

Witness Name: Zarin Homi Patel

Statement No.: WITN11430100

Dated: 6 September 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ZARIN HOMI PATEL

I, ZARIN HOMI PATEL, will say as follows:

INTRODUCTION

1. This witness statement has been prepared in response to a request from the Post Office Horizon IT Inquiry (“the Inquiry”) pursuant to Rule 9 of the Inquiry Rules 2006, dated 23 July 2024 (“the Rule 9 Request”). I have been assisted by my legal representatives, Kingsley Napley, LLP, in the preparation of this witness statement.
2. The Inquiry has provided The Times article *“Postmasters on Post Office board ‘ignored and unwanted’”* (RLIT0000201) dated 19 February 2024, which I have been asked to consider in my Rule 9 Request. To assist me in responding to the Rule 9 Request, I have also sought disclosure from Post Office Limited (“POL”) in respect of various documents. Given the short turnaround time I have been given

to produce this witness statement, I cannot be certain that I have been disclosed all relevant material from POL, however, I have done my utmost in the time available to review the material disclosed to me by POL and exhibit any documents I deem key to the issues raised in my Rule 9 Request. I am reassured that the Inquiry is not seeking disclosure of documents beyond that which have already been provided to me and are instead seeking my candid account in relation to the topics addressed in the Rule 9 request. Where I have been able to source relevant additional documents, these have been exhibited to this witness statement.

3. I was appointed as Non- Executive Director (“NED”) of POL on 26 November 2019 and held the position until 13 March 2023.

PROFESSIONAL BACKGROUND

4. I am a qualified Chartered Accountant and a Fellow of the Institute of Chartered Accountants in England & Wales. I have a BSc in Economics from The London School of Economics and Political Science.
5. I trained as a Chartered Accountant with Peat Marwick Mitchell (now KPMG) in London and worked there from 1982, qualifying in 1984, until 1997, a period of 15 years. I worked in corporate audit, tax and corporate finance as well as a wide range of business sectors in my time there.
6. I joined the BBC in June 1998 as Group Financial Controller. I became Head of Revenue Management in 2001 and then became its Chief Financial Officer in 2005, a position I retained until 2013 when I left the BBC. I joined Grass Roots

Group PLC in August 2014 as Chief Operating Officer (“COO”) and left in October 2016.

7. I have been an independent NED since 2006 (alongside my executive roles) and am now a full time NED and/or Trustee in consumer facing, business services, utilities, central government and charitable sectors.

8. As set out in paragraph 3, I joined the POL Board on 26 November 2019 as a NED and left on 13 March 2023. I was initially interviewed by POL’s headhunter, Russell Reynolds, on 28 August 2019 followed by a panel interview on 3 September 2019 directly with the POL Board which comprised of the Chair, Timothy Parker, Kenneth McCall, Thomas Cooper as the UKGI Shareholder Representative and Carla Stent. From the outset of my tenure at POL, I was a member of the Audit, Risk & Compliance Committee (“ARC”) and also attended the Historical Remediation subcommittee of the Board from its inception in August 2021 until I left POL in March 2023. I also informally took on the role of interim Senior Independent Director from 26 January 2022 up to the date of my departure to cover a temporary vacancy until the appointment of a new Chair was completed following the retirement of Timothy Parker in 2022.

9. I have been asked to summarise my understanding of and experience with the Horizon IT system. As part of my preparation for my application to the POL Board in 2019, I carried out desktop research into the issues concerning the Horizon IT system and the prosecution of SPMs which had been widely covered in the press. I also reviewed reports of Fraser LJ’s Common Issues Judgement (“CIJ”) of 15 March 2019 and was aware that publication of the Horizon Issues Judgement (“HIJ”) was imminent (it being published on 16 December 2019). I was also aware

that POL had asked for Fraser LJ to recuse himself during the Common Issues Trial in March 2019. I understood that these matters were very serious and would require POL to make a fundamental change to its culture and its processes and systems to win back the trust and confidence of its SPM community and wider stakeholders. I also had access to POL's Annual Report and Accounts on the day they were published on 3 September 2019 which set out some of the issues relating to the litigation.

10. Horizon was a matter I brought up with the interview panel of the POL Board on 3 September 2019. I recollect saying something along the lines that "*POL was losing public trust and confidence and needed to re-think whether it was acting in the public interest*". The point was acknowledged by the interview panel but due, I believe, to confidentiality of the legal process there was no substantive discussion on that day.
11. My first Board meeting which I attended as an observer prior to my formal appointment was on 26 November 2019 (POL00021572). There was a discussion about exploring mediation with the Group Litigation Order ("GLO") claimants. The Board was briefed by Ben Foat, the General Counsel, and Alan Watts of Herbert, Smith Freehills LLP as the Board's legal adviser. I did not take part in this discussion as it was my first POL Board meeting and it was important to listen at this stage.

EXPERIENCE ON THE POL BOARD

12. I have been asked to summarise the nature of any training and induction that I received on my appointment to the POL Board. I recall that my induction was

extensive. It was organised by the Company Secretary, Veronica Branton, and included meetings with members of the POL Board and the Executive team. I also received an induction briefing document, (POL00112763), which provided a summary of the Group Litigation, the CIJ and HIJ as well as a direct briefing from Ben Foat regarding the same issues.

13. As part of my induction, I was able to meet directly with three SPMs at local post offices in my area and they helped me understand how they used Horizon, the training they received and the level of on-going support they required. I was also able to speak with POL's retail management team to understand how the business worked and what the key processes and controls were. This proved a useful backdrop when the Board began to consider the systemic process and culture changes that were required following the CIJ and HIJ.
14. In addition to the above, my induction also involved:
 - (i) Meeting with the Heads of Mails and Retail, Financial Services, Insurance, Telecoms and Digital Identity Division to get a better understanding of the business strategies;
 - (ii) Meeting with Alisdair Cameron, Chief Financial Officer, Tom Lee, Group Financial Controller, Johannes Appel, Head of Internal Audit & Risk and external auditors, Price Waterhouse Cooper, to better understand POL's financial strategy, business plans, financial systems, performance reporting and controls;
 - (iii) Attending POL's Sponsor department, the Department for Business, Energy and Industrial Strategy, ("BEIS"), (now the Department of

Business and Trade), (“DBT”) training sessions for NEDs to understand how government finances work as well as the requirements of Managing Public Money as per HM Treasury’s official guidance;

- (iv) Meeting with Nick Read, who had joined two months prior to me, to understand his perspective on the issues arising from the CIJ and HIJ and what changes needed to happen to reset POL’s relationship with SPMs and the culture of POL more generally. Nick Read also helped me understand the long-term business issues SPMs faced with increasing competition from logistics carriers, the decline of cash usage and closure of bank branches being some examples;
- (v) Meeting with Jonathan Hill, Director of Risk and Regulatory Compliance, to gain an insight into the regulatory and legal obligations for each line of the business and how codes of conduct operated including whistleblowing processes;
- (vi) With regards to technology, I met with the newly appointed Chief Information Officer, Jeff Smyth, as well as the Chief Information Security Officer, Tony Jowell, to understand current technology as well as the technology risks POL faced;
- (vii) With regards to People and Culture, I met with the Chief People Officer, Lisa Cherry, and the Head of People and Culture, Amber Kelly, the Head of Marketing and Brand, Emma Springham and Company Secretary, Veronica Branton.

15. Finally, I completed relevant compliance training in areas of cyber training and data protection and reviewed POL's Code of Conduct.
16. In my opinion POL had an extensive and thorough induction process which enabled me to build a reasonably well-rounded picture of how the organisation operated. There was always an open invitation to continue deepening my understanding in any area either through meeting specialists or getting detailed briefing papers. The Company Secretarial function would recommend pre-briefing meetings ahead of key board papers and would also arrange for any further briefing that each NED on the POL Board requested.
17. I have been asked to address the briefings I received in relation to the issues addressed by the Inquiry, before or on joining the Board. As noted in paragraph 12, I received a written briefing, POL00112763, on the CIJ and HIJ findings, the past prosecutions of SPMs and the GLO. I also had a verbal briefing with General Counsel, Ben Foat, to ensure I understood the legal issues and could ask any questions I had, (I do not have any notes of this discussion as these would be stored on the Diligent Board Pack App- which I no longer have access to). I had access to current POL Board papers and there was also an open invitation to ask for more detailed briefings as and when they were needed from the Company Secretarial function. I therefore have no concerns about the depth and quality of these briefings and those that continued throughout my time on the Board. In addition, I recall reading the summary findings for both the CIJ and HIJ which were publicly available documents. I recall that in my induction I was focused on the nature of the changes that would be required in my time on the POL Board.

18. In terms of the adequacy and effectiveness of POL's corporate governance arrangements that were in effect during my tenure as a NED I have the following reflections:

A. POL's corporate governance standards were broadly in line with the FRC's 2018 UK Corporate Governance Code ("CG Code") and the Corporate Governance Code for Central Government Departments. There was an independent chair and a majority of NEDs on the Board. It had a professional and experienced Company Secretary and the usual committees covering audit, risk and compliance, remuneration and nominations. Board papers were usually well prepared and available in reasonable time for detailed consideration. There was an annual process to review the performance of the Board as well as that of the NEDs. This annual performance review was I believe reported up to BEIS and UKGI annually. In addition, there was regular engagement between the Chair and DBT to discuss performance of POL.

B. The appointments process was formal and with open competition to bring the most experienced and talented people to the Board. I observed particular care being taken by the Chair, Timothy Parker, to find people who had the most relevant expertise in their fields. Some examples that demonstrate this are:

(i) Expertise in distribution and logistics: this is a critical area for POL in its relationship with Royal Mail and other parcel carriers. Both Kenneth McCall and Brian Gaunt brought specific expertise in this area;

- (ii) Experience of major technology implementations: recognising that Horizon would need a substantial program of work as the long-term contract with Fujitsu was approaching its end, the Board appointed Lisa Harrington who had various senior roles at BT Group PLC as Group Chief Customer Officer, Chief Information Officer, Managing Director of Technology Transformation as well as being a Managing Director at Accenture UK working on organisational and systems transformations;
 - (iii) Substantial and senior legal experience was needed as the program to compensate SPMs for the loss and pain they had suffered began to take shape and so the Board appointed Benjamin Tidswell, an experienced lawyer, in July 2021. As a partner in the London Disputes practice at Ashurst since 2000 he had worked on a wide range of commercial litigation and regulatory matters and was the Global Chairman of Ashurst from 2013 to 2021 when he retired; and
 - (iv) Experience of financial services and the related compliance regimes: Carla Stent had considerable experience in banking at Barclays Bank plc and investment management firms as well as Thomas Cook Group PLC.
- C. POL's Annual Report and Accounts included detailed reporting in line with the CG Code to enable the Shareholder to effectively assess the quality of the company's governance process;

- D. An extra layer of governance was provided by UKGI as the Shareholder Representative for DBT. This role oversaw the government's 100% shareholding in POL, held a seat on the Board and its various committees and took part in the approval of POL's long-term business strategy, executive and non-executive appointments, as well as remuneration policy. The UKGI team supporting the Shareholder Representative monitored financial and operational performance through detailed consideration of monthly financial and network performance data provided by the executive team at POL and held the business to account in delivering its commercial and policy objectives. Whilst as NEDs we did not have the benefit of seeing the detail of these monitoring activities by UKGI, the Board was, as I recall it, given occasional insight into the matters discussed by Thomas Cooper as the Shareholder Representative;
- E. POL's purpose and long-term sustainability were at the heart of the Board's work during my tenure. Following the CIJ and HIJ I observed deep reflection by the entire Board, both executive members and NEDs, on what the organisation needed to do to restore the public's trust and put right the harm done over many years to its most critical stakeholders - the SPMs who are the beating heart of POL up and down the country;
- F. The Chair was careful to ensure that diverse voices were heard and decisions made with care for all stakeholders. There were annual internal and external (every three years) Board effectiveness reviews that tested that the Board was effectively chaired. Independent Audit Ltd conducted one external board effectiveness review in the year ending 31 March 2021

and the outcome was reported in POL's Annual Report and Accounts (see page 27 of this published report available online);

- G. Finally, the most important change was the appointment of two experienced SPMs to the Board in April 2021 - Saf Ismail and Elliot Jacobs - to bring the voice of SPMs right into the heart of POL's strategy and decision making. Both were important and influential voices as POL endeavored to rebalance the interests of the SPMs and the service provided to them. I believe that it was the first time in POL's history that SPMs were right at the top of the organisation and able to bring their direct and lived experience to the Board. I, as a NED, valued their insight into the daily realities and challenges that SPMs faced and I believe I was better able to contribute to shaping the Board's decisions as a result of hearing their voices directly. I have addressed this in further detail at paragraphs 30 – 31 of my statement.
19. I have been asked to describe the culture of POL at Board level and my reflections as to the ways in which the culture had changed following the findings arising from the CIJ and/or resulting from evidence arising in the Inquiry.
20. Following Nick Read joining POL as CEO in September 2019, he introduced a structured programme targeted at making changes to reform the business relationship with SPMs in line with the CIJ and latterly, in 2020, changes to Horizon itself in line with the HIJ. Throughout 2020 – 2023, the Board would receive regular, detailed updates that monitored the progress being made in implementing these changes. To instill confidence in this programme, the changes proposed were audited by POL's Internal Audit team who would consider whether the actions were fully implemented and embedded, followed by an independent

external review by KPMG for HIJ-related changes (i.e. the technical changes implemented to the Horizon system) and by Norton Rose Fulbright LLP for reviewing conformance with the CIJ (i.e. in respect of contractual reform for SPMs etc.). There was therefore a degree of confidence from the Board that change was beginning to be addressed and new ways of working being embedded. These changes to process and systems were complex and detailed and necessarily took time and resource to implement – they were not overnight fixes. The programme of change was initially led by POL's Operations Director and in or around May 2021 the POL executive established the Improvement Delivery Group chaired by Daniel Zinner, POL's Chief Operating Officer at the time.

21. The first area of operational and cultural change had commenced sometime between March 2019 and April 2020 and was intended to make changes to SPM support, contracts and operational services to address the findings of the CIJ. The CIJ was highly critical of the way in which POL previously managed its relationships with SPMs through its contracts. Specific issues related to shortfalls and discrepancies which were routinely reclaimed via deductions from remuneration; suspending SPMs without payment prior to re-instatement or termination and not providing sufficient training or ongoing support. These were key issues – all of which needed to be addressed. An Operational Improvements plan, (which latterly became known as the Improvement Delivery Group), was developed with dedicated leadership and reported on action taken to the POL Board at various times. Examples of such reports to the Board feature in the 8 April 2020 Board papers (POL00448823) and the 3 June 2021 Board papers (POL00448825). These reports showed that key processes were documented and brought in line with the CIJ requirements before being independently

assessed by Norton Rose Fulbright LLP. Separately, the HIJ had identified that there were 15 separate issues relating to bugs, errors and defects in the Horizon system and there was a similar operational plan to begin to fix these technical issues. KPMG independently reviewed the changes made to Horizon to ensure they accurately captured the changes needed to conform with the HIJ. The Board monitored these actions to ensure they worked for SPMs and instilled confidence that change was really happening and beginning to be embedded. This process was complex, hence the use of independent firms like KPMG and Norton Rose Fulbright LLP.

22. The ARC also commissioned internal audit reviews of the effectiveness of implementation (to validate that the changes had actually been made and to assess whether the programme of change was progressing to schedule). POL's Internal Audit team reported to ARC, often identifying where implementation was not as effective as planned, which enabled the ARC to hold executives accountable. Examples of internal audit reviews reported to ARC are as follows:

- (i) July 2021: Internal Audit validated the changes made for conformance with the CIJ and HIJ as being delivered, alerting ARC that progress was constrained by availability of technical resources from Fujitsu and that the Executive was considering alternative solutions to address the gap. I produce an extract from the July 2021 ARC minutes at POL00448826;
- (ii) September 2021: Internal Audit validated changes as complete in 120 out of 126 CIJ conformance actions in Phase 3 and had

identified 6 actions which needed remedial action, which the ARC then asked the Executive to complete. I produce an extract from the September 2021 ARC minutes at POL00448829;

(iii) July 2022: Internal Audit validated the technical changes in the HIJ phase 2 programme and highlighted that progress was slower than planned due to availability of technical resources (POL00114796).

23. In summary, there was considerable oversight by POL's Executive and the Board over the changes being made to conform to the CIJ and HIJ with independent testing and challenge and transparent reporting of issues to those charged with governance. This regular oversight meant that the POL Board were able to see firsthand that POL staff were genuinely and thoughtfully making progress towards a SPM centric culture.
24. The second area of change was the development of new SPM Support policies which aimed to set out clearly each key policy that enabled SPMs to effectively run their post offices. These policies provided guidance, set down principles, highlighted areas of risk and ensured that POL could support SPMs compliantly and effectively. There were 12 policies covering matters such as Account Support, Accounting Dispute Resolution, Transaction Corrections, Complaint Handling, Training, Onboarding, Contract Performance, Contract Suspension and Termination. Each policy set out clearly its purpose, the key expectations of each party, the detailed processes underpinning it and key performance indicators. These SPM policies were shared with the National Federation of Sub Postmasters ("NFSP") and their feedback incorporated. Each policy was independently reviewed annually by POL's Head of Compliance to identify any control

weaknesses, process inefficiencies and to confirm that they continued to be legally appropriate in line with CIJ.

25. The intention was to keep an active level of oversight by the ARC over these key policies which were at the heart of resetting POL's relationship with SPMs. Around July 2022, the recently appointed Interim Group Compliance Director, Anshu Mathur, commenced work on building a permanent control framework for on-going and continued assurance that all SPM related operating processes were demonstrably working fairly, that lessons were continuously being learnt and action being taken to prevent repetition of the failures of the past and similar issues emerging again.
26. The third area of change was in relation to putting SPMs at the very heart of strategy and decision making at POL. I address this in further detail at paragraphs 30-31 below.
27. Before my departure from the Board, the Inquiry had heard Phases 1 – 3, in addition to two hearings regarding compensation. The Board, Senior Executives and other senior personnel would attend the Inquiry to hear the evidence – which was particularly important in Phase 1 and the Human Impact Hearings. The Board also considered the Inquiry Chair's Statements on Compensation dated 21 March 2022, 9-10 May 2022, 15 August 2022 and 9 January 2023 in detail to ensure the Executive team were dealing with compensation and addressing the issues raised.
28. I have been asked if the culture at POL supported the building and maintaining of trust between POL and SPMs, managers and assistants. My understanding of

“managers and assistants” relates to those working in Post Offices under the direction of the SPM and I have answered the question on that basis.

29. It was recognised by the Board that the journey to resetting the relationship with SPMs and the culture, processes and systems would take time and persistence and would need to be done in a genuinely open and humble way and with a complete absence of any defensiveness. I observed colleagues on the Board acknowledging the mistakes of the past and being determined to make POL change. As I demonstrate above, the Board worked tirelessly and went into the detail of the changes being made to give itself confidence that the Executive was addressing all of the issues raised in the CIJ and the HIJ and that the culture of the organisation was responding accordingly. As I note in paragraphs 20 and 21, POL’s executive team took an active role through continued evaluation, to ensure that the failings of the past would not happen again.
30. A key component of that cultural shift was the appointment of the two SPM NEDs to the Board in June 2021 which marked a sea change in the attitudes of the organisation. The SPM NEDs’ appointment was instigated by Nick Read who, early on in his tenure as CEO, was determined to ensure the voices of SPMs were put at the heart of decision-making within the organisation and this was supported by the Board.
31. The appointment of Saf Ismail and Elliot Jacobs made a substantial difference to the deliberations and decisions of the Board. By way of example:
 - (i) Saf Ismail’s and Elliot Jacobs’ operational experience was instrumental in changing the way that the POL Executive team went

about implementing key changes so that everything was considered with SPM's experience at the heart of any change. Examples where this resulted in a change in approach were the wholesale change of ATM machines in post offices in 2022; the development of new desktop equipment in post offices such as printers, screens and scanners and the implementation of an online service hub to make it easy for SPMs to order and receive services. These were important changes to the culture so that the SPM was able to shape day to day services and not have it imposed from a central operations team as had happened in the past. Elliot Jacobs joined the ARC as a member from December 2022 which enabled him to have much more detailed oversight over controls;

- (ii) Secondly, an issue fundamental to SPMs was the ability to create sustainable and thriving post offices whilst getting a fair share of remuneration for the postal services they provided. Both SPM NEDs brought a strong voice to these deliberations and were able to influence change for the better. This included developing ideas for growing the number of services which would lead to higher remuneration levels, for example servicing the customers of logistics operators other than Royal Mail to diversify income streams for SPMs;
- (iii) Thirdly, as POL diversified its services to widen the distribution network to reduce the over-reliance on Royal Mail, the SPM NEDs were instrumental in helping the Executive understand the

operational and logistical challenges for post offices in dealing with multiple carriers.

32. The Executive team and the Board were serious and determined in effecting cultural change and putting SPMs at the heart of the organisation and everything it did. In addition to what I have already set out, examples of how Post Office went about this (and as reported in POL's Annual Reports and Accounts for 2019/20, 2021/22 and 2022/23) included:
- A. Launching a SPM consultation in September 2020, which included questions on SPM participation in decision-making;
 - B. A serving SPM being appointed to a new full-time SPM Director role on the Executive, with responsibility to lead on day-to-day engagement with SPMs;
 - C. The introduction of an annually conducted SPM research survey providing an important channel through which the Executive team and the Board could understand SPM's needs and aspirations;
 - D. POL embedding a range of SPM engagement forums to enable SPM voices to be clearly heard and their feedback acted upon. These included Regional Forums across the country, a national Postmaster Advisory Group as well as a number of SPM working groups to collaborate on key topics such as better IT and marketing support. Senior managers hosted around a hundred local engagement events;

- E. The CEO regularly met with SPM's as a group on a formal and informal basis and ensured that he was directly hearing their perspective on issues such as remuneration which were critical to the long-term sustainability of SPM's businesses; and
 - F. Senior managers were encouraged and expected by the CEO to regularly visit with, and meet SPM's as a group or individually, to properly understand and build empathy for the role that SPM's play in our society.
33. In my judgement, the voice of individual SPMs was heard clearly and systematically acted upon and monitored by the Board. However, a culture that was at least thirty years in the making cannot be transformed overnight - it takes time, persistence and consistent change from the very top to permanently transform the culture to one that is in service of, and trusted by, SPMs. Therefore, my view when I left the Board was that significant progress had been made and that continual focus was needed to maintain the new culture.
34. I believe that if the Executive continues to be given the space and time to effect this change in a collective mindset to put SPM's at the very heart of POL - and is held properly accountable by the Board and its shareholder, DBT- it will succeed in embedding that change permanently.
35. I have been asked to summarise my understanding and experience of the POL Board's relationship with key stakeholders.

NFSP

36. Relationships with the NFSP were largely handled by the Executive team and the Board received annual updates on any key matters, such as setting annual budgets. As I have noted in paragraphs 18G, 30, 31 and 32 there were many wider, deeper and more direct forums for engagement with SPMs, all ably supported by Saf Ismail and Elliot Jacobs as SPM NEDs and the SPM Director within the Executive team.

Communications Workers Union (“CWU”)

37. Relationships with the CWU were largely operational matters handled by the Executive team. The Board received occasional updates on any key issues, such as annual pay awards, safety during COVID 19 and health and safety issues. In addition, there was Executive engagement with CWU on their workers’ rights case at an employment tribunal in March 2022. The point being that the Board had more direct and wider SPM feedback through various fora, including SPMs on the Board.

Fujitsu

38. As a critical supplier of technology whose long-term contract for services was approaching its end, there was considerable debate at the Board on Fujitsu’s performance, on how POL managed the end of contract risks and how POL would safely move its operations and data centers in-house or to a new external provider alongside the replacement and modernisation of branch technology and services. The Board’s role was to ensure that the technology strategy was well thought through as the risk of changing technology at scale was complex and highly risky.

UKGI

39. UKGI acts as DBT's Shareholder Representative and their role is to oversee the Government's 100% shareholding in POL, hold a seat on the Board and its various committees, take part in the approval of POL's long-term business strategy, Executive and Non-Executive appointments and POL's remuneration policy. The UKGI team supporting the Shareholder Representative monitors financial and operational performance holding the business to account in delivering its commercial and policy objectives. This was a necessary role and added an extra layer of governance and brought deep commercial experience on behalf of Government.

40. In my view I believe the UKGI role works well across Government's commercial bodies and acts as a bridge between political and policy considerations and the needs of a commercial business that needs to grow a sustainable living for SPMs. Inevitably it adds to the workload of the Executive team as they have in essence three bodies overseeing performance: DBT as ultimate shareholder, UKGI as their representative and of course the Board. When aligned, this works well and needs an authoritative Chair of the Board who is able to engage properly with Ministers and UKGI.

Department of Business and Trade ("DBT"):

41. POL is wholly owned by the Secretary of State for DBT who holds a special share in the company. DBT does not have day-to-day involvement in the running of the company, but monitors performance, compliance with the minimum network access criteria and the provision of specified services. DBT issued the Shareholder Relationship Framework Document in April 2020 (available online at DBT website) which described the parameters within which POL is expected to

operate, certain obligations with which POL is expected to comply and how POL, DBT and UKGI as the Shareholder Representative are expected to interact with each other.

42. Annually the Minister for Postal Affairs would attend the Board to directly share their views and listen to the Board's perspective.
43. With respect to compensation for historical matters, which was funded directly by the taxpayer, there was, of necessity, considerable and detailed oversight of the policy and implementation of compensation schemes.
44. In summary, the POL board took account of different perspectives and balanced these in making decisions and judgements in the best long-term interests of POL and its SPMs and within a funding structure that recognised that the British taxpayer provided a significant subsidy to support POL.
45. I have been asked for my view as to the current composition of the Board with regards to experience, expertise and abilities. I can only comment for the period of my term of office between November 2019 to March 2023. As I have already noted in paragraph 18B, the composition of the Board was considered carefully by the Chair, UKGI and DBT to ensure that it included not only SPM NEDs but also experienced business people who had sector or functional expertise in relevant areas such as:
 - Mail distribution and logistics;
 - Strengthening and growing the branch network through retail hosted hubs;
 - Banking, financial services, insurance;

- Government Services;
- Digitally enabled services and seamless customer experience;
- Delivering a lean, competitive cost base; and
- Technology transformation of legacy POL systems.

46. The appointments process was open and transparent and supported by experienced external headhunters. Role specifications were thorough and detailed to ensure prospective candidates understood the nature of the organisation and its business strategy and detailed references were sought. Candidates were interviewed by all members of the Board and together with UKGI and an independent Assessor (required for all public appointments in Government owned bodies) there was an element of independent challenge and scrutiny. The preferred candidates also required the approval of both the Secretary of State for DBT and I believe, The Prime Minister's Office.

47. The process of Board composition and selection is thorough, in line with corporate best practice and with sufficient independent oversight by UKGI and DBT.

48. I have been asked my view on the desirability of SPM representation on the Board, legally qualified Board members and Board members with IT experience. I believe the Board struck the right balance in terms of its composition during my term of office between November 2019 to March 2023. I have already noted the critical importance of having influential and experienced SPMs on the Board and so will not repeat this here. I concurred with the appointment of Benjamin Tidswell, a highly experienced lawyer, who was an asset to the Board's strength in legal

matters. Finally, the transformation of the legacy technology required experience and the Board appointed Lisa Harrington in 2020 to add to the Board's experience in this area. In my view, it is desirable that the Board continues to have a legally qualified board member, in addition to those with technology experience.

49. I have been asked to comment on whether the culture in POL actively encourages whistleblowers to speak openly and honestly about their concerns. At the time I joined the Board in November 2019, POL had an existing Whistleblowing Policy in place with the General Counsel and Head of Financial Crime, Sally Smith, as the owners of this policy. The policy dated July 2020, (POL00030903) as drafted was generally in line with good practice but the Executive believed that after the CIJ and the HIJ findings it needed to be strengthened so that SPMs, staff and members of the public were able to report any concerns and trust that these would be investigated with care and issues arising acted on. The Whistleblowing Policy was updated on two further occasions during my tenure as a NED, produced at POL00413444 and POL00091478 respectively.

50. During my time on the POL Board there began a continuing programme of work to fundamentally shift POL's whistleblowing practices, procedures and systems to be in line with best practice. That programme took place in four broad phases and was overseen by ARC on behalf of the Board as follows:

- (i) PHASE 1: Two external benchmarking reviews using PROTECT's Whistleblowing best practice diagnostic tool in February and November 2021. PROTECT are the UK's leading whistleblowing charity and their diagnostic self-assessment tool was used by POL to improve "speaking up" arrangements. Both self-assessment findings

are exhibited at POL00423542 and POL00423615. These reviews demonstrated that POL's whistleblowing policy was well articulated but that the organisation needed to significantly strengthen training of staff, wider communication and engagement to make people aware of how to raise whistleblowing concerns, operational maturity and reporting trends and themes to those charged with governance.

- (ii) PHASE 2: More regular oversight via a Whistleblowing Champion NED (addressed in further detail at paragraphs 53 and 54).

- (iii) PHASE 3: A further external review of the entire disputes, investigations and whistleblowing teams by KPMG known as Project Birch in August 2021. The Project Birch Review was commissioned by General Counsel to ensure it was well organised, led by qualified and professional experts, and was open, transparent and accountable in its operations. Whistleblowing investigations were covered in this review to enable the Executive to ensure that all disputes and investigation teams operated to the same high standard of best practice. I address the actions arising from this review at paragraphs 55-56.

- (iv) PHASE 4: A further external review specific to whistleblowing practices was commissioned around 1 September 2022 from Ernst & Young's Forensics and Integrity Services ("EY"). Correspondence setting out the Terms of Reference for this review and the Terms of Reference themselves are produced at POL00448820 and

POL00448819. This was commissioned for the Executive by John Bartlett, who had joined POL in February 2022 as Head of the newly created Central Investigations Unit (“CIU”) which had been recommended by the KPMG Review in August 2021. However, my recollection is that this review was delayed to March 2023 due to the team’s workload, and just before I left the Board in March 2023, I was interviewed by this EY team on 9 March 2023.

51. The ARC, on behalf of the Board, had primary responsibility for monitoring the adequacy and effectiveness of whistleblowing systems and controls. Progress updates were taken at the ARC and any significant issues were escalated to the Board’s attention by the Chair of the ARC. The ARC considered whistleblowing practice at its meetings on the following dates:

- 28 January 2020: This consisted of a brief update on the supporting system contract which had ended and the need to move to a new case management and whistleblowing hotline provider, Convercent, (UKGI00044221) which was implemented in July 2021;
- 27 July 2020: The Whistleblowing Policy from July 2020 was reviewed in line with usual practice and only minor administrative changes were made that did not affect the policy (POL00030903);
- 30 March 2021: (POL00030930) An action plan for improving and maturing whistleblowing policy, processes and culture was agreed as follows:
 - (i) The Executive team carried out a self-assessment benchmarking exercise supported by PROTECT. This report dated February 2021

(POL00423542) showed that POL's written policy was in good order but that the areas of training, communications and engagement, operational maturity and transparent reporting needed to be significantly strengthened to ensure that people could raise their concerns and trust they would be dealt with properly and any issues addressed. The benchmark was set against financial services organisations which generally have very high standards for whistleblowing practice. A follow up self-assessment was completed in November 2021 (POL00423615) and improvement was noted but also that further work was needed to improve reporting of outcomes and trends, training of line managers and raising awareness.

- (ii) The appointment of a NED as a Whistleblowing Champion. I agreed to carry out this role and I address in detail the oversight I provided on behalf of ARC, at paragraphs 53 and 54 below. This role allowed the ARC to be satisfied that detailed oversight of whistleblowing was being exercised regularly by a senior member of the Board.
- (iii) The appointment of a dedicated and experienced Whistleblowing Manager to oversee the policy and strengthen its operation in practice. This appointment was subsequently made in March 2021 when POL recruited an experienced Compliance and Integrity Manager, Jenny Brady. Jenny Brady commenced her role on 4 May 2021. She had previously worked as a Business Integrity Officer and had direct experience of ethics and compliance and especially whistleblowing best

practice. I believe this was the first time that POL had a dedicated leader and team to support effective whistleblowing.

- (iv) A mandatory whistleblowing training program for employees and line managers was to be put in place for all staff to raise awareness of whistleblowing and how to report and deal with concerns.

52. The ARC in September 2021, undertook a further interim review of the whistleblowing procedures, controls and key trends and themes from whistleblowing reports in the fiscal year 2020/21. It also noted the progress made in improving policy and processes since the last benchmarking review conducted with PROTECT in February 2021, (POL00423542) as well as discussing what further improvements were needed. The key improvement noted from the PROTECT benchmarking was to appoint a dedicated whistleblowing investigation manager which was actioned. The review also noted that there were no whistleblowing complaints related to the CIJ and HIJ. In my judgment, following the focused effort I have described above, I was satisfied that the culture in POL was starting to actively encourage whistleblowers to speak openly and honestly about their concerns. I had no doubt though that whistleblowing practices needed to continue to mature and therefore the further work noted in paragraphs 55-56 was important.

53. As to my personal contribution to improving POL's culture to encourage whistleblowers to speak openly and honestly about their concerns, I was appointed the Whistleblowing Champion from April 2021. The Terms of Reference for this role were set out in the Whistleblowing Policy dated March 2022 (POL00091478) and included the following:

- (i) A positive whistleblowing culture is proactively encouraged;
- (ii) Current arrangements are challenged and assessed for areas of continuous improvement and best practice;
- (iii) Whistleblowers are always supported and protected when raising a concern;
- (iv) Barriers to speaking up are uncovered and addressed;
- (v) The whistleblowing teams, 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.

54. In becoming Whistleblowing Champion I carried out the following activities to deliver regular oversight:

- (i) I undertook training on effective whistleblowing practice from PROTECT and The Institute of Business Ethics and read journals and articles from professional bodies to keep up to date;
- (ii) I met on a quarterly basis with the Whistleblowing teams which included Sally Smith, Head of Financial Crime, Jenny Brady, Compliance and Integrity Manager and John Bartlett, Head of CIU. A typical agenda would cover: management information on whistleblowing issues, actions progressed according to the ARC approved plan following the two PROTECT self-assessments in

2021 and increasing the effort to actively promote whistleblowing internally to increase engagement and build trust that concerns would be taken seriously;

- (iii) The improvement of management information (“MI”) to provide data accurately and efficiently. This did take time to develop, and the most recent MI report before I left, dated February 2023, gave a comprehensive view of cases, trends and themes and root cause analysis for executive action. I produce this document at POL00448821. Effective reporting was a key area of my challenge to the whistleblowing team;
- (iv) The instruction of KPMG to review how POL investigations should be organised so that resources relating to whistleblowing were not taken up by complaints that should be made via alternative channels;
- (v) I promoted my role in overseeing whistleblowing via communications as well as introducing the training online course.
- (vi) Where a case was complex I would act as a sounding board to the team to ensure that the investigation process was thorough and that POL’s reports back to the whistleblower were helpful to them.

55. I now turn to KPMG’s independent review of POL’s disputes, investigations and whistleblowing (“Project Birch”). This was commissioned by Ben Foat in August 2021 to ensure that this area was well organised, led by appropriately qualified and professional experts to the appropriate investigation standards to achieve a

fair and objective outcome and that it was open, transparent and accountable in its operations. Whistleblowing investigations were covered in this review to enable the POL Executive to ensure that all disputes and investigation teams operated to the same high standard of best practice. As Whistleblowing Champion I went through the results of this review and worked to ensure that the recommendations as they related to whistleblowing were actioned promptly. The majority of the findings of this review concerned areas outside the whistleblowing team's activities but nevertheless the review's recommendations on best practice were relevant and I agreed with Ben Foat that the whistleblowing team should move under the new leadership of the CIU to ensure that there was consistency of operations, increased availability of experts working to the same professional standards and access to more experienced, professional and senior leadership of this area. I produce two pages from the draft version of the Project Birch Report as I have not been given access to a final version at POL00448827 and POL00448828 respectively.

56. These actions included a consistent standard for all investigations, a consistent triage process, a consistent approach to training and quality assurance over investigations, limiting the use of area and line managers in investigations to increase independence and capability and bringing more rigor to root cause analysis and lessons learnt.
57. In September 2022, John Bartlett as Head of the CIU, recommended an update to the terms of reference for the Whistleblowing Champion role (now known as the Speak Up Champion) and this added contextual detail but did not change the purpose of the role itself (POL00448822).

58. In my role as the Whistleblowing Champion on behalf of the ARC I consider that I fulfilled my role with diligence and care and thereby enabled POL to actively encourage SPMs, employees and members of the public to speak honestly and openly about their concerns.
59. I believe that the extent of the work summarised above reset the entire whistleblowing culture, practice and awareness. Whistleblowing reports grew in this time which is I believe a sign that people, whether employees, SPMs or the public, were beginning to trust in the effectiveness of whistleblowing and speaking honestly and openly about their concerns. The Executive started to have better access to whistleblowing themes and trends so they could incorporate improvements in process as a result.
60. By the time I left POL in March 2023 I was confident that the changes in senior leadership of whistleblowing and the accountability to the Board had shifted in the right direction and that the regular external best practice reviews would continue to ensure that focus was continually maintained in this area. I do note that the increase in whistleblowing reports and their complexity, as they covered issues such as financial crime and significant money laundering, meant that investigatory resources were stretched, and investigations were taking considerably longer to complete. I ensured that my successor as Senior Independent Director, Benjamin Tidswell, had my perspective on this issue so he could keep this under review.
61. I am aware of one matter where someone had blown the whistle to POL since the findings of Fraser LJ in a matter directly relevant to the issues being explored by the Inquiry. This matter arose sometime between June and July 2022 and

involved a whistleblower making a report directly to the CEO alleging the POL Security Team had historically been financially incentivised to pursue criminal prosecutions against SPMs to recover sums in excess of what POL was due in compensation. Due to the seriousness of this complaint and the need for an independent, external investigation, POL commissioned Peters & Peters LLP to conduct an investigation. I am aware Peters & Peters LLP's report and conclusions were voluntarily disclosed in criminal appeal proceedings as well as to this Inquiry. The whistleblower was informed of the outcome of that investigation by POL's Speak Up team as it was considered to be a whistleblowing event, albeit independently investigated.

62. At the 30 March 2021 ARC meeting, the whistleblowing team had also reported their analysis of all whistleblowing reports from April 2013 to January 2021 to identify non-conformance with the CIJ and HIJ and whether any detriment had been suffered (POL00030930). A total of 163 reports received since 2013 were reviewed and summarised for the ARC, showing a possible 15 cases that could have suffered detriment but which the Executive considered were justified in the circumstances and 21 cases where issues with CIJ conformance were identified and were being dealt with by the team addressing the Historical Shortfall Scheme and related remediation.
63. I believe there are two reasons for why there appeared to be few whistleblowing reports directly related to the CIJ and HIJ matters in my time on the POL Board from November 2019 to March 2023. First, as I note in paragraphs 18G, 30, 31 and 32 above, the extensive engagement with SPMs via various fora gave immediate and direct feedback to the Executive of any issues; and second, the

new SPM Support Policies allowed disputes to be reported much more easily and quickly and taken into a much improved resolution process earlier.

64. I have been asked to address my understanding of Legal Professional Privilege (“LPP”) and the extent to which such information may be shared with the Board of a company. I am not legally qualified. I understand that LLP protects certain confidential communications between lawyer and client from disclosure without the client’s permission. Based on my limited understanding of legal professional privilege I had no concerns over the sufficiency of the provision of legal information to the Board and the relevant mechanisms for doing so.

DEPARTURE FROM THE POL BOARD

65. I was due to finish my three-year term of office in December 2022 following the appointment of Henry Staunton as Chair of the POL Board. I agreed to stay beyond my term to 13 March 2023 to enable continuity whilst my successor was appointed.
66. As is normal for NED appointments, both the company and individual makes a decision to either leave the Board or recommit for a further term of three years. In my case I had both personal and professional reasons for deciding not to take up a second term.
67. My personal reasons are that my sister had a stroke in October 2021 and her husband had advanced Alzheimer’s at the same time and therefore I wanted the time to provide care and support for both of them.
68. My professional reason was that of necessity. POL’s business strategy had changed since I joined and there was little call for business, customer and digital

transformation skills and experience which is the primary reason I was appointed in 2019. Moreover, at the time of my appointment, POL's strategic priorities were to deliver a lean, competitive cost base; strengthening and growing the branch network through a continued shift to retail hosted hubs and driving growth in financial services through digitally enabled customer propositions. The strategy had changed as the Shareholder was unable to provide financing for restructuring and re-shaping the retail network or investing in digitally enabled services. In my judgment, that meant that the Board needed to focus even more on safeguarding its position as the UK's foremost letters and parcels retailer and that strategy needed NEDs with extensive mails distribution and logistics experience. This was an area of strong competitive challenge and why the strategy needed to be reframed going forward. I therefore chose not to commit for a further three years as my skills would be more relevant elsewhere.

69. I did explain my reasons in an exit interview arranged by the new Chair on 1 March 2023 before my departure. I believe the interview was with Wil James of EY Lane4. I sought disclosure of this document from POL but have been advised it could not be located.

KEY EVENTS

70. I have been asked to explain my understanding of the matters raised in The Times article "Postmasters on Post Office board 'ignored and unwanted'" (RLIT0000201) dated 19 February 2024. As I left the Board on 13 March 2023 and thereafter had no access to the Board's business after that date, I am unable to assist with this specific query. However, as noted in paragraphs 18G, 30, 31 and 32 of my statement, I have referred to my firsthand observations as to the fundamental

importance of the SPM NEDs and their influence on the Board. In my time at POL I did not observe anything that would have led to the statement allegedly made by Elliot Jacobs that he and Saf Ismail were “ignored and seen [...] as an annoyance”.

71. I had a good working relationship with all members of the Board, including Elliot Jacobs and Saf Ismail. I was aware they felt, at times, that the Executive were not as responsive to SPM-related changes as they would have liked. Inevitably not every single operational point they made could be actioned with speed by the Executive, because there was so much to do on so many fronts, with the most critical mission being to correct the miscarriages of justice and make financial redress to SPMs. That had to be the Executive and the Board’s primary focus. Notwithstanding this, I observed firsthand that both SPM NEDs openly shared their points of view with the Board, were heard and their points of view acted upon, which is demonstrative of the fact their perspectives were respected and reflected on by the Board during my time as a NED.
72. As I had left the POL Board on 13 March 2023 I have no information to share with the Inquiry regarding the dismissal of Henry Staunton as Chair on 27 January 2024.
73. As I had left the POL Board on 13 March 2023 I have no information to share with the Inquiry regarding the resignation of Alisdair Cameron on 25 June 2024.

Statement of Truth

I believe the content of this statement to be true.

Signed: **GRO**

Dated: 6 September 2024

Index to First Witness Statement of Ms Zarin Patel

No.	URN	Document Description	Control Number
1	RLIT0000201	News article from The Times titled 'Postmasters on Post Office board 'ignored and unwanted'	RLIT0000201
2	POL00021572	Meeting minutes: meeting minutes for Board meeting held on 26th November 2019	POL0000105
3	POL00112763	Induction briefing document provided by POL Company Secretary;	POL-0110200
4	POL00448823	POL - Board Report: Operational Improvement Plan - Author: Julie Thomas	POL-BSFF-WITN-043-0000001
5	POL00448825	Post Office: Improvement Delivery Group: Monthly Update - 3 June 21: Board Noting Paper - V. 1	POL-BSFF-WITN-043-0000005
6	POL00448826	Tab 3.4 Internal Update - Audit, Risk	POL-BSFF-WITN-043-0000006

		and Complaint Committee	
7	POL00448829	POL Internal Audit Update - Tab 3.3. - BoE Note Circulation Scheme & IDG Assurance Phase 3.	POL-BSFF-WITN-043-0000009
8	POL00114796	Post Office Limited. Minutes of a Meeting of the Audit, Risk and Compliance Committee - 12th July 2022.	POL-0113902
9	POL00413444	Post Office Limited - Group Policies - Whistleblowing Policy	POL-0193906
10	POL00030903	Post Office Group Policies - Whistleblowing Policy v5 5 July 2020	POL-0027385
11	POL00091478	Post Office Group Whistleblowing Policy - Version V7	POL-0091041

12	POL00423542	360 Benchmark Report 18/02/2021	POL-BSFF-0238357
13	POL00423615	Benchmarking report	POL-BSFF-0238430
14	POL00448819	PowerPoint Slide Deck - Forensics and Integrity Services - Whistleblowing Assurance Review - Confidential.	POL-BSFF-WITN-017- 0047913
15	POL00448820	Email from John Spencer to Claire Hamilton, John Barlett CCing others RE: EY/Post Office	POL-BSFF-WITN-017- 0047914
16	UKGI00044221	Post Office Limited Audit Risk & Compliance Committee Reports	UKGI052758-001
17	POL00030930	Post Office Ltd Audit, Risk & Compliance Committee Report, Whistleblowing Policy Review &	POL-0027412

		Report, Sally Smith - 30 March 2021	
18	POL00448821	POL CIU MI Report	POL-BSFF-WITN-017- 0048224
19	POL00448827	KPMG Current State Assessment by Incident Type Register.	POL-BSFF-WITN-043- 0000007
20	POL00448828	Whistleblowing - Overview of current Investigation Process	POL-BSFF-WITN-043- 0000008
21	POL00448822	The Speak Up Champion Terms of Reference	POL-BSFF-WITN-031- 0011458