

WITN11030100

Witness Name: Darren Heilig

Statement No: WITN11030100

Dated: 29 January 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF DARREN HEILIG

1. I, Darren Heilig, of 185 Farringdon Road, London, EC1A 1AA, am a solicitor and the Assistant General Counsel, Group Corporate and Finance and Deputy Company Secretary at Royal Mail Group Limited ("**RMG**").
2. I make this statement on behalf of RMG in response to a Request for Information received from the Post Office Horizon IT Inquiry (the "**Inquiry**") dated 8 December 2023 (the "**Request**").

INTRODUCTION

3. I have worked within the business of the Royal Mail group of companies (the "**Royal Mail Group**") since 2013, initially on secondment from a law firm. I was not, therefore, employed within the Royal Mail Group during the period which the Inquiry or the Request relates to. In providing the information contained in this witness statement, I have therefore relied on information that is publicly available from Companies House, or which I have ascertained from the Royal Mail Group's corporate records. Some of the historic information provided with this statement has been derived from Microsoft Word versions of documents (i.e. not final, signed

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copies), from which it is difficult to ascertain whether they are in final form and/or were approved and implemented. Other information has been derived from scanned copies of documents, and as a result the quality of the scanned versions mean that it is similarly unclear whether those documents represent the final versions, or are only drafts. Wherever possible I have indicated where I am unsure of the credibility of any information, and provide the best available copies of relevant documents to assist the Inquiry.

4. The Inquiry has requested a written statement that explains the corporate structure of Royal Mail Group during the period in which it was involved with matters relating to the issues being investigated by the Inquiry, including a high-level overview of the Royal Mail Group's board and governance structures, ownership and relationship with any parent company/corporation and relevant Government entities and agencies, and the relevant changes over this period.

Corporate Structure

5. Pursuant to the Post Office Act 1969, I believe that the then Post Office was changed from a Department of State to a public authority bearing the same name (the "**Post Office Authority**"). The business of the Post Office Authority at that time encompassed both the Royal Mail delivery service and the Post Office branch network, as well as the UK's telephone system.

Post Office Limited

6. On or around 13 August 1987, Post Office Counters Ltd was incorporated as a company limited by shares (with company no. 02154540) as a subsidiary of the Post Office Authority [RMG00000265]. The Post Office Authority held the majority of the ordinary shares but there was also a nominee shareholder who held one ordinary share on incorporation. The purpose of Post Office Counters Ltd included

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operation of the network of Post Office branches across the United Kingdom. I understand that the Post Office Authority operated the Royal Mail delivery network at that time. Following a name change on 1 October 2001 Post Office Counters Ltd became Post Office Limited (“POL”) [RMG00000279].

7. The corporate structure in 1987 was:



Change from Government authority to a company

8. As described below in detail, a series of changes were implemented in 2000 and 2001 which resulted in the structure shown in the following chart:



9. In 2000, Parliament passed the Postal Services Act 2000 which provided a statutory mechanism whereby the Secretary of State could transfer all of the Post Office Authority’s property, rights and liabilities to a company.

The Holding Company

10. On 20 September 2000, Expand reserve Public Limited Company (with company no. 04074919) was incorporated [RMG00000266]. In December 2000, the company name was changed to the Post Office Group plc [RMG00000267], which was then

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subsequently amended on 4 January 2001 to Consignia plc [RMG00000268] and then on 26 January 2001, its name was changed again to Consignia Holdings plc (the "**Holding Company**") [RMG00000270]. The majority of the shares in the Holding Company were held by the Secretary of State for Trade and Industry [RMG00000275], with a minor shareholding interest (of 1 ordinary share out of a class of c. 50,000 ordinary shares) held by the Solicitor for HM Treasury.

11.As described below, the Holding Company became the holding company for both the Royal Mail and Post Office businesses and remained so up until the initial public offering of Royal Mail plc (the company that is now International Distributions Services plc with company no. 08680755) (see paragraph [19] below), notwithstanding some further name changes as described at paragraph [16] below in the intervening period. The Holding Company continued to hold the Post Office business following the initial public offering of Royal Mail plc. It was changed to a limited company on or around 12 December 2013 when it became Postal Services Holding Company Limited ("**PSHCL**") [RMG00000281]. I understand that PSHCL is now in liquidation as the Post Office business is held by His Majesty's Government ("**HM Government**") via a different structure.

Royal Mail Group Limited

12.On 10 January 2001, Trushelfco (No.2758) Limited (with company no. 04138203) was incorporated [RMG00000269]. Shortly after incorporation, it was re-registered as a public limited company and its name was changed to Consignia plc on or around 26 January 2001 [RMG00000271]. (For clarity, although the company with number 04074919 was named with the same name (i.e. "Consignia plc") between 4 and 26 January 2001, it was a different company). Consignia plc's name was subsequently changed again to Royal Mail Group plc on or around 4 November

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2002, and then Royal Mail Group Limited on or around 20 March 2007. This company is still known as Royal Mail Group Limited and is the current main trading entity for the Royal Mail business.

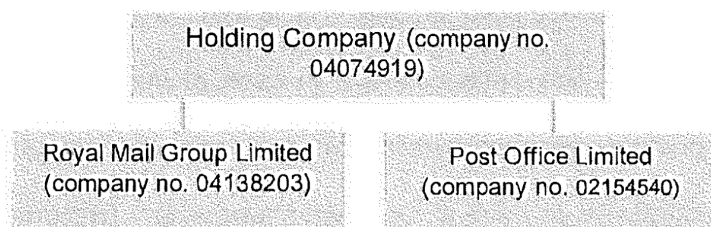
Restructuring

13. In March 2001, a restructuring, including pursuant to the Postal Services Act 2000 by way of the Post Office Company (Nomination and Appointed Day) Order 2001 (S.I. 2001/8), was effected to transfer the businesses owned by Post Office Authority to the new companies.
14. The resulting corporate structure (as shown in the diagram in paragraph [8]) was that the Holding Company owned all of the shares in RMG, which, in turn, held all of the shares in Post Office Counters Ltd. That is with the exception that there were individuals who held one ordinary share in each of these companies, which I believe were held as pure nominees in order to comply with a legal requirement at the time for companies to have at least two shareholders [RMG00000273 and RMG00000272]. As set out at paragraph [9], the Holding Company was owned by HM Government at this time.
15. On or around 1 October 2001, Post Office Counters Ltd changed its name to Post Office Limited (POL).
16. On or around 4 November 2002, the Holding Company changed its name to Royal Mail Holdings plc [RMG00000282], which was then renamed as Postal Services Holding Company plc on or around 11 September 2013 [RMG00000280] and Postal Services Holding Company Limited on 12 December 2013 [RMG00000281].

Privatisation of Royal Mail Group

17. In 2011, Parliament passed the Postal Services Act 2011 which allowed RMG to be privatised.

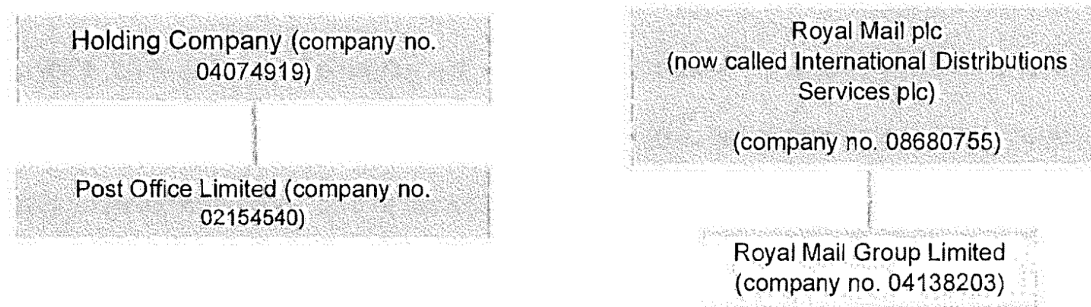
18. In April 2012, as part of the preparation for the potential privatisation process, RMG transferred all of its shares in POL to the Holding Company [RMG00000274]. The resulting corporate structure was such that the ownership of POL was now held at the same level in the corporate structure as RMG, sharing the same parent company (namely the Holding Company), and not as an entity below it. The effect of this change on the corporate structure is shown in the following chart:



19. Whilst the Inquiry concerns the period up until 2012, for completeness, I note that in order to implement the initial public offering of the Royal Mail business in 2013, a new company (now called International Distributions Services plc, but at the time of listing, called Royal Mail plc) was incorporated in September 2013 (with company no. 08680755). That company became the ultimate holding company for the Royal Mail business before it was listed on the London Stock Exchange on 15 October 2013. By this time, and as explained in paragraph [18] above, the Post Office business was not part of the same corporate group and continued to be held by HM Government via the Holding Company.

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20. This is shown on the following charts:



21. Should it assist the enquiry, the following diagrams have been exhibited reflecting the ownership structure outlined above:

- 21.1. a table which tracks the name changes of the principal entities: 1. the Holding Company, 2. the main Royal Mail trading entity (i.e. RMG) and 3. the main Post Office trading entity (i.e. POL) ([RMG00000278]);
- 21.2. a series of diagrams showing the changing ownership structure together with the company name changes over the relevant time ([RMG00000277]); and
- 21.3. a corporate structure chart showing the full Royal Mail Group of companies as at around 31 March 2012 (i.e. immediately prior to the transfer of POL to the Holding Company as described in paragraph [18] above). ([RMG00000276]).

Governance

22. I have sought to identify governance structures in the period covered by the Inquiry's request. There is no single or definitive record of the historical position and therefore I have sought to identify such structures as I am able from board minutes and papers that I have been able to locate. Having done so, I am unable to provide a definitive picture of the governance framework or what committees

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existed at different points of time. What follows, therefore is necessarily a high-level summary.

23. Our Company Secretary records relating to the governance of the Post Office Authority indicate that it had a board of directors and also an Executive Board. As I note above, POL was a separate company formed in 1987 as a subsidiary of the Post Office Authority. It would, therefore, at least, have had its own board of directors.

24. Since their respective incorporations, as described above, each of the Holding Company, RMG and POL have existed as separate legal entities and, whilst some individuals were directors of more than one of those entities at the same time, they have maintained their own, separate boards of directors. My understanding from reviewing a board paper dated March 2012 is that, during the period from February 2003 until March 2012, the board of the Holding Company had oversight and key decision-making responsibility for RMG (the Holding Company was described as "the main plc Board" for RMG), with the RMG board only meeting for statutory purposes during that period [RMG00000283].

25. The board of the Holding Company, as the ultimate holding company of the Group between 2001 and privatisation in 2012, had a number of sub-committees, including but not limited to:

- 25.1. an investment committee;
- 25.2. audit and risk committee;
- 25.3. nomination committee;
- 25.4. remuneration committee; and
- 25.5. a pensions committee.

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26. From what I have seen in the available paperwork, the RMG board also delegated its responsibilities from around 2012 onwards to various sub-committees over time to support the board, including but not limited to:

- 26.1. an audit and risk committee;
- 26.2. nomination committee;
- 26.3. pension committee;
- 26.4. remuneration committee; and
- 26.5. chief executive committee.

27. POL also had various sub-committees over time, including but not limited to:

- 27.1. an investment committee,
- 27.2. executive committee; and,
- 27.3. a health and safety committee.

28. We do not have complete records for POL and so cannot ascertain over what time periods such committees were in place.

29. I have also identified various copies of delegations of authority and matters reserved to the various company boards over time and their committees (Documents 020 to 035). It has not been possible to track the details of whether these documents were implemented with any certainty, but for completeness, I produce them for the Inquiry.

Statement of Truth

I believe the content of this statement to be true.

Signed:

GRO

Dated: 29 January 2024

Index to First Witness Statement of Darren Heilig

No.	URN	Document Description	Control Number
1.	RMG00000265	001. 19870729 POCL Incorporation	RMG00000265
2.	RMG00000266	002. 20000920 Expandreserve plc Incorporation	RMG00000266
3.	RMG00000267	003. 20001212 Name change from Expandreserve plc to The Post Office Group plc	RMG00000267
4.	RMG00000268	004. 20010104 Name change from The Post Office Group plc to Consignia plc	RMG00000268
5.	RMG00000269	005. 20010110 Trushelfco (No.2758) Incorporation	RMG00000269
6.	RMG00000270	006. 20010126 Name change from Consignia plc to Consignia Holdings plc	RMG00000270
7.	RMG00000271	007. 20010126 Name change from Trushelfco (No.2758) Limited to Consignia plc	RMG00000271
8.	RMG00000272	008. 20010704 POCL Annual Return	RMG00000272
9.	RMG00000273	009. 20020110 Consignia plc Annual Return	RMG00000273
10.	RMG00000274	010. 20120608 POL Annual Return	RMG00000274
11.	RMG00000275	011. 2001092001 Consignia Holdings Annual Return - Full List of Members	RMG00000275
12.	RMG00000276	012. Group structure	RMG00000276
13.	RMG00000277	013. Charts showing structure of Royal Mail and Post Office over time	RMG00000277
14.	RMG00000278	014. Table showing name changes over time	RMG00000278
15.	RMG00000279	015. Certificate of incorporation showing name change from POCL to POL	RMG00000279
16.	RMG00000280	016. Name change to Postal Services Holding Company plc	RMG00000280

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17.	RMG00000281	017. Re-registration as a public company (Postal Services Holding Company Limited)	RMG00000281
18.	RMG00000282	018. Consignia Holdings to Royal Mail Holdings Plc	RMG00000282
19.	RMG00000283	019. RMGL Board - March 2012 - proposed matters reserved	RMG00000283
20.	RMG00000284	020. RMGL and POL Board - April 2001 - matters reserved	RMG00000284
21.	RMG00000285	021. POL Board - October 2007 - matters reserved (unconfirmed if final)	RMG00000285
22.	RMG00000286	022. POL Board - November 2010 - Matters Reserved and Committee ToRs (proposed)	RMG00000286
23.	RMG00000287	023. POL Board - December 2010 - matters reserved (title said not approved)	RMG00000287
24.	RMG00000288	024. POL Board - July 2011 - proposed matters reserved and delegations - before and after separation (labelled draft)	RMG00000288
25.	RMG00000289	025. RMGL Board (when known as Consignia plc) - Jan 2002 - matters reserved (unconfirmed if final)	RMG00000289
26.	RMG00000290	026. RMGL Board - Matters Reserved - May 2013 (unconfirmed if final)	RMG00000290
27.	RMG00000291	027. Royal Mail Secretariat - April 2012 - record of files handover to Post Office (unconfirmed if accurate)	RMG00000291
28.	RMG00000292	028. Consignia Group - July 2002 - Delegated Authorities proposal	RMG00000292
29.	RMG00000293	029. Consignia Group - July 2002 - Delegated Authorities Annex	RMG00000293
30.	RMG00000294	030. Minutes of the Consignia plc board dated 10 April 2001	RMG00000294

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31.	RMG00000295	031. Governance Report January 2002	RMG00000295
32.	RMG00000296	032. Governance Report January 2002 annex	RMG00000296
33.	RMG00000297	033. IMG_0009 – Consignia plc Board – Note to the Secretary April 2001	RMG00000297
34.	RMG00000298	034. IMG_0010 – Annex A - Matters reserved to the Post Office board	RMG00000298
35.	RMG00000299	035. IMG_0011 – Annex B – Matters reserved to the Consignia plc board	RMG00000299