meetings between the Shareholder Team / Shareholder NED and POL management to discuss matters relevant to the above.

27. In addition to the information that the Shareholder Team received via the Shareholder NED and Board papers, there was also regular additional information supplied to the Shareholder Team as well as a rhythm of meetings and interactions with POL (in addition to the Shareholder NED's attendance at Board meetings) which facilitated their role. For example:

- a. POL provided the Shareholder Team with the monthly financial packs that were prepared for the POL Board, and also with quarterly shareholder meeting packs, which were produced separately from Board papers (and specifically for the shareholder) and which provided further insight into POL's commercial and other initiatives;
- b. regular (generally quarterly) shareholder meetings were held with POL's senior management, which were generally attended by POL's CEO and / or CFO, to discuss financial and commercial performance, outlook and POL's performance against HMG's objectives;
- c. monthly monitoring meetings were held with POL senior management on a range of issues including network sustainability, communications, and industrial relations; and
- d. other ad hoc interactions with POL senior management either on a reactionary basis or in relation to shorter term projects where Shareholder visibility was deemed appropriate.

The Shareholder NED

28. The Shareholder NED's position on the POL Board was filled by a nominated representative from ShEx (and subsequently UKGI), initially Susannah Storey, who held the post from April 2012 to March 2014. From March 2014 – March 2018, the post was held by Richard Callard (who, as set out at paragraph 25 above, was head of the Shareholder Team). From March 2018 – May 2023, Tom Cooper (also head of the Shareholder Team), was in post. The current Shareholder NED and

Head of the Shareholder Team is Lorna Gratton, who has been in post since May 2023. These individuals all undertook the role on an unremunerated basis, as employees of ShEx / UKGI.

29. As mentioned in paragraph 23, unlike other NEDs on the POL Board, who provide specialist subject-matter expertise to the POL Board, the Shareholder NED sought to bring HMG's perspective to the POL Board and to provide further context to the Department's objectives (and, where relevant, concerns) in Board and sub-committee meetings to aid decision-making. It is also important to note that the Shareholder NED was and is only one of a number of members of the Board, and their responsibilities are the same as those of their fellow Directors. The Shareholder NED participates in collective decision making around the Board table, in the same way as their colleagues, and does not have any powers to direct the actions of the Board or override decisions of which he/she does not approve. Although the Shareholder NED had, and continues to have, the same legal obligations and responsibilities as other NEDs on the POL Board, the discharge of their functions also involves regular interactions with HMG, in keeping with the purpose of their role in enhancing HMG's visibility of activities within POL.

30. It is also important to note that the role of the Shareholder NED has evolved over time, particularly given that, when Ms Storey joined the POL Board in April 2012 as the first Shareholder NED, the POL Board was brand new and was still in transition to a standalone company following separation from RMG. Further, the list of Board sub-committees on which the Shareholder NED has sat is not prescribed and has not remained static but has adapted to meet the specific focus

of the Shareholder over time. For example, in addition to her position on the POL Board, Ms Storey was also a member of the POL Board's Audit, Risk and Compliance sub-committee ("ARC") from her appointment as Director until March 2013, and a member of the Pensions subcommittee until her departure from the Board in March 2014.

31. Mr Callard also sat on a number of POL Board sub-committees during his tenure including the Pensions sub-committee (from October 2014), the ARC sub-committee (from January 2016), and the Project Sparrow sub-committee (from its inception in April 2014 until it ceased to sit in 2015). Of these, it may be noted that the purpose of the Sparrow sub-committee, as defined in the Terms of Reference (UKGI00043219) was to "*make recommendations to the Board in respect of Project Sparrow and provide strategic oversight of the delivery of the project and the development of the Initial Complaints Review and Mediation Scheme*".³ However, it should also be explained that the sub-committee did not consider any individual cases under the Mediation Scheme; rather it had an overview of the scheme's development, operation and delivery. Mr Callard's role and responsibilities remained essentially unchanged following the transfer of ShEx's functions to UKGI in April 2016.

32. In March 2018, Mr Callard was succeeded, as Shareholder NED and head of the UKGI Shareholder Team, by Mr Cooper. Mr Cooper was a Director-level appointee within UKGI, and was therefore in a position to oversee the Shareholder Team on

³ As is set out in UKGI's Opening Statement at paragraph 26, Project Sparrow was POL's internal reference for issues relating to Horizon.

behalf of the UKGI executive committee. Mr Cooper sat on the Remuneration, ARC and the Postmaster Litigation Board sub-committees (from 2018 to 2020).⁴ As described in the Terms of Reference (UKGI00019294), the Postmaster Litigation Board sub-committee was “*established to receive legal advice on the Post Office’s Defence in the Group Litigation [Alan Bates & Ors v Post Office Limited] as it proceeds to final resolution.*” In practice, this meant it was a forum for the members of the sub-committee to consider legal advice provided to it by POL’s legal team as well as matters arising in the group litigation more generally, and, in certain instances, discuss these matters with POL’s external counsel.

The transfer of ShEx’s functions from BIS to UKGI

33. Until April 2016, ShEx was a directorate within the Department (and as noted at paragraph 7 above, the Accounting Officer was the Permanent Secretary of the Department). However, with the formation of UKGI in April 2016, ShEx’s shareholder role (including, in respect of POL, its related policy role) was formally delegated to UKGI, a wholly owned subsidiary of HM Treasury and whose Accounting Officer is the CEO of UKGI. Since that date, UKGI has therefore performed the POL shareholder role *on behalf* of the Department.

34. In practice, the transfer of the shareholder role from ShEx to UKGI involved the civil servants that had comprised the ShEx directorate within BEIS (and its predecessor Departments) transferring to a company wholly owned by HM

⁴ Mr Cooper also sat on the Historical Remediation Committee from its inception in July 2021, which will be addressed in response to the second witness statement requested by the Inquiry in its Rule 9.

Treasury and operating outside and independently of a Government Department. Since 2016 UKGI has had an independent Board and a range of clearly defined responsibilities set out in its own Framework Document (UKGI00043215). The transition from ShEx to UKGI did not result in any fundamental change in the structure of the role in relation to POL. A Shareholder NED remained on the POL Board and that individual remained the head of the Shareholder Team within UKGI. Whilst UKGI was now owned by HM Treasury, it continued to perform these functions as shareholder representative for the Department, who remained the shareholder of POL.

35. Since 2018, UKGI and the Department have introduced a number of measures designed to augment the established governance practices and behaviours that were already in place in respect of the governance and oversight of POL as a public corporation. The purpose of those steps was to enhance and broaden HMG's oversight of POL and to bring together and to document existing practices. Whilst some of these measures pre-date the settlement of the GLO, a significant proportion were introduced after the settlement and I will therefore deal with them together in my second witness statement. For reference, they are described at paragraph 32 of the UKGI response to the Call for Evidence.

36. In August 2018, a separate BEIS policy team was formed to deal with POL policy-related issues. The team was introduced to align the governance of POL to the best practice model adopted for other BEIS-owned ALBs – which envisages the separation of the shareholder and policy roles – and as a consequence of the increased volume and complexity of policy-related interactions between POL and

BEIS. From this point forwards, the BEIS policy team took on responsibility for setting the overall policy direction for POL, including in relation to POL's social purpose and long term strategy, responding to Parliamentary scrutiny, engaging with stakeholders on issues relating to the policy direction of POL and ensuring POL's activity was consistent with the wider Government policy framework. UKGI retained the responsibilities described at paragraph 26 above (with the qualification in respect of policy-related matters stated at paragraph 26(a)). While this represented a formal allocation of responsibilities between the BEIS policy team and the UKGI Shareholder Team, in practice, the teams operated (and continue to operate) with a close working relationship and collaborate on a range of issues to ensure that the expertise from each team is utilised appropriately.

37. This updated relationship between BEIS and UKGI was subsequently set out in a Memorandum of Understanding dated 12 December 2019 (UKGI00013078), which contains a detailed description of the shareholder role and is addressed in my second witness statement in light of the fact that it post-dates the settlement of the GLO.

GOVERNANCE DOCUMENTATION

Articles of Association & Other Constitutional Documentation

38. Although POL is classified for public sector purposes as a public corporation by virtue of HMG's ownership, it is a private company limited by shares for the purposes of the Companies Act 2006 and, as with any private limited company, POL was, and is, governed by its Articles of Association ("Articles"). The Articles

which governed POL immediately following its separation from RMG were those adopted following a resolution on 2 April 2012, and further Articles were adopted by a resolution on 12 September 2013.

39. Both the 2012 and the 2013 Articles (UKGI00043216 and UKGI00043217) include provisions at article 10 relating to the Special Share held by the Secretary of State, and, at article 11, list a number of the matters in respect of which POL required the written consent of the Shareholder. The effect of these consent rights was to provide the Department with a degree of oversight and control over certain POL Board decisions. These included:

- a. the appointment or removal of Directors of the company;
- b. setting and approving changes to Directors' remuneration;
- c. borrowing in excess of certain pre-limits, as agreed with HM Treasury;
- d. adopting and implementing the company's strategic plan;
- e. disposing of substantial assets of the business, and entry into other high-value transactions;
- f. voluntary winding-up of the company or a member of the group;
- g. varying the company's Articles of Association, including special shareholder rights; and
- h. issuing or allotment of shares or granting of shares in the company.

40. In addition to the Articles, oversight of POL by ShEx / UKGI / the Department was provided for by the terms of applicable Funding Agreements, and Entrustment Letters:

- a. Funding Agreements (an example of which is at document UKGI00043218) set out the obligations placed on POL by the Department, including with respect to network size and scope (i.e. the minimum number of branches to be maintained), conditions for funding release, and important reporting requirements to the shareholder;
- b. Entrustment Letters (an example of which is at UKGI00001330) articulated the service and network requirements that justified and underpinned the State aid approval to allow POL to receive and use public funding.

Statement of Truth

I believe the content of this statement to be true.

GRO

Signed: _____

Dated: 19 February 2024

Index to First Witness Statement of CHARLES HUNTER DONALD

No.	URN	Document Description	Control Number
1.	INQ00000228	UKGI's / BEIS's joint response to the Call for Evidence	VIS00000300
2.	INQ00000028	Response to Batch Request 001	VIS00000345
	INQ00000044	Response to Batch Request 002	VIS00000365
	INQ00000888	Response to Batch Request 003	VIS00000649
	INQ00000883	Response to Batch Request 004 (Questions 1 - 4, 7 & 8)	VIS00000560
	INQ00000009	Response to Batch Request 004 (Questions 5 & 6)	VIS00000233
3.	SUBS00000006	UKGI Opening Statement	SUBS00000006
4.	UKGI00043211	HM Treasury Managing Public Money	UKGI00043211
5.	UKGI00043212	BERR Annual Reports from 2008-9	UKGI00043212
6.	UKGI00043213	2011 POL Annual Report and Accounts	UKGI00043213
7.	UKGI00043214	HM Treasury Consolidated Budgeting Guidance: 2023-24	UKGI00043214
8.	UKGI00043219	Sparrow Subcommittee Terms of Reference	UKGI052975-001
9.	UKGI00019294	Postmaster Litigation Board Sub-committee Terms of Reference	VIS00013145
10.	UKGI00043215	UKGI Framework Document	UKGI00043215
11.	UKGI00013078	Memorandum of Understanding dated 12 December 2019	UKGI023872-001
12.	UKGI00043216	POL Articles of Association 2012	UKGI00043216
13.	UKGI00043217	POL Articles of Association 2013	UKGI00043217
14.	UKGI00043218	Funding Agreement	UKGI00043218
15.	UKGI00001330	Entrustment Letter	UKGI012144-001