

Witness Name: Owen Woodley
Statement No.: WITN11380100
Dated: 28 August 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF OWEN WOODLEY

I, Owen Pearson Woodley, will say as follows:

INTRODUCTION

1. I am an employee of Post Office Limited (“**POL**”) and, at the time of writing this witness statement, I hold the position of Acting Chief Executive Officer.
2. This witness statement is made to assist the Post Office Horizon IT Inquiry (the “**Inquiry**”) with the matters set out in the Rule 9 Request issued to me dated 22 July 2024 (the “**Request**”). The Request was made as part of Phase 7 of the Inquiry, which is focusing on *"current practice and procedure and recommendations for the future"*.
3. I have instructed Baker McKenzie to represent me in respect of the Inquiry. Baker McKenzie have assisted me to prepare this witness statement, although I confirm that the evidence it contains is my own.

BACKGROUND AND CONTEXT

4. At the outset, I wish to express that I am horrified by POL's previous treatment of Postmasters, and in particular the callous lack of empathy that the organisation displayed in the past. I have attended ten restorative justice meetings with ten victims of the scandal and members of their families. Despite the fact that I was not personally involved with the Horizon scandal, I felt that it was very important to attend these meetings as a representative of POL, in order to listen to the victims' accounts and to apologise on behalf of POL. Their stories have been harrowing to say the least, and it is clear that POL's treatment of Postmasters has left deep, permanent scars.
5. It has been important to me as a leader at POL to seek to make things right in our organisation. I feel proud to have played a part in setting change in motion and seeking to address the previous failings of the organisation, with the intention that the terrible wrongs of the past cannot be repeated. Postmasters are much more firmly at the heart of the business now and play a critical and irreplaceable role in communities across the UK – I feel passionately that they must be safeguarded. Whilst improvements have been made, changing the overall culture of an institution like POL is ultimately an ongoing, long-term process (as it would be in any institution with a similar history), and the task is certainly not yet finished.
6. To set in context the evidence I provide below, paragraph 1 of Annex A of the Request provides that:

"The Inquiry is seeking a detailed statement from you as an individual with present involvement in Post Office Limited ('POL') addressing the

*questions below to assess what changes have been made within the organisation following (a) the findings of Fraser LJ in the Common Issues Judgment of 15 March 2019 and the Horizon Issues Judgment of 16 December 2019, and (b) **resulting from evidence arising out of the Inquiry**, which go to the present relationship between POL and its Subpostmasters ('SPM's')" (my emphasis).*

7. I am not a Core Participant in the Inquiry, nor has it been possible for me to follow the Inquiry sufficiently closely to consider all of the evidence arising out of it that has been made public, given the demands of my role. Nevertheless, I have watched the proceedings as closely as possible, and I have some knowledge of the evidence on which the Inquiry has focused through regular internal summaries and discussions with colleagues. As a member of the Strategic Executive Group ("**SEG**"), and an attendee at POL Board meetings, I have received high-level updates on the witness evidence given to the Inquiry so far. I have also attended the Inquiry on a number of occasions. However, I do not have comprehensive knowledge of the evidence that has been given to (or has arisen out of) the Inquiry to date.
8. I note that the Request makes reference to "subpostmasters" or "SPMs". However, in this witness statement I have instead referred to "Postmasters", given that this is the terminology that we use at POL on a day-to-day basis.

PROFESSIONAL BACKGROUND

9. I briefly set out my educational and professional qualifications, as well as my career background.

10. I worked in the Land Registry for a year after leaving school, before joining Barclays Bank PLC in September 1986. I moved onto the Barclays Management Development Programme, before taking on various roles across commercial banking, retail banking, and change management.
11. During my career, I have completed various professional courses and qualifications, including The Wolfson Course & Programme at Cambridge University (1993), the EU Bankers' Forum Frankfurt Strategy Programme (1997 – 1999), and the Whitehall & Industry Group Executive Courses (2001 – 2003).
12. Before I joined POL I had a varied career in financial services, most recently as Managing Director of the retail business at Lloyds Bank, and before that in senior roles at Barclays, Secure Trust Bank, and Shawbrook Bank.
13. I joined POL on 6 June 2016 in the newly created role of Sales Director. My key mandate was to find ways to increase revenues in the branch network.
14. On 9 January 2017 I became Managing Director of Post Office Money, the arm of POL that worked in partnership with the Bank of Ireland, MoneyGram and First Rate Exchange Services (in particular) to provide savings products, mortgages, loans, credit cards, international remittances, and travel money products to customers, both in branch and online.
15. On 12 February 2018, I was given the new role of Chief Executive, Financial Services & Telecoms. In light of that promotion, I also joined the SEG (which was then known as the Group Executive Committee or "**GE**"). In this new role, my responsibility for Post Office Money continued. I also took on responsibility for, and joined the board of, Post Office Management Services Limited

("POMS"), the regulated subsidiary of POL that provides a range of general insurance and protection products. I also became responsible for POL's telecoms and broadband business.

16. From 1 February 2020, I was given additional responsibility for POL's Mails product set (Royal Mail Group's label propositions, stamps etc.); Banking product set (bank withdrawals and deposits over the counter and ATMs); Payzone Bill Payments Limited (payments to energy companies like British Gas etc.) where I joined the Board and became the Chair; Digital Identity services (at the time, the provision of the Government's 'Verify' service and branch identity verification services); and the Group Marketing and Digital functions. My job title subsequently changed to Group Chief Commercial Officer.

17. On 17 July 2023, I was appointed Deputy Chief Executive Officer ("DCEO"), a role which encompassed my existing responsibilities (apart from the Group Marketing and Digital functions, which moved into the reporting line of the Group Chief Retail Officer as of that date), together with business sponsorship of the Strategic Platform Modernisation Programme ("SPMP"). The SPMP is the technology programme to replace the Horizon system, and I address my role in this regard in greater detail below at paragraph 28. I was also asked to establish a new programme to oversee cultural change across the organisation.

18. Prior to becoming DCEO, I had previously attended group Board meetings as a presenter and, fairly regularly, as an observer. Upon my appointment to the role of DCEO I became a standing attendee/observer at group Board meetings, and at a number of the Board's sub-committees, including the Investment

Committee, the Audit Risk & Compliance Committee ("**ARC**"), and latterly the Nominations Committee.

19. In January 2024, the reporting line of the Group Chief Retail Officer ("**GCRO**") moved to me in order to reduce the number of direct reports into the Group CEO, Nick Read, and to provide him with more capacity. During the following three months, my work was almost entirely taken up with handling the public reaction to, and internal impacts of, the ITV drama on the Horizon scandal (*Mr Bates vs The Post Office*), my executive oversight of a whistleblowing investigation, and the events that unfolded as a result of the Department of Business and Trade (DBT) Select Committee hearings in the early part of the year.

20. In early 2023 I had advised Nick of my intention to leave POL in March 2024. Later in 2023 I was asked by the then Chair of POL (Henry Staunton) if I would extend my departure date until at least March 2025. I declined, but I agreed to stay on in the business until the summer of 2024. On 22 March 2024, it was announced publicly that I would be leaving the organisation at the end of August 2024.

21. On 20 June 2024, Neil Brocklehurst was announced as Interim Chief Operating Officer. Neil took on all of my day-to-day responsibilities and reporting lines with effect from 1 July 2024. However, I have retained oversight of POL's "Strategic Review", an initiative incepted by the current Interim Chair, Nigel Railton, which aims to determine the future direction of the business.

22. On 15 July 2024, it was announced that Nick would be spending all of his time preparing for Phase 7 of the Inquiry, and that I would become Acting CEO, taking on his day-to-day accountabilities for the seven weeks until my departure at the end of August 2024. I describe these accountabilities in paragraph 42 below.

HORIZON IT SYSTEM

23. I have been asked to summarise my understanding of and experience with the Horizon IT system ("**Horizon**").

24. In accordance with my accountabilities, which I set out at paragraphs 13 to 19 above and 39 to 42 below, during my time working at POL I did not have ultimate responsibility for the management or oversight of Horizon until I became Acting CEO in mid-July 2024. However, I have gained a good understanding of the role that Horizon plays in enabling Postmasters to trade on a day-to-day basis across POL's wide set of products and services, such as mails, banking, travel money, and Government services. In particular, I have carried out numerous branch visits through my time at POL, during which I have often witnessed Horizon in action. As part of these visits, given the fact that most of my time at POL has been focused on the commercial product set, Postmasters have invariably wanted to discuss with me what commercial improvements can be made to their businesses. Therefore, my conversations with Postmasters during those visits (insofar as they have related to Horizon) have mostly been about the ease of interactions with customers, and the degree to which Horizon can enable Postmasters to sell more products.

25. During my branch visits to the best of my recollection, no Postmaster has raised any concerns with me about technical issues related to Horizon. However, Postmasters have often made comments to me about the need to improve the speed of transactions, particularly in light of the extension of Post Office's mails offerings and the introduction of new parcel carriers. Over the last two years we have brought products from Amazon, Evri and DPD into the network to offer to customers. This has filled the gap left by Royal Mail Group's clear intent to reduce sales of its products at Post Office branches, and to drive its customers towards self-service channels. Some of POL's new carrier products have been built into Horizon, whilst others have been accessed by Postmasters and their teams through separate devices in their branches.

26. I am aware that there has been a lot of work carried out by the Technology function (which has always reported directly into the CEO via a Chief Information Officer or a Chief Transformation Officer) to address the findings of Fraser LJ's Horizon Issues Judgment. This was originally overseen by a committee called the Improvement Delivery Group ("**IDG**"), which I believe was established in February 2021 and disbanded around March 2023. The IDG was chaired by Dan Zinner, the Chief Operating Officer at the time and a direct report of Nick Read. I believe I only attended this committee on one occasion. A follow up version of this committee, 'IDG 2.0', was established in April 2023 and I believe it ran until February 2024. Nick, as CEO, was a standing attendee. I attended this iteration of the committee a handful of times and observed a clear commitment to address the issues raised in both the Common Issues Judgment and the Horizon Issues Judgment.

27. I am aware that, over the last few years, POL's internal audit function has undertaken audits of the various phases of the Technology team's Horizon Issues Judgment remediation programme. Their findings have been presented to the ARC. I am also aware that a further review to assess progress in addressing the Horizon Issues Judgment is currently being carried out by POL's assurance function, which I understand was requested by IDG 2.0. I understand that the outcome of the review will be considered by the SEG and the Board in the coming weeks.

28. Upon being appointed DCEO in July 2023, I became the Chair of the steering committee overseeing the programme to develop the New Branch IT platform ("NBIT"), also known as the SPMP (Strategic Platform Modernisation programme). I chaired this committee for approximately ten months. The committee has focused little on Horizon during this phase of the build work. Instead, in recent months it has focused on managing the costs of developing NBIT and getting an NBIT prototype rolled out to a small number of branches for testing. At paragraphs 144 to 151 below I address my understanding of what lessons have been learnt from the rollout of Horizon insofar as relevant to the development of its replacement.

EXPERIENCE OF THE POL STRATEGIC EXECUTIVE GROUP

Training and induction

29. I have been asked to set out the nature of any training and induction that I received prior to or on my appointment to the SEG and on my promotion to DCEO, and the quality and completeness of any such training and induction.

30. I did not receive any training or formal induction when I was appointed to the SEG's predecessor (the GE) in early 2018. In addition, I did not receive any training or induction specific to my promotion to DCEO in July 2023, or when I was appointed Acting CEO in July 2024. At the time of these appointments I was not concerned about the lack of training, given that I had considerable experience of sitting on other executive committees and boards before I joined POL, and I had developed an understanding of POL's business during my time as Sales Director and then Managing Director of Post Office Money. However, and as I reflect for this witness statement, I think that given the diverse levels of experience and the mix of backgrounds of the current members of the SEG, the introduction of a standard induction and onboarding process, including a focus on critical matters for POL, would be valuable in the future.

31. More broadly, POL has not invested materially in training and development for its executives in recent years. In the context of an increasingly challenging financial climate at POL, partly because of difficult trading conditions and partly because of many other demands on limited budgets, such training has not been prioritised. I think that the introduction of an executive training program would be beneficial to help new executive recruits to develop their leadership and business management skills, as is standard practice in many companies.

32. In addition, my view is that POL needs to invest further in educating executives and managers on the practical challenges of running a Post Office branch day to day. POL's initiatives such as "Adopt an Area" - where senior managers and executives have been asked to get to know Postmasters in a specific area of the POL network and bring any issues raised back to the centre - have

encouraged a very significant increase in branch visits by POL leaders (which were more or less limited to helping out branches during the Christmas peak trading period when I first joined the business). These engagements, alongside the introduction of Postmaster non-executive directors to the Board, have helped to bring Postmasters a good deal closer to senior leaders.

Briefings about the Horizon scandal

33. I have also been asked to set out what briefings (if any) I received on the issues addressed by the Inquiry, such as Horizon, the prosecution of Postmasters, and the Group Litigation Order (“**GLO**”) before or on joining the SEG, and the details and quality of any such briefings.

34. Before joining POL, I did not have any knowledge of Horizon or the prosecution of Postmasters. I was not conscious of any particular media coverage at that time and these issues were not referred to in my recruitment interviews with POL.

35. Upon joining the business in 2016 I did not receive any briefings on Horizon, the prosecution of Postmasters, or the GLO. I do not recall any kind of discourse within the business at the time about the prosecution of Postmasters, or any discussions about the role of the Justice for Subpostmasters Alliance (“**JFSA**”). My strong sense at that time was that POL’s overriding strategic priority, reinforced by the shareholder, was to improve its financial sustainability in order to reduce its reliance on government funding. Indeed, that was the whole purpose of the newly created role (Sales Director) for which I was

recruited. Everything appeared to be focused towards that singular financial aim.

36. I also do not recall receiving any briefings on Horizon, the prosecution of Postmasters, or the GLO at the time of my appointment to the SEG in 2018. Had these issues been part of the general discourse in the business at the time, I would no doubt have asked for a briefing, but in my part of the business at least - the commercial function - they were not.

37. POL's strategic focus changed significantly when Nick Read joined as CEO in September 2019. He quickly secured a settlement with the GLO claimants, and he advocated for an overarching strategy of reorientation towards Postmasters. Given my role at the time, Nick was clear that he wanted me to focus on developing commercial propositions and building revenue for Postmasters. Nick's shift in strategy noticeably increased the level of dialogue at POL around the issues of Horizon, the prosecution of Postmasters, the GLO, and how to continuously improve day-to-day interactions with Postmasters. Around this time I recall that the SEG would receive updates on Fraser LJ's judgments, the Board's decision to ask Fraser LJ to recuse himself, and the settlement process with the GLO claimants. However, the Board was ultimately making the key decisions, and I was not a Board attendee at that point in time.

DCEO AND CEO RESPONSIBILITIES

38. I have been asked to set out my role and responsibilities as DCEO, as compared with the role and responsibilities of the CEO.

DCEO's Accountabilities

39. In July 2023 when I was appointed as DCEO, I was assigned the following three broad accountabilities:

- a) continue to run POL's commercial function, which is responsible for product and proposition oversight and development, product manufacturer relationships, and product strategies;
- b) create a culture programme to amalgamate all aspects of POL's cultural improvements and objectives into one place. This was called the "Ethos programme" and it aimed to coordinate cultural change from the top downwards. I was largely assigned this task by Nick Read because there was no Chief People Officer (CPO) in post at the time, and after only around three months, Karen McEwan was appointed to the CPO role and took over responsibility for Ethos and colleague-related cultural initiatives; and
- c) chair the SPMP (i.e. the steering committee overseeing the build of NBIT, the replacement to Horizon).

40. Nick also asked me to chair the Risk & Compliance Committee, the executive-level risk oversight group. However, I took this on for less than two months (from 12 September 2023 to 10 November 2023) as Nick and I subsequently agreed that it was more appropriate for this committee to be chaired by the General Counsel, Ben Foat, who had accountability for a number of the assurance and compliance functions at the time.

41. As explained at paragraph 19 above, on 8 January 2024 I was assigned the additional accountability of line managing the GCRO. The GCRO's

responsibilities include Postmaster engagement, Postmaster contracting, strategic partner engagement, network strategy, Postmaster remuneration, retail back office operations, the branch field support team, the supply chain, marketing, digital, and customer contact centres. From 15 July 2024, with my appointment as Acting CEO, the GCRO reported directly into the Interim Chief Operating Officer until his departure on 2 August 2024.

CEO's Accountabilities

42. In contrast, the CEO has the following accountabilities:

- a) the Technology function under the Chief Transformation Officer, which covers Business as Usual (BAU) technology (including the Horizon system, any other technology in branches or the central business, and the Horizon replacement programme, NBIT);
- b) the Finance function under the Chief Financial Officer, which also includes internal audit, change management (other than the NBIT programme), and business strategy;
- c) the Communications function led by the Interim Group Corporate Affairs, Communications and Brand Director, which covers internal communications, Postmaster network communications, public affairs (including dealings with the Government and other bodies) and public relations;
- d) the Inquiry Team;

- e) the Remediation Unit, which deals with compensation for Postmasters arising from the Horizon scandal;
- f) the People team as led by the Chief People Officer; and
- g) the Legal function led by the General Counsel, which includes legal, compliance, assurance, the company secretarial function, responses to Freedom of Information Act requests, and the investigations unit.

RELATIONSHIP WITH NICK READ

43. I have been asked to describe my working relationship with Nick Read.

44. I have always had a good working relationship with Nick. As my line manager he has been engaged and proactive. Since he joined the business in 2019, and until I took over as Acting CEO, we spoke informally on more or less a daily basis, and also on a more formal basis in structured monthly 1:1 meetings. I believe we have always been open and frank with each other, and I have always felt comfortable expressing my opinions transparently and, at times, bluntly to Nick.

45. Nick has consistently held two meetings with his direct reports each week; one informal meeting to discuss current priorities, and one formal SEG meeting to discuss business-wide topics and scrutinise proposals that need to go onto the Board. Nick has generally encouraged open debate and discussion at these meetings. However, Nick's clear preference as I saw it was to manage his direct reports on the SEG largely bilaterally, as opposed to asking the SEG to lead the business as a collective team. In practice, this meant that he wanted each

SEG member to focus primarily on their area of accountability rather than for the SEG's members to run the business as a collective. I did not regard this as a hugely significant issue overall, but I suspect it reduced the opportunities for collaborative problem-solving outside of formal governance meetings and also meant that the SEG was not presented as a joined-up team to the wider business. I believe that, in turn, fostered a perception in the business that the SEG was not aligned, which was a theme that regularly materialised in colleague engagement surveys. I spoke to Nick about this on occasion, but I never felt that he saw it as a priority issue that needed to be addressed.

46. As mentioned above at paragraph 37, in my view since joining POL Nick has been committed to changing the culture of the organisation and re-orientating the general strategy to increase the focus on Postmasters as the heart of POL's business and as the face of its brand. During his tenure, Nick has met regularly with Postmasters at conferences, events, and branch visits. Through weekly engagement sessions, he has maintained communications about business performance and current events of topical relevance, which have been accessible to all colleagues across POL. Overall, I believe that Nick has acted with integrity as CEO, and he has certainly endeavoured to act in the best interests of the business and its employees.

47. It is my view, however, that Nick has not consistently recruited executives of sufficient quality, and this has in part led to an unhelpfully high level of turnover at executive level, which I comment on in paragraph 84 below. I also think that he has been highly reluctant to address performance issues amongst the executive group as they have arisen. My sense is that he finds it very difficult

to have tough conversations with colleagues and to properly hold them to account for the delivery of their objectives. At times this has affected the business's ability to make real progress, especially when various executives have proved not to be up to the task of driving change and improvement in their parts of the business. For example, over the last few years there has been an extremely high turnover of Chief People Officers, each of whom has wanted to reset the HR strategy on their own terms. I do not think this has been helpful in terms of engendering a continuous and consistent approach to cultural change, albeit that cultural change is not just about colleague behaviour, and in any event, is all ultimately the accountability of the CEO.

48. The broader context to this is the significant and continuing scrutiny that POL has received as a result of the high-profile media coverage of Horizon and other issues, which I consider has had a particular impact on Nick. His concerns with the media were all the more understandable when numerous press reports and enquiries began to relate to him personally. I noticed that he was becoming increasingly distracted and he was finding decision-making difficult and stressful. I believe that this was noticed by the Board and was in part what informed their decision to appoint me as Acting CEO in July 2024, to give Nick time to focus on preparing for the Inquiry.

CORPORATE GOVERNANCE

49. I have been asked to set out my reflections as to the adequacy and effectiveness of POL's current corporate governance arrangements.

50. To provide context to my answer to this question, I first set out, at a high level, POL's corporate governance structure, before addressing my reflections on the adequacy and effectiveness of those arrangements.

Corporate governance structure

51. In very broad terms, POL's key strategic decision-making is carried out by its Board or the SEG.

52. For context, the POL Board comprises its statutory directors, which include two executive directors (the CEO and CFO), as well as the Chair and other Non-Executive Directors ("**NEDs**"). I set out the current members of the Board at paragraph 123 below.

53. The SEG, on the other hand, comprises the most senior members of POL's leadership team under the authority of the CEO. The purpose of the SEG is to assist the CEO in the performance of his or her duties within the bounds of the authority as delegated to him or her by POL's Board. The SEG is accountable to the Board for the day-to-day operations of POL. As a decision-making body, the SEG's authority is subject to the powers and duties of the Board, as set out in POL's Articles of Association.

54. POL's sole shareholder is the UK Government.

Adequacy and effectiveness of POL's corporate governance

55. In October 2023 the POL Board commissioned Grant Thornton to carry out a governance review. Grant Thornton produced a final report dated 25 June 2024 entitled "Post Office Limited: Governance review – Final" (**POL00446477**). My

understanding is that the overall themes and conclusions in the final report are largely accepted by the Board as an accurate representation of the key issues and challenges that POL is facing.

56. Upon reading the Grant Thornton report I observed the following themes that particularly resonated with my own views about POL's corporate governance:

- a) the lack of a unifying strategy and purpose between POL and its shareholder (as well as conflict around the role of the shareholder versus the Board);
- b) leadership capacity at the Board and executive level; and
- c) issues with decision-making fora at "enterprise" level (i.e. business-wide decision-making beneath executive level) and enabling clear accountability.

57. I set out my own thoughts on the adequacy and effectiveness of the corporate governance structure in respect of these three key themes below.

Purpose and strategy: shareholder vs. the Board

58. POL lacks a unifying purpose and group-wide strategy. In late 2019 to early 2020, with the assistance of McKinsey & Company, a review was carried out to reset POL's direction. The review put forward a wide-ranging set of recommendations for POL, including proposals to identify areas for revenue growth and cost reduction. Some of the initiatives were implemented, such as selling the telecoms and broadband business and introducing new carriers into the network, such as DPD and Evri, across a range of branches. However,

some of the other recommendations, such as significant cost reduction, failed to be realised, either for reasons of funding capacity or because, shortly after the findings were published, the business was consumed by the impact of the Covid pandemic. Like all high street businesses during the pandemic, POL was utterly focused on the day-to-day operational management of the business (i.e. logistics, safety etc.). The pandemic also changed the commercial position for many of the markets in which POL competed.

59. Since this strategy reset failed to be fully implemented, POL has been lacking a clear long-term strategy. This has created challenges which have been exacerbated by the fact that the business and the shareholder have never approached business strategy and policy requirements in a singular joined-up way, and yet ultimately those are two parts of the same whole. My view is that there needs to be one strategic vision for the business at any given time, incorporating POL's policy obligations, which is jointly crafted and owned by both the Board and DBT, and supported by HM Treasury.

60. By way of illustration, and during the writing of this witness statement, I have been informed that the Strategic Review currently underway and being led by a highly credible strategy consultancy, Teneo, will then be subject to an independent review by DBT. And in order to undertake that independent review, DBT will procure another strategy consultancy. As well as being a poor use of public money in my view, it also demonstrates a lack of collaboration between the shareholder and POL on the future direction of the business.

61. The wider context is that POL has needed to rely on public resources for much longer than originally envisaged. Perhaps in part because of this, the relationship between POL and its shareholder often feels very transactional, with the shareholder applying its policy requirements and expecting the Board to govern according to those policy requirements without discussing their strategic feasibility.

62. These policy requirements include the statutory obligation for POL to have a network of at least 11,500 branches and to deliver a number of core services to the general public. These include processing social benefit payments, tax credit payments, national identity and licensing scheme applications, universal payment facilities for public utility services, postal services, and universal access to basic cash and banking facilities, especially for rural customers and those on social benefits. This essentially requires POL to deliver a social purpose to communities across the UK by facilitating the delivery of these services. However, POL is also required to compete commercially in an increasingly challenging and competitive high street environment. This creates a disconnect. My view is that POL's strategic direction will remain challenging for as long as it continues to be run as an 'arm's-length' body – i.e. where it is neither a pure public sector body with a social purpose nor purely a commercial enterprise competing in the private sector, which happens to be publicly owned. These two aims are not easily reconciled

63. I have not detected any appetite from the shareholder to change the policy requirements (which is entirely their right), but I do not think there has been a proper and comprehensive debate between the shareholder and the business

(and other interested stakeholders) about the implications of those requirements on the ability of POL to compete successfully in private markets. In my opinion, this is urgently required in order to achieve an alignment of views across POL, its shareholder, and its wider stakeholders about the organisation's key priorities and role in UK society.

64. I am also aware that there has been an ongoing dialogue between groups such as the National Federation of Sub Postmasters ("**NFSP**") and Government ministers about the oversight of POL and its Board. The NFSP is advocating for more Postmaster involvement in oversight, which may well be a positive development, albeit such oversight would also need to unite the disconnect between the social and commercial aims of the business.

65. However, a new Strategic Review is currently being undertaken under the sponsorship of the Interim Chair, Nigel Railton. In my view this is a very positive development that should provide the business with a clear opportunity to set out a strategy for the future, assuming it is also embraced and supported by the Government.

Leadership capacity at the Board and executive level

66. There are some issues with leadership capacity at the Board and executive level. In particular, there has been a lack of focus on talent management, retention, and succession planning. I think that this is in part due to the extremely high turnover of Chief People Officers, and a lack of drive from the CEO in relation to these particular issues. For example, the succession planning in respect of my departure was much too slow, despite a year and a

half of notice, and only really progressed with the arrival of Nigel Railton who stressed the urgent need for a new appointment. Having said that, I think the current Chief People Officer, Karen McEwan, is very capable and has exhibited a real commitment and determination to bring about positive change to the People function and the support it provides to the wider business.

67. The appointment of Postmasters onto the Board in June 2021 has been a critically important step in terms of improving POL's leadership focus and bringing Postmasters closer to the centre of governance. As set out in more detail at paragraph 130 below, my view is that POL should consider appointing more Postmaster Board members.

68. There have also been recent improvements in relation to the Board sub-committees. Although I have only attended the Remuneration Committee ("**Board Remco**") once following my appointment as Acting CEO, I believe there have been improvements to this committee, as a result of Amanda Burton's appointment as a NED in April 2023 and her review of Remco processes.

69. The Board has also introduced a new sub-committee, the Investment Committee, which scrutinises and oversees the business's major spending activities. My view is that this is working well and establishes critical oversight as to the way that money is spent on significant change programmes in POL. Plans to update the executive sub-committee structure as a whole are also under consideration.

70. Most recently, Nigel Railton has had a very positive impact on the business during his short time as Interim Chair. He is hugely passionate about enhancing the business for Postmasters, ensuring that POL has, and is able to attract, the right talent at the top level, and is sufficiently agile to allow for further improvements and decisions to be made at pace. My view is that he is a real asset to the future of the organisation and I would strongly encourage the shareholder to retain him in his role beyond the interim period of his current appointment.

Decision-making fora and accountability

71. I believe that decision-making fora beneath executive level either lack the assigned accountability for, or the appetite for ownership of, issues in the business. The result of this is that too many operational decisions end up being made by the SEG or at Board level. Those of us at leadership level have discussed the desire to tackle this over recent months, but we have not yet had the capacity to do so. For example, the Chair of the ARC (Simon Jeffreys) has been advocating for the need to enhance capability below the SEG in areas of risk management to encourage a more joined-up view of enterprise-wide risks. In response, the business is currently in the process of appointing a Risk and Compliance Director (who will report into the Interim CFO). For the first time, this will unite the day-to-day oversight of risk, assurance, and compliance under one role. I think that will be a valuable enhancement to governance.

72. In addition, in my view the quality of the papers provided to the SEG and the Board by the business has been highly variable. For example, some have been

far too lengthy and not clear enough in terms of recommendations. The burden for reading and absorbing detail placed on the SEG and the Board needs to be addressed by better report writing. In my experience, long board papers are much easier to write than short concise ones and therefore further and continuous training is required on this.

GOVERNMENT OVERSIGHT

73. I have been asked to set out my reflections as to the adequacy and effectiveness of the current oversight of POL by DBT and UK Government Investments (“UKGI”) including in particular in relation to:

- a) knowledge of Horizon issues;
- b) the mechanisms in place to review POL’s performance; and
- c) POL’s compliance with its ethical and legal obligations.

DBT and UKGI Oversight

74. Whilst POL is run as an ‘arm’s-length’ body that makes decisions independently of the shareholder, it works closely with individuals at DBT and UKGI. At a high level, DBT sets the policy agenda for POL, whilst UKGI has its own representative on the POL Board who manages the day-to-day relationship between POL and the shareholder.

75. Notwithstanding the challenges that the structural relationship with the shareholder poses (as addressed at paragraphs 59 to 63 above), POL has a reasonable working relationship with personnel from both UKGI and DBT.

UKGI's representative on the Board, Lorna Gratton, and her team attend a bi-weekly meeting with POL's CEO and DCEO to discuss topics of current importance to POL. Whilst these meetings are relatively informal (and are not minuted to my knowledge), they are a useful way to maintain a process of information sharing.

76. More formally, DBT writes to the Chair of the Board annually to set out its priorities for POL for the coming year. POL reports on the progress made in terms of each of these priorities at Quarterly Shareholder Meetings, which are attended in person by members of the SEG, other POL colleagues depending on what issues are priorities for the business at that time, DBT, and UKGI. Whilst the scope of the quarterly meeting agendas tends to vary, the meetings always include discussions on the current financial status of the business, cost management, and progress regarding the development of NBIT.

77. My experience from attending these meetings over the last year is that the individuals representing the various parties are keen to engage in open and frank discussions. I have found Carl Creswell, Director of Post Office Policy and Business Engagement at DBT, to be well informed and well intentioned. I also think that Lorna Gratton of UKGI has been an excellent shareholder representative on the POL Board. She has effectively managed the delicate balance between shareholder oversight, the (sometimes unaligned) interests of the DBT and HM Treasury, the relationship with the POL executive team, as well as ensuring she satisfies her fiduciary responsibilities as a POL Board member. I have found her to be skilful at raising appropriate and, where

necessary, firm challenges in Board discussions, whilst also being a supportive colleague.

DBT and UKGI's knowledge of Horizon issues

78. Given the accountabilities I held until very recently as DCEO (as set out at paragraphs 39 to 41 above), I have not had any direct communications with DBT or UKGI regarding issues with Horizon. Because of this, it is difficult for me to comment on the depth of DBT and UKGI's knowledge of such issues. However, from attending weekly and quarterly meetings with DBT and UKGI in my role as DCEO and Acting CEO, I know that they are closely involved with reviewing NBIT, the programme which is being developed to replace Horizon (in part, I think because of the growing costs associated with this project). For example, the shareholder has asked for independent assurance reviews on the NBIT project to be carried out by two consultancies, Public Digital and IPA. I understand that the shareholder is also in the process of procuring longer term independent assurance support.

Mechanisms in place to review POL's performance

79. In terms of the mechanisms in place for UKGI/DBT to review POL's performance, the Quarterly Shareholder Meetings have provided opportunities to discuss not only POL's financials, but also POL's progress in terms of culture. I understand that there are also regular interactions between the POL legal team, the POL strategy team, and DBT.

POL's compliance with its ethical and legal obligations

80. I cannot comment on how the shareholder oversees POL's compliance with its ethical and legal obligations because I am not privy to the shareholder's approach to this issue.

CULTURE AT THE SEG LEVEL

81. I have been asked to describe the culture of POL at the SEG level and to set out my reflections as to the ways in which the culture has or has not changed following the findings of Fraser LJ or resulting from evidence arising in the Inquiry.

The make-up of the SEG

82. Allowing for Nick Read's current absence from the day-to-day running of the business, the SEG currently consists of the following members (in addition to me):

- a) Neil Brocklehurst, who joined about a month ago as Interim Chief Operating Officer, and is responsible for all Postmaster engagement and processes, retail operations, central operations, network strategy, Postmaster remuneration, supply chain, customer experience, digital, marketing, and all commercial products, propositions, and related partner relationships;
- b) Chris Brocklesby, who joined as Chief Transformation Officer in the summer of 2023, and is responsible for all business as usual (BAU) technology including Horizon, and technology transformation including the Horizon replacement programme, NBIT. Chris will be leaving POL

when his contract expires in September 2024 and will be replaced on an interim basis by Andy Nice;

- c) Karen McEwan, who joined in the summer of 2023 as Chief People Officer and is responsible for all HR processes. Karen is also the line manager for the Communications function under the Interim Group Corporate Affairs, Communications and Brand Director (although it is intended that this Communications role will be a direct report of the (Acting) CEO in future); and
- d) Preetha McCann, who joined about a month ago as Interim Chief Financial Officer, and is responsible for finance, audit, strategy, health and safety, and change management.

83. The SEG also consists of the following standing attendees:

- a) Sarah Gray, who has several years of experience working at POL and currently holds the position of Interim General Counsel – BAU Legal. Sarah is responsible for BAU Legal, the Freedom of Information Act team, the investigations team, compliance, risk, and assurance;
- b) John Dillon, who joined about a month ago as Interim General Counsel - Inquiry and Remediation and is responsible for the Inquiry team and Remediation Unit;
- c) Charlotte Cool, who joined earlier this year as Interim Group Corporate Affairs, Communications and Brand Director and is responsible for

internal and external communications, public relations, and public affairs; and

- d) Chrysanthy Pispinis, who has spent several years at POL and currently holds the position of Chief of Staff, through which she provides wide-ranging support to the CEO across his or her responsibilities.

84. There has been an extraordinary level of turnover in executives at POL over the last few years. Since I joined the SEG in 2018, I believe there have been four Chief Information Officers/Chief Transformation Officers, three Chief Financial Officers, six Chief Operating Officers, three General Counsels, six Chief People Officers, and five heads of the retail function. That level of change is not something I have experienced in my career previously. Frankly, it has not helped to ensure stable leadership of the business.

The SEG's culture

85. Despite the high level of executive turnover in recent years, the SEG's culture has been fairly consistent and is similar to my experience on other executive committees before I joined POL. Having said that, Nick Read's management style, as noted at paragraph 45 above, has been largely to manage vertically down functional reporting lines, as opposed to across the SEG as a collective team. This has meant that individuals have predominantly focused on issues within their own accountabilities and expertise. This 'remit-focussed' approach is more pronounced at POL than I have experienced in other businesses. Further, and possibly as a result, the level of contribution from members during SEG meetings has been varied, with some members proving hesitant to

contribute to discussions on topics outside of their immediate remit. Nick has told me on several occasions over the years that he has encouraged executives to increase their contributions to discussions at the SEG, but I do not think this has made a big difference in many cases. My impression is that some members have held back in SEG discussions due to a lack of relevant experience, rather than a general reluctance to put forward their views. However, I have not been aware of SEG members feeling fearful of speaking up or challenging colleagues. In addition, the size of the SEG was reduced in January 2024, which has increased the level of collective debate and has improved the quality of discussion around key issues.

86. In my experience, individual SEG members have generally had a good line of communication with the Board and have not been afraid to escalate issues to Board level.

87. Perhaps unsurprisingly, and particularly given the context of the Inquiry, executives have become more cautious - maybe even fearful - in their approach to decision-making over the last year or two. The business has been constantly 'fire-fighting' in recent months in light of the attention to which POL has been subject following the ITV drama, the DBT Select Committee appearances earlier this year, and the Inquiry itself, all of which have had significant operational impacts. Latterly, the atmosphere at the SEG has been akin to that of a crisis management body where focus has been even more tactical than usual, and careful strategising has been difficult. Notwithstanding this, my view is that the current SEG has managed this challenging environment well.

88. In addition, and as I have explained above at paragraph 71, there has also been an increasing tendency for management to escalate tactical issues up to the SEG, which has considerably increased the size of the SEG's agendas and reading packs. This has reduced the SEG's capability to concentrate on strategic and major operational matters. I am optimistic that the new Interim Chair's Strategic Review will assist with improving delegation and the lines of reporting within POL, in order to relieve some of the pressure on the SEG and allow it to focus on key decision-making.

89. Overall, my view is that the SEG is a well-intentioned group that is trying hard to address the issues of the past effectively whilst simultaneously managing the day-to-day of a complex business, in the context of considerable pressure and public scrutiny.

CULTURE OF POL AS AN ORGANISATION

90. I have been asked to describe the culture of POL as an organisation, and to summarise my understanding of the actions POL has taken to change its culture following the findings of Fraser LJ or resulting from evidence arising in the Inquiry, and how effective these changes have been.

91. As I have explained at paragraph 35 above, when I joined POL in 2016 the business was predominantly focused on achieving financial self-sustainability and making POL more commercially viable. The culture notably shifted in September 2019 when Nick Read joined as CEO, and in response to the judgments of Fraser LJ. Nick led significant efforts to reorientate the focus of the organisation towards its Postmasters, advocated for increased scrutiny

across Postmasters' processes and requirements, and ensured that managers and executives have more direct contact with the Postmaster network.

Actions taken by POL to address cultural issues

92. I set out below some of the key examples of the actions that POL has taken to address Fraser LJ's findings:

- a) The Retail and Technology teams set up comprehensive programmes of work to address the findings of Fraser LJ's Common Issues and Horizon Issues Judgments, including the necessary changes to Postmaster processes and Horizon. Their progress has been closely tracked by the IDG (as mentioned above at paragraph 26).
- b) Postmasters have become much more involved in POL's central activities. In addition to two Postmasters joining the Board, a serving Postmaster based in Norfolk, Mark Eldridge, has been recruited to take on a high-profile role within the Retail function, ensuring that Postmaster views are directly fed into day-to-day decision-making. At my request since taking on the Acting CEO role, Mark is now inviting Postmasters to address our weekly all-colleague meetings. I think Mark has made a very positive impact on the culture of the Retail function. The introduction of regional Postmaster engagement fora has also been valuable.
- c) The "Adopt an Area" initiative, which has been in place since 2021, has encouraged a large increase in executive and senior manager branch visits, and has fostered greater connections between senior leadership

and Postmasters. In the same year POL also launched a series of videos and eLearning called “A Week in the Life of a Postmaster”, to increase understanding of the Postmaster role across the business.

- d) New channels have been created for Postmasters and POL colleagues to raise complaints and resolve issues. For example, Postmasters and colleagues can provide feedback via the Postmaster Survey, Colleague Engagement Survey and Strategic Partner Survey, which are all carried out on an annual basis. I address the recent results of these surveys at paragraphs 203 to 218 below. POL’s whistleblowing processes have also been enhanced (as I address in further detail at paragraphs 134 to 140 below).
- e) POL has introduced mandatory training modules for all colleagues on the Horizon scandal and how Postmasters were historically treated by POL. Part of the purpose of this training is to ensure that the appalling way in which POL previously behaved towards Postmasters is fully understood by everyone in the business today. This has been one of the most impactful training initiatives that I have seen during my career, with many colleagues commenting on how deeply shaken they were by the impact of POL’s actions. Colleagues have had a similar reaction when watching some of the oral evidence at the Inquiry.
- f) As mentioned at paragraph 39.b) above, in summer 2023 I created a culture programme called ‘Ethos’ to coordinate all aspects of POL’s cultural improvements and objectives. I recruited Tim Perkins to run the

programme, with my oversight. The proposed approach of Ethos was to clarify POL's distinguishing characteristics, our sentiments towards each other (both those employed by POL and Postmasters), the morality that drives our behaviours, and our guiding beliefs as an organisation. Overall, it aimed to consolidate the work already underway and accelerate the rebuilding of trust in POL. The goal was to set the tone from the top downwards, with a view to agitating for greater pace and to aggregate existing cultural initiatives, rather than delivering particular projects itself. I took the Ethos programme to the SEG and we then decided that POL should engage external support from a cultural specialist firm to get advice on the approach and help us to develop the programme. This was around the same time that Karen McEwan joined POL as CPO. She took on accountability for cultural initiatives, including Ethos, and Tim Perkins moved into her team.

- g) In January 2024 POL engaged BusinessFourZero to support Ethos. They strongly recommended that the work should initially focus entirely on the development of a set of cultural 'foundations' built around the purpose of the business, which in their view (with which I agreed) were missing from the business. They also advised that it would be impossible to build a cohesive cultural change programme without these foundations being established first. As a result, we then engaged BusinessFourZero to facilitate a series of workshops with the SEG to develop a set of strategic drivers, a behavioural framework and a business purpose. The strategic drivers (which were intended to ensure

a sense of direction in the absence of a clear business-wide strategy) included:

- i. Creating capacity to reduce Postmaster costs and increase Postmaster income (“Save to Invest”);
- ii. Improving partnerships with Postmasters, strategic partners and commercial partners (“Thriving Partnerships”);
- iii. Building digital capability (“Fuelled by Digital”); and
- iv. Rebuilding trust in and the confidence of the business (“Create New Confidence”).

The behaviours were intended to act as a guide to everyone across the business in terms of how to approach work, and included:

- i. Asking the questions that need to be asked and pushing for the truth if it ever appears to be missing (“Be Curious”);
- ii. Keeping momentum, pushing things to completion, and encouraging others to do the same (“Move It Forward”);
- iii. Taking responsibility, running with it, and seeing it through (“Own The Outcome”); and
- iv. Supporting each other and embracing diversity to build an inclusive culture (“Back Each Other”).

The rollout of the strategic drivers (which were renamed ‘business outcomes’) and the behaviours was somewhat delayed by other priorities in early 2024. However, these were subsequently launched to the whole business in a series of events in June and July of this year.

Going forward they will determine the approach to performance management and evaluation. The business 'purpose' has not yet been launched in the organisation in light of POL's ongoing Strategic Review.

- h) A new ethics-driven code of business standards has also recently been introduced to everyone in the business.

Effectiveness of the changes

93. In my view, as a result of the work of the last several years, the business today has a very different culture compared with when I joined. The needs of Postmasters are now of paramount importance to the purpose of the organisation, and senior leaders engage much more regularly with Postmasters on the front line through branch visits. My firm impression is that the vast majority of POL employees are nothing but horrified by the details of the Horizon scandal. Many colleagues have commented to me that they had no idea Postmasters were being treated this way by the organisation for which they worked, and are very alarmed that something of this nature could have occurred during their time at POL. As such, I believe colleagues care deeply about continuing to improve the culture and engagement with Postmasters, and most of all ensuring that Postmasters are never again subjected to the terrible wrongs of the past.

94. Notwithstanding the progress I consider we have made, there are understandably still trust issues between Postmasters and POL staff and senior leaders, including around Postmaster remuneration, which are addressed in further detail below at paragraphs 100 to 101. In addition, it is my view that we

have not invested sufficiently in the training and development of middle management, partly because funding has been scarce, and partly because the high turnover of Chief People Officers has meant a continually changing set of HR priorities. My view is that such training should be prioritised in the future.

95. Overall, in my view, the culture has changed considerably, but changing an organisational culture is a long-term process and from my previous experience, not one for which there is a 'quick fix'. There is certainly more to do and the process will need to continue through determined leadership over the coming months and years.

Trust between POL and Postmasters

96. I have been asked to set out whether the culture at POL supports the building and maintaining of trust between POL and Postmasters, managers and assistants.

97. I think that in general terms, the levels of trust between POL and Postmasters and managers and assistants have improved over the last five years.

98. I do not believe that there is a culture at POL today of obfuscation or withholding information from Postmasters or their teams. Weekly network-wide communications now go out on current issues relevant to POL. We communicate in a timely manner with Postmasters on matters of critical day-to-day trading importance, such as new commercial deals, changes to remuneration and so on. The leadership team regularly attends Postmaster events, both regionally and nationally, at which unvarnished questions to POL can be, and often are, asked in an open forum.

99. Postmasters are now much more widely canvassed for their views on critical matters. A case in point is the Future IT Working Group, which is a group of Postmasters who are consulted two to three times a month on the development of NBIT and its user interface.

100. Where I think there is almost certainly still a clear trust issue is on the topic of remuneration. Postmasters have seen their costs go up significantly in recent years as inflation and the living wage have increased, whilst over the same period of time income from running a Post Office franchise has not kept pace. In my view, this is not for want of trying by POL. The majority of my career at POL has been in the commercial function, where we have been focused on securing commercial deals that ultimately enhance Postmaster remuneration. To enforce Postmaster remuneration as a priority, I have always insisted that those working in the commercial function have financial targets for products based on gross revenue rather than POL's overall return (i.e. after the payment of Postmaster remuneration).

101. However, competitive challenges and a lack of funding for investment in central cost-cutting measures have undoubtedly had a negative impact on Postmaster income levels. I suspect that leads many Postmasters to conclude that POL does not understand their challenges, which in turn likely leads to a diminution in levels of trust. That is why a central tenet of the Strategic Review currently underway is to look for opportunities to reduce costs in POL and improve Postmaster income - both directly and through cost-saving automation investment in branches.

SEG'S RELATIONSHIP WITH POSTMASTERS

102.I have been asked to summarise my experience of the SEG's relationship with and approach towards Postmasters.

103.The SEG has always engaged with Postmasters as a group through conferences and listening events, which have taken place several times a year around the country. At these events, those of us on the SEG have given presentations on the development of the business, and taken questions from Postmasters in attendance. In addition, since earlier this year a number of us on the SEG have met with representatives from the NFSP, the Voice of the Postmaster group ("**VOTP**"), and the CWU (when the latter have been willing to attend) for discussions on matters relevant to Postmasters and the operation of their franchises.

104.By way of illustration, as an individual SEG member I have engaged regularly with Postmasters in the following ways:

- a) I have 'adopted' a number of different areas of the country and visited individual Postmasters in those areas at least quarterly to discuss their individual businesses and to take issues away for resolution;
- b) I have visited Post Offices and Banking Hubs (which offer customers of multiple retail banks in-person access to cash and other banking services) for official opening ceremonies; and

- c) I have met with a number of Postmasters (both past and present) who were victims of the Horizon scandal and their families in order to understand their experiences.

SEG'S RELATIONSHIP WITH THE POL BOARD

105.I have also been asked to summarise my experience of the SEG's relationship with the POL Board.

106.I have explained in broad terms the relationship between the POL Board and the SEG from a corporate governance standpoint at paragraph 53 above.

107.In terms of how these bodies interact on a day-to-day basis, the SEG does not meet with the Board as a collective body outside of occasional social events and general leadership meetings. However, all SEG members meet with individual NEDs from time to time, and attend the Board for specific agenda items on a regular basis to discuss and to present on their topics of accountability. Personally I have been attending full Board meetings regularly since I became DCEO, and on a fairly regular basis prior to that. I engage with the NEDs widely on my accountabilities during those meetings.

108.I have found the vast majority of NEDs to be curious, interested in understanding the business better and, more recently, very focused on the needs of Postmasters. In my view, the Board's interest in Postmasters has increased significantly since the Postmaster NEDs joined the Board, and still further more recently as the Inquiry has progressed.

SEG'S RELATIONSHIPS WITH EXTERNAL STAKEHOLDERS

109. I have also been asked to summarise my understanding and experience of the SEG's relationship with key relevant external stakeholders, such as the NFSP, CWU, Fujitsu, UKGI, and the DBT.

110. The SEG does not have a collective relationship with the NFSP, the CWU, Fujitsu, UKGI or DBT. However, each of the SEG's members may interact with these stakeholders as part of the running of POL's business, as appropriate depending on their accountabilities. I make some observations by reference to each of these stakeholders below.

The NFSP

111. The NFSP is the official representative body of Postmasters. It has a contractual relationship with POL and also receives funding from POL to discharge this role. Under this agreement, POL is subject to an obligation to consult the NFSP on matters such as remuneration. Therefore, this relationship is managed relatively formally through the Retail team under the leadership of the Interim Chief Operating Officer. The NFSP also has reasonably regular interactions with the CEO of POL.

112. I think the NFSP is concerned about the impact of the relatively newly-formed body, the VOTP, on its future membership levels, given the growth in numbers of the VOTP. However, I have always found the leaders of both organisations to be well-intentioned and highly committed to improving the position for Postmasters. I have said to both organisations that, notwithstanding POL's contractual position with the NFSP, the growing dialogue between a

combination of Postmaster representative groups and POL (and other stakeholders) can only be positive for Postmasters.

The CWU

113.POL's relationship with the CWU is managed in two ways:

- a) in the CWU's role as a representative body for Postmasters, the relationship is managed in the same way as the NFSP relationship; and
- b) in the CWU's role as a trade union for employees, the relationship is managed by the People function under the leadership of the Chief People Officer.

114.As noted at paragraph 103 above, as of this year some members of the SEG, including myself and Nick Read, have started to have joint quarterly meetings with all the Postmaster representative groups (i.e. NFSP, VOTP, and the CWU). These have felt productive so far, albeit the dialogue must continue and deepen.

Fujitsu

115.The Fujitsu relationship is managed exclusively by the Technology team under the leadership of the Chief Transformation Officer. The POL CEO also meets from time to time with the CEO of Fujitsu Europe to discuss matters related to the Horizon contract and its tenure. After my appointment as Acting CEO, I also met with the CEO of Fujitsu Europe on 18 July 2024.

UKGI and DBT

116.I have addressed the relationship with UKGI and DBT, and the interactions between these two bodies and the SEG, from paragraphs 74 to 80 above.

117.In addition to the relationships addressed above, we also manage a number of key relationships with major commercial partners such as Royal Mail Group, Evri, DPD, MoneyGram, Western Union, and Bank of Ireland. All these interactions and relationships have ultimately been overseen by me as the owner of the commercial agenda in the business, with occasional meetings involving the POL CEO.

COMPOSITION OF THE SEG AND THE POL BOARD

118.I have been asked to provide my view as to the current composition of both the SEG and the POL Board with regards to experience, expertise, and abilities. I address that question with respect to each of the SEG and the POL Board in turn below.

The SEG

119.As I noted at paragraph 84 above, there has been an undesirably high level of change in membership of the SEG (and the GE before it) during my tenure. This has been unhelpful in terms of leadership continuity.

120.Unfortunately, I also do not believe that enough of the SEG members during that period have had the capability and experience to be able to operate effectively at executive committee level in a business like the Post Office. In particular, I do not consider that we have had sufficient capability in the Retail function, and from February 2022 onwards I made it clear to Nick Read on

several occasions my view that he had not recruited well and needed to make a leadership change. My views related particularly to Martin Roberts, who held the critically important role of GCRO until August 2024. This role involves overseeing all Postmaster-related activity across the business. Martin was well-intentioned and consistently Postmaster-orientated, and I would level no criticism of him in that area. However, the scope of his role was very wide, with extensive accountability for addressing issues across network strategy, Postmaster remuneration strategy, and back office processes. This is a complex portfolio and ultimately I did not think he had the capability to oversee those issues in sufficient detail. In July 2024, Martin's role was made redundant as part of the wider SEG restructuring.

121. In the Autumn of 2023, Karen McEwan (Chief People Officer) and I recommended to Nick that we reduce the size of the GE and rename it the SEG. There were three broad reasons for this recommendation:

- a) to reduce the number of people in the room and therefore enable more focused discussion and decision-making;
- b) to remove some individuals who were not operating at the right level to make cross-business executive decisions; and
- c) to reduce the number of Nick's direct reports to make his role more manageable.

122. I think those changes have improved the quality of SEG discussions over the last six months. My view is that the recent additions resulting from the planning for my departure have brought new and strong capability to the SEG.

The POL Board

123. The Board currently consists of the following members:

- a) Nigel Railton, who has been Interim Chair since May 2024 and has a commercial background, having previously been CEO of Camelot Group;
- b) Nick Read, although he is not currently attending POL Board meetings whilst he is preparing for Phase 7 of the Inquiry;
- c) Saf Ismail, who joined as a NED in June 2021 and is an experienced Postmaster;
- d) Elliot Jacobs, who also joined as a NED in June 2021 and is an experienced Postmaster. Elliot and Saf have been valuable additions to the Board, as I explain in more detail below at paragraphs 128 to 130;
- e) Brian Gaunt, who has been a NED since January 2022 and has a background in logistics and supply chains. His term on the Board is not being renewed. I cannot comment on his contribution to the Board as in general, he has been notably quiet in all the Board meetings that I have attended;
- f) Simon Jeffreys, who has been a NED since March 2023 and is a chartered accountant. In my view he is a 'safe pair of hands' and has brought a level of additional structure to the ARC;

- g) Amanda Burton, who joined the Board in April 2023 and is a qualified solicitor and an experienced NED. She actively and effectively contributes to Board meetings;
- h) Andrew Darfoor, currently the Senior Independent Director, who joined the Board in June 2023. He has a background in financial services and insurance and shows particular interest in commercial matters and cost management; and
- i) Lorna Gratton, who has been a NED since May 2023 and is the shareholder representative from UKGI. She has a background in consulting and government. She is very engaged with POL's executives, given that she meets frequently with different members of the SEG, as well as others within the business.

124. The Board has generally benefitted from a reasonable breadth of skills and experience, particularly in terms of its commercial experience across financial services and logistics. The ARC, which is currently made up of Elliot Jacobs, Simon Jeffreys, Lorna Gratton, and Andrew Darfoor, has also been chaired by competent individuals with relevant experience.

125. In contrast, given the scale of business and technological transformation underway at POL, my view is that the NEDs have lacked technology and change management experience. The Board is also lacking governmental experience, with the exception of the UKGI representative. In my view this has been unhelpful, particularly given that POL has little direct access to HM

Treasury, where all the key funding decisions for the business are ultimately made.

126. More generally, my impression is that the Board has not spent enough time understanding and investing in talent and succession planning and ensuring the development of crucial capabilities - albeit I may not have been present for some of these discussions. The topic of talent in the business has become more prominent at Board level following the appointment of the new Chair.

BOARD REPRESENTATION AND EXPERTISE

127. I have been asked to set out specifically my view on the desirability of:

- a) Postmaster representation on the Board;
- b) legally qualified Board and/or SEG members, and
- c) Board and/or SEG members with IT experience.

Postmaster representation

128. My view is that the Postmaster representatives, Saf Ismail and Elliot Jacobs, have brought positive change and valuable new perspectives to the Board. In particular, they have brought their direct experience of running Post Office branches to the centre of Board discussions. As a result, there is a much greater focus at Board level on the tactical and operational issues that Postmasters face when running a Post Office.

129. At the same time, their role is not straightforward. Whilst they have clear fiduciary responsibilities as directors of POL, they must also represent the

views and perspectives of Postmasters. This creates the potential for a conflict of interest at times, for example in discussions around remuneration of Postmasters. However, I do not think that this has affected the value of their contributions.

130.I also think that there is a strong argument for increasing the breadth of Postmaster representation on the Board. Saf and Elliot are both a particular type of Postmaster - they are highly entrepreneurial, run multiple branches, and have strong retail offerings operating around the Post Office franchise. The experience of many Postmasters is quite different from that of the current Board representatives, as many Postmasters run a single Post Office branch with minimal retail offerings. A large part of the network is also run by retail partners like WHSmith and Co-op. It is my view that an expansion of Postmaster Board representation to include a variety of Postmaster experiences and the breadth of the franchisee model would be valuable.

Legally-qualified Board and SEG members

131.In terms of legal experience on the Board and the SEG, Amanda Burton is a qualified lawyer and sits on the Board, and the Interim General Counsel, Sarah Gray, attends the SEG. Whilst my general view is that the Board has sufficient access to legal advice, the General Counsel does not attend Board meetings.

Board and SEG members with IT experience

132.In terms of IT experience, I understand that some members of the Board, such as Andrew Darfoor and Nigel Railton, have some experience of corporate IT transformations. However, my strong view is that there needs to be more in-

depth technology and change management experience on the Board, given the scale of both activities in the business today and going forward. As to the SEG, the Chief Transformation Officer is the only member of that body with specialist technology experience. As noted at paragraph 82.b) above, the current Chief Transformation Officer will be replaced in September 2024.

WHISTLEBLOWING POLICIES

Whistleblowing culture

133.I have been asked whether I think the culture in POL actively encourages whistleblowers to speak openly and honestly about their concerns.

134.Whilst clearly it was not always the case, I think that the culture in POL does now actively encourage whistleblowers to speak openly and honestly about their concerns. It is my view that POL's internal whistleblowing policy, 'Speak Up' is working well, and I have not been aware of any concerns raised by employees regarding whistleblowers not being taken seriously or hesitating to speak transparently. Equally, given their nature, I do not have close knowledge of each and every instance when a whistleblower has raised a concern Nevertheless, the knowledge I do have of certain 'Speak Up' reports has informed my view that allegations are investigated thoroughly. I set out my further reflections on the effectiveness of the 'Speak Up' processes below at paragraphs 139 to 140.

Whistleblowing complaints

135.I have also been asked to confirm whether I am aware of anyone having 'blown the whistle' within POL since the findings of Fraser LJ in a matter relevant to

the issues being explored by the Inquiry. If so, I have been asked to summarise the nature of the complaint(s) made and the response of the Board, the SEG, and any individuals named in the complaint, insofar as I am able whilst protecting the identity of the whistle-blower.

136. Before I became Acting CEO I was generally not informed about whistleblowing investigations at POL. Such investigations are kept confidential and are overseen by the Board's 'Speak Up' champion, Amanda Burton. However, I have previously acted as the investigating manager for a small number of POL's whistleblowing investigations.

137. In my current role as Acting CEO I receive reports on current whistleblowing investigations. I cannot go into further detail on such investigations due to the risk of identifying particular individuals who have reported concerns in line with POL's policies, and who therefore have a legitimate expectation of confidentiality. This risk is particularly acute given the recency of those investigations. However, my view is that the investigations currently in train do not reveal any systemic issues that go to the heart of POL's culture.

Adequacy of whistleblowing policies and procedures

138. I have been asked to set out my reflections as to the adequacy and effectiveness of POL's current whistleblowing policies and procedures.

139. In my view POL has made significant strides in terms of improving its whistleblowing 'Speak Up' policy and processes over the last few years. I now consider POL's whistleblowing policies and procedures to be clear and effective, and reflective of wider good practice. The 'Speak Up' internal policy

document is widely accessible via POL's intranet and emphasises the protections afforded to 'Speak Up' whistleblowers. 'Speak Up' is regularly reviewed and updated by the internal audit and assurance teams. I also believe that work is supported by external advisors, albeit I do not have direct experience of this, given my role. The 'Speak Up' processes have been widely communicated to both Postmasters and POL employees, and my impression is that 'Speak Up' is functioning well.

140. As mentioned above, Amanda Burton acts as the Board's 'Speak Up' champion. Amanda is committed to maintaining robust whistleblowing processes and often raises questions about resourcing in the 'Speak Up' team in order to ensure that its members can remain highly responsive. Although I do not attend them, I believe that there are quarterly meetings between the 'Speak Up' team and Amanda in order to review the latest whistleblowing data, implement changes to the 'Speak Up' policy as necessary, and escalate conflict issues. POL also plans to request feedback on 'Speak Up' via its next round of employee engagement surveys.

PRIVILEGE AND LEGAL ADVICE TO THE BOARD AND SEG

141. I have been asked to set out the extent to which I consider that I understand issues of legal professional privilege and the extent to which such information may be shared with the Board and the Executive of a company. I have also been asked whether I consider the provision of legal information to the POL Board and the SEG (and the relevant mechanisms) to be sufficient, and to set out any concerns that I may have in this respect.

142. I am not a lawyer and therefore I do not have in-depth expertise as to issues of legal professional privilege. My impression from the evidence given at the Inquiry is that legal advice privilege was used at times during the Horizon scandal as a tool to withhold information from Postmasters and others. However, as far as I am aware, legal professional privilege is not being misused in the business today. I have not observed colleagues using privilege as a means to withhold information inappropriately.

143. My general view is that both the Board and the SEG receive sufficient legal advice in order to inform their decision-making. Risk notes drafted by the legal team are frequently appended to SEG and Board proposals and included in meeting packs. In regards to more complex topics, such as procurement-related issues, the business sometimes engages external legal counsel to attend Board meetings and to provide an independent legal perspective. I do not have any specific concerns about the provision of legal information to the Board and the SEG.

HORIZON'S REPLACEMENT SYSTEM

144. I have been asked to summarise my understanding as to what extent (if any) the lessons learned from the rollout of the Horizon system have been implemented by POL in the development of its intended replacement IT system. I have also been asked to set out my reflections on how effective these changes have been.

145. Given the roles I have held during my time at POL, I have not had accountability for Horizon up until very recently when I became Acting CEO. Therefore, my

knowledge of this topic is not as comprehensive as that of some others in the business.

146. The NBIT programme was set up in 2021 (I believe) under the leadership of Zdravko Mladenov, who eventually became the Group Chief Digital and Information Officer and reported into Nick Read. A steering committee chaired by the CFO was also established to oversee NBIT's development and implementation. I joined this committee alongside other members of the SEG

147. In early 2023, Nick established the Retail Transformation Programme ("**RTP**"), and an associated new steering committee. Whilst I was not a member of this committee, my understanding is that the RTP was largely focused on preparing the network for the rollout of the new technology, including reviewing the errors made during the implementation of the original Horizon system, to avoid repeating mistakes in the implementation of Horizon's replacement. RTP's work included focusing on ensuring that branches would be ready to switch between the old and new systems, and developing training and a deployment strategy with input from Postmasters. In the summer of 2023 the RTP and NBIT programmes merged in order to enhance integration and to drive efficiencies. This took place in the context of the NBIT programme's increasing cost and the extension of the targeted implementation date. Nevertheless, I think that the work carried out by RTP indicates POL's clear commitment to learning the lessons of the past and ensuring that Postmasters are fully supported when the Horizon replacement technology is eventually rolled out.

148. As I note at paragraph 28, upon being appointed as DCEO I was made Chair of the steering committee overseeing the NBIT programme. Around the same time, Nick engaged a joint team from Accenture and KPMG to carry out an independent review of the programme to determine whether a change of strategy was needed. Nick also appointed Chris Brocklesby to take on the role of Chief Transformation Officer. In the autumn of 2023 Accenture and KPMG recommended continuing to build on what the NBIT team had delivered so far. They also set out some additional recommendations, such as revalidating the scope of the work, considering the engagement of a change transformation delivery partner, and re-planning and re-costing the programme.

149. There are now initial releases of NBIT live at five counter positions across five different Post Office branches (the first of which was rolled out in September 2022). These early releases have been implemented with a large amount of training and support from members of the NBIT programme.

150. Building the programme is proving to be complicated and very costly. POL currently estimates that NBIT will be fully implemented in four years' time, as long as it continues to receive sufficient funding from the Government. POL is also currently exploring potential alternative routes forward for NBIT as part of the ongoing Strategic Review, which should be concluded during the autumn of 2024.

151. For the time being Horizon remains in place across POL's network.

GOVERNMENT INVOLVEMENT IN HORIZON'S REPLACEMENT

152.I have been asked to set out any concerns (if any) I have regarding the Government's involvement in this process, including in respect of funding.

153.The forecast cost of the NBIT programme has increased significantly since it was launched in 2021. My view is that this has been driven by the following factors:

- a) the quality of the forecasting, which has been impacted by optimism bias;
- b) the task of understanding the product processes in the architectural infrastructure of Horizon, which has been harder than anticipated and which has augmented the build schedule;
- c) the fact that the extension of the build schedule has meant that the Horizon contract with Fujitsu will need to be extended for longer than anticipated; and
- d) as the inadequacies of the Horizon system rollout have continued to emerge, POL has realised the need for significantly more training and support during the implementation stage of the rollout.

154.As a result, the Government has understandably become increasingly interested in the detail and the costings of the NBIT programme, and has raised the need for more extensive independent assurance. The current proposal is for the shareholder to directly procure such independent assurance, to ensure that it is comfortable that public money is being used appropriately and efficiently. As Acting CEO I am supportive of this approach, and I have confirmed this verbally to officials in DBT. Increased shareholder engagement

may also help with the overall planning of the NBIT programme as it may lead to an additional degree of certainty in relation to the programme's long-term funding.

REDRESS AND COMPENSATION

My involvement

155.I have been asked to summarise my involvement, if any, in the establishment, delivery, and monitoring of the Horizon Shortfall Scheme, the Overtaken Convictions Scheme, and the Group Litigation Order Scheme. I have also been asked to provide details of my input into any key decisions relating to these redress schemes.

156.I have not been directly involved in the establishment, delivery, or monitoring of any of the redress schemes. These schemes were established by the Remediation Unit which, until July 2024, reported into Nick Read as CEO via the Chief People Officer, Karen McEwan. The Remediation Unit is overseen by the Remediation Committee, a formal sub-committee of the Board which holds delegated authority in respect of redress activity, including oversight of the compensation schemes that POL administers, and which, until recently, was chaired by Ben Tidswell, the Senior Independent Director who stepped down from the Board in July 2024. During my time at POL I have had no involvement with the Remediation Committee and have not attended any of its meetings. I am aware that redress decisions are also overseen by an independent board of parliamentarians and academics, the Horizon Compensation Advisory Board, albeit I have not been involved with this panel either.

157. The Remediation Unit updates the SEG on a monthly basis, setting out progress regarding each of the redress schemes and numbers of claims. The view that I have formed from these updates is that good progress has been made across all of the redress schemes. Nevertheless, redress ultimately needs to be quicker and POL needs to reach a wider number of eligible Postmasters, albeit increasing such engagement is limited by the issues identified at paragraphs 163 to 164 below.

158. The SEG has debated issues relating to the Remediation Unit. For example, the SEG has over recent months discussed the fact that certain members of the Remediation Unit team were previously in Postmaster-facing roles at the time of the Horizon scandal. I understand that when the Remediation Unit was established, it was thought that the most expedient way to process claims would be to use such individuals, who had knowledge of Horizon data. However, concerns about this approach have been raised by a wide range of commentators, including the Horizon Compensation Advisory Board. Whilst, as far as I am aware, there has been no evidence of relevant individuals negatively impacting the functioning of the redress schemes, the SEG and the Board felt that it was important to address the issue. It has not been a straightforward process, given various employment law complexities, but the People function is currently dealing with this matter.

My level of oversight

159. I have been asked to explain what oversight I had (if any) for each of the redress schemes and/or over the individuals responsible for coordinating each scheme.

160. Consistent with my accountabilities as set out at paragraphs 39 to 41, I have not been responsible for the establishment, delivery or monitoring of the redress schemes, until I was appointed Acting CEO in July 2024. My involvement in those schemes during my few weeks as Acting CEO has been minimal. In addition, I have not been involved in decision-making related to these schemes, which has been conducted by the Remediation Committee, of which (as noted above at paragraph 156) I am not a member.

161. The redress schemes are run by the Remediation Director, Simon Recaldin, who was a direct report of the CEO until 8 January 2024 and then, up until very recently, a direct report of the Chief People Officer. From 15 July 2024, the reporting line changed from the CPO into a newly appointed Interim General Counsel - Inquiry & Remediation, John Dillon. John is reporting into me for my seven weeks as Acting CEO. As noted above, as a member of the SEG I have received monthly updates on the redress schemes, but overall my level of oversight has been limited.

Engagement with Postmasters on redress

162. I have been asked whether I think that POL has taken all reasonable steps to engage with all Postmasters that may be eligible to apply to any of the redress schemes. I have been asked to provide reasons for my answer and to set out how I think Postmaster engagement could be improved, if applicable.

163. As far as I am aware, extensive efforts have been made to engage with Postmasters who may be eligible to apply to the redress schemes. However, it is clear that some eligible individuals are highly reluctant to have any contact

with POL, given the appalling way that they were treated by the organisation in the past. Indeed, in the restorative justice meetings that I have attended, many Postmasters and their families have conveyed to me that they feel deeply uncomfortable about the prospect of contacting POL, and that they would likely find such contact emotionally triggering. This is entirely understandable and it is my view that the level of Postmaster engagement simply must have been affected by the fact that the schemes have been run out of POL, rather than independently by the Government (with the exception of the GLO Compensation Scheme) or a different third party.

164.Indeed, after the Horizon Shortfall Scheme was established, I believe that Nick Read strongly recommended to the Government that POL should not be involved in remediation. However, the Government regarded remediation as POL's issue to sort out and held firm that it should be run by the business rather than elsewhere. I am also aware that the new Interim Chair, Nigel Railton, has recently communicated to the Government that he believes POL should not be running remediation activity, given that the fact of its doing so may be discouraging eligible individuals from coming forward. It remains to be seen whether the Government will change its stance on management of the remediation process, in light of these concerns.

Effectiveness of redress schemes

165.I have been asked to set out my reflections as to how effective each of the redress schemes have been in respect of the following:

- a) Fully compensating individuals across all heads of loss that would be available via other legal routes.
- b) Fairly compensating individuals as a whole across the schemes (to put them in the position they would have been in but for the losses suffered as a result of the Horizon system).
- c) Ensuring parity of compensation for applicants across each of the redress schemes.
- d) Establishing and utilising independent panels within each scheme to resolve disputes.
- e) Achieving fairness in respect of the different tax treatments for individuals across each of the schemes.
- f) Achieving fairness for those applicants who had been made bankrupt due to losses suffered as a result of the Horizon system.
- g) Supporting and encouraging applicants to obtain legal advice, including whether adequate legal funding has been made available.
- h) Ensuring that quantum of compensation is fair for all applicants, irrespective of whether they are legally represented.
- i) Keeping individuals informed about the process of the scheme(s) and how their claim is progressing.
- j) Making fair offers of compensation to individuals within a reasonable timeframe.

k) Making any agreed payments of compensation (including Fixed Sum Award and interim payments) within a reasonable timeframe.

166. Given my limited involvement with the redress schemes, I do not feel able to provide any valuable personal reflections on the various factors set out above.

THE TIMES ARTICLE OF 19 FEBRUARY 2024

167. I have been asked to consider the Times article dated 19 February 2024 (**RLIT0000201**) and to set out in detail my understanding of the matters raised in this article, including the relevant background, chronology, and actions of any individuals involved.

168. On 17 January 2024, the then Chair, Henry Staunton, emailed Nick Read in relation to a request from the VOTP for a meeting. Henry attached to his email a separate email exchange that he had had with Saf Ismail and Elliot Jacobs, the Postmaster NEDs, the subject line of which was "Project Pineapple" (**POL00448653**).

169. The exchange between Henry, Saf and Elliot included a summary note of a very frank discussion on their perspectives about some aspects of the culture at POL. It also contained comments in relation to the General Counsel at the time, Ben Foat, and then Group Chief Retail Officer, Martin Roberts. The exchange also referred to Richard Taylor, the Group Corporate Affairs, Communications and Brand Director, who left POL in early 2024 after the media had exposed a covert recording of him from a few years prior in which he expressed his view that some of the victims of the Horizon scandal were not actually innocent. The email exchange between Henry, Saf and Elliot

suggested that the view expressed in that recording was a more general opinion held across the business. However, it is certainly not my experience that there is a widely held and expressed view at POL that some of the victims of the scandal were guilty of criminal conduct.

170. It is clear that Henry did not intend to share the email exchange with Nick, and I believe Nick had no prior knowledge of what was referred to as "Project Pineapple". Nor did I or the rest of the executive team. I do not know whether any or all the members of the Board had any knowledge of Project Pineapple.

171. Nick subsequently forwarded his email chain with Henry and its attachments (**POL00448651**; **POL00448652**; and the "Project Pineapple" email chain: **POL00448653**) to Martin Roberts, Ben Foat, myself and two others (**POL00448412**). I do not know for certain, but I assume that he did not read the attachment before he did so, and therefore shared the 'Pineapple' email chain inadvertently. It immediately became clear that he should not have done so, and that Ben Foat and Martin Roberts were understandably upset about its contents and to hear the sentiments of some NEDs in this way.

172. I am aware that Martin asked Saf and Elliot to apologise for their comments, and I believe that they did indeed apologise to him. Martin subsequently asked them to withdraw their comments in writing but I am not aware if Saf and Elliot did so. I also believe that Saf and Elliott actually stood by those views.

173. I note that the Times article referred to a "leaked memo". Whilst the 'Pineapple' email was indeed leaked, as explained above, the contents of the article

suggest that there is also another memo that the Times additionally quote from.

I do not believe I have seen that.

Whether Mr Jacobs and Mr Ismail were “ignored” and “seen as an annoyance”

174.I have been asked to set out my reflections on the quoted statement of Mr Jacobs that he and Mr Ismail were “*ignored and seen [...] as an annoyance*” by other members of the POL Board.

175.I do not believe that Saf Ismail and Elliot Jacobs were ignored or seen as an annoyance by other members of the Board. Indeed, as I have stated at paragraph 128 above, it is my view that they have made a very positive difference to the nature of the dialogue at Board meetings. They are unafraid to express their views firmly, raise issues to the Board, and express their frustration when they believe that change is not moving fast enough.

176.Whilst Saf and Elliot’s firm and, at times, blunt communication style and criticisms did sometimes rankle with some members of the executive team, I personally did not think that undermined their value to the Board or the business. Further, I have not heard any NED express the view that Saf and Elliot were an “*annoyance*”. I also do not recognise a description of the culture as “*toxic*”.

The “untouchables”

177.I have been asked to comment on Mr Jacobs’ claim that “*the 40 Post Office investigators still employed by the company were nicknamed ‘the untouchables’ by Nick Read*”.

178. I have not heard Nick Read use the term “*untouchables*”.

179. I think that there has been some confusion in the media about POL employees who were employed at the time of the scandal who have continued to work for the organisation. The average length of service in many teams at POL is long, and there are still many people working for the business who were employed at the time of the Horizon scandal. Of course, this does not mean that they were personally involved with the wrongful prosecutions and awful treatment of Postmasters. Nevertheless, I am aware that some commentators, including legal representatives of victims of the Horizon scandal as well as other voices in the media, are of the view that long-service POL employees should not be working for the organisation due to their implied association with its past behaviour. I do not agree with that on a generalised basis.

180. However, where POL is aware of past wrongdoing or obvious conflicts of interest, it has taken action. POL is investigating a number of current employees who may have been guilty of wrongdoing during the Horizon scandal, such as those operating as investigators. As explained at paragraph 158 above, the People team is also addressing issues regarding personnel in the Remediation Unit who were previously in Postmaster-facing roles, on a case-by-case basis. This process is underway, and my view is that the “*40 Post Office investigators*” quoted in the article is actually a reference to the individuals described above in the Remediation Unit.

THE BBC ARTICLE OF 17 APRIL 2024 AND THE SKY NEWS ARTICLE OF 23 APRIL 2024

181. I have also been asked to consider the BBC article dated 17 April 2024 (**RLIT0000248**) and the Sky News article dated 23 April 2024 (**RLIT0000249**).

I have been asked to set out the following:

- a) my understanding of the circumstances which led to the dismissal of Jane Davies, including the relevant background, chronology and actions of any individuals involved;
- b) my reflections on the quoted statement of Ms Davies that *“it was clear that cultural change that needed to start with the senior leaders, was simply not high on Nick Read’s agenda”*; and
- c) the incident which gave rise to the allegations made as part of the whistleblowing process where this has not already been addressed in my statement.

Jane Davies’ dismissal

182. I was not directly involved with the circumstances that led to Jane Davies’ dismissal, with the exception that I was the executive point person on the investigation (overseen by the NEDs) into her allegations against Nick Read. My role as executive point person involved dealing with any issues that arose during the investigation that could not be referred to Nick, given that he was the subject of the allegations being investigated. For example, I was responsible for liaison between POL and the DBT Select Committee when the committee requested disclosure of documents relating to this issue from POL.

183. Jane Davies joined the business in December 2022 as Chief People Officer. At some point, I do not recall exactly when, Nick informed me that a number of allegations had been made against Jane by members of the People team. I was told that these allegations were being investigated. I was not aware of the details of the allegations nor who had reported them. However, I do recall Nick informing me of his view that, given that the allegations were against the CPO and the clear need to demonstrate the right culture in the business, Jane could not continue in her role.

184. Jane left POL around the end of June or the start of July 2023. I understand that she raised a number of allegations against Nick around this time. This triggered an investigation, which was run by an external barrister from the autumn of 2023 to early 2024. I was interviewed by the barrister as part of the evidence-gathering phase of the investigation, as were others. Once the investigation was concluded, the Board asked me to assist with considering the barrister's recommendations so that ownership for them could be assigned, which I subsequently did. The internal audit team have since been asked by the ARC to provide assurance over the addressing of those recommendations. The investigation became a subject of considerable interest at the DBT Select Committee hearings in early 2024.

Jane Davies' comments about cultural change

185. In terms of Jane Davies' comment about Nick Read's commitment to cultural change, I think that she felt that Nick was not committed to achieving diversity at SEG level, and that he allowed some members of the SEG to dominate

discussions. I think that the point about a lack of commitment to diversity at SEG level is arguably fair, given the individuals recruited to the SEG during Nick's tenure. However, as I have explained at various points above, I do think that Nick was committed to instigating cultural change more generally, by making the organisation more Postmaster-centric, and to ensure that the terrible wrongs of the past could not be repeated. Regarding the suggestion that certain SEG members were allowed to dominate discussions, as mentioned in detail at paragraph 85 above, the level of individual contributions to discussions at SEG meetings has always varied considerably across the group.

HENRY STAUNTON'S DISMISSAL

186.I have been asked to set out in detail my understanding of the circumstances which led to the dismissal of Henry Staunton on 27 January 2024, including the relevant background, chronology, and actions of any individuals involved.

187.I was not involved with Henry Staunton's dismissal and therefore my understanding is based on discussions with colleagues at the time, as opposed to any direct engagement with Henry or DBT.

188.Henry joined the Board in December 2022. From an early stage he was vocal about a range of matters. For example, he held the strong view that the Board's decision-making was too heavily shaped by legal and procurement advice. He also believed that the Board was not spending enough time focusing on developing the future of the business for the needs of Postmasters.

189.I understand that, at some point in late 2023, concerns were raised about Henry's approach to appointing a new Senior Independent Director ("SID") to the Board.

190.I understand that around the same time, concerns were also raised about his alleged attitude towards female Board and SEG members, and his aggression towards at least one male member of the executive team. I do not know the details of these concerns but I believe that they were discussed amongst some of the NEDs. However, if any investigation had been instigated (and I do not know if it was), it had not concluded by the time Henry was dismissed. I understand that Henry had not been made aware of these concerns about his behaviour.

191.I understand that in January 2024, Henry received a call from a journalist at Sky News informing him that he was going to be sacked that afternoon. Later the same day the Secretary of State called Henry to dismiss him. The Secretary of State subsequently asserted in Parliament that Henry had been sacked because of bullying allegations. In fact, and to the best of my knowledge, this was not correct, given that, as stated above, no findings on the behavioural concerns had been concluded at the point of Henry's dismissal. Indeed, I understand that it was his approach to the appointment of the SID and possibly other matters that led to his dismissal.

192.I have not had any contact with Henry since his dismissal.

193.For completeness I note that in a DBT Select Committee hearing Henry said that he had been asked by Sarah Munby of DBT to slow down compensation

for Postmasters. I was never aware of him reporting this to anyone at POL and, as an executive team, we were never asked to slow down Postmaster compensation.

ALISDAIR CAMERON'S RESIGNATION

194.I have been asked to set out in detail my understanding of the circumstances which led to the resignation of Alisdair Cameron on 25 June 2024, including the relevant background, chronology, and actions of any individuals involved.

195.Alisdair Cameron (who was known at POL as 'Al' Cameron) was the Group CFO. Al and I worked alongside each other from when I joined the SEG in 2018 until April 2023. Although we had very different working styles and disagreed on things at times, overall we worked collaboratively.

196.My understanding is that in 2021 Nick Read had sought agreement from the shareholder to remove Al from the organisation. However, I have not seen any related documentation, and I do not know the specific reasons as to why Nick may have sought such an agreement. I understand that the proposed exit agreement was not agreed by the shareholder at that time, as would have been required constitutionally. It seemed that Nick and Al's relationship was under some strain thereafter.

197.Al did not return to POL after a holiday in April 2023. Since that time I have not had any further contact or engagement with Al, or the negotiations regarding his exit from POL, albeit I was aware that these were ongoing. I understand that an agreement was reached with Al in June 2024, and his departure was then announced to the organisation.

THE TELEGRAPH ARTICLE OF 30 MARCH 2024

198.I have been asked to consider The Telegraph article dated 30 March 2024 (RLIT0000257) and to set out in detail the reasons for my resignation from POL, including the relevant background, chronology, and actions of any individuals involved.

199.In early 2023 I spoke to Nick Read about my future career plans and I told him that I intended to leave POL in early 2024. I raised this with him a year in advance of my original proposed exit date, in order to allow him time to plan for my succession. My decision to leave was a personal one and it was not related to any issue in the business. After spending over 38 years working in the corporate world, I wanted to pursue a different path and I told Nick that I was not intending to seek another executive role after leaving POL. Moreover, when I first joined POL I had not intended to stay as long as I have done. I have enjoyed my roles and have been particularly inspired by the central role that POL's Postmasters play within communities in the UK. This was especially noticeable during the Covid pandemic when the Post Office network played such a critical part in maintaining access to key services for communities across the country.

200.During my discussion with Nick in early 2023 we did not decide on an approach to my departure in terms of succession planning, and whilst we occasionally discussed it during 2023, we did not do so regularly, nor was my proposed departure communicated to the wider business. Indeed, Nick specifically asked me not to tell anyone as he thought that it might cause concern.

201. Around the time that I became DCEO (in the summer of 2023), the then Chair, Henry Staunton, asked if I would consider extending my departure date by 12 months to spring 2025 to ensure continuity, and also to potentially position myself as Nick's successor. I made it clear to Henry that I no longer wanted to become the CEO. Indeed, I had told him that I had wanted to do the job in 2019 when I had applied for the role at the same time as Nick, but I was now in a different stage of my life. However, I agreed to extend my departure date to late summer of 2024.

202. POL was asked to submit various documents to the DBT Select Committee hearing in early 2024. Some of these documents included references to Board discussions about my departure from the business. As a result, I felt that there was a real risk that the fact of my departure would be leaked and I wanted colleagues and Postmasters to hear the news from POL directly rather than reading about it in the media. Therefore, in March 2024 we decided to announce my plans to exit the business. This prompted the Telegraph article on 30 March 2024. As I said above, my decision to leave the business was personal and was not prompted by anything related to POL or my colleagues.

POSTMASTER AND COLLEAGUE SURVEYS

203. I have been asked to consider the following documents: **POL00446680** (the Headline Results document relating to POLs 2024 Engagement Survey); **POL00446704** (the Postmaster Survey Results slide pack), and **POL00446681** (the Engagement Survey slide pack). In correspondence from the Inquiry to Baker McKenzie dated 9 August 2024, I was also asked to consider **POL00446682** (the

Postmaster Sentiment Survey, April 2024). I have been asked to set out the following:

- a) my reflections on the results of the surveys;
- b) what (if any) changes have been implemented within POL as a result of the information gained from the completion of these surveys; and
- c) whether the results of these surveys have been shared with Postmasters and/or POL employees. If so, I have been asked to describe how and in what form the results were distributed.

Colleague engagement survey results: reflections

204. The colleague engagement survey was carried out in March 2024, at a time of instability and turmoil at POL, given the recent broadcasting of the ITV drama on the Horizon scandal and the extensive public scrutiny that followed. There was also intense interest in POL's current leadership following appearances by Nick Read and others at the DBT Select Committee. At the time several colleagues told me that they felt embarrassed to tell people outside of the office that they worked for POL. Many colleagues were increasingly concerned for their safety, in light of a rise in aggression towards individuals by members of the public outside of POL buildings and on social media. Many of my colleagues stopped wearing POL identification outside of POL buildings. Indeed, I personally received a large volume of abusive and threatening emails from people across the UK who wrongly assumed that I was personally responsible for the Horizon scandal. Whilst this backdrop does not fully explain the results

of the engagement survey, my view is that it must be read with an understanding of the context at the time.

205.As a result, unfortunately it did not surprise me that a number of the key scores, particularly those about overall engagement and whether people are proud to work for POL, had fallen significantly. In addition, it was clear that senior leaders are under considerable strain and stress, confidence in senior leaders is low, internal communications are not working effectively, there is a lack of certainty about long term strategy, and colleagues from diverse groups have a less positive view of working for POL.

Colleague engagement survey results: post-survey actions

206.My view is that the Strategic Review will be critical in improving feedback across the organisation. Establishing a refreshed strategy which centres around Postmasters, creates opportunities for career development, and re-builds a sense of pride in the Post Office brand, is key.

207.Every POL department has created an action plan to address the engagement survey results. As to the parts of the business that I was responsible for up until 15 July 2024, these plans focus on the following key areas:

- a) communicating spend and change priorities;
- b) engaging with and supporting the Strategic Review;
- c) continuing to build clear succession planning and personal development plans and communicating these to individuals more effectively;

- d) identifying processes that are causing frustration and building a clear action plan to address them;
- e) enhancing recognition for colleagues;
- f) ensuring that everyone's performance objectives fully reflect the priorities of the business;
- g) ensuring that the required behaviours are understood, lived and breathed right across the business; and
- h) engaging with the enhanced Equity, Diversity and Inclusion activity that is being driven by the People function across the business.

208. Since becoming Acting CEO five weeks ago, given my short time in the role and multiple responsibilities, I have not yet been involved in the wider colleague survey action plans that are 'CEO owned'.

Colleague engagement survey results: distribution

209. The results of the colleague engagement survey were shared within POL teams across the organisation. They were also shared at a company-wide level at a town hall meeting.

Postmaster Survey results: reflections

210. As with the colleague engagement survey, the Postmaster survey was carried out in March 2024, at a particularly tumultuous time at POL. Whilst the results show some improvements against the results of the previous year, they also show negative movement compared with the 'Pulse' survey carried out in the

Autumn of 2023. It is particularly clear from the results that Postmasters were very concerned about the impact of POL's negative publicity on their businesses. My understanding from recent conversations with Postmasters is that this is a continuing concern. Although the levels of trading activity have held up through 2024, Postmasters are understandably concerned that, as a result of the damaged Post Office brand, their franchises may be seen as less valuable and more difficult to sell in the future. The results also show that Postmasters believe that the publicity has had a negative impact on their reputation and staff morale.

211. It is clear from the results that the primary concern amongst Postmasters is the level of remuneration they receive from selling POL products and providing POL services to customers. The cost-of-living crisis has had a significant impact and Postmaster remuneration has not kept pace with rising costs. This is largely because POL has not had the financial capacity to raise remuneration, as I have explained above at paragraphs 100 to 101.

212. The results also show that more recently there has been a polarisation of views amongst Postmasters, with more Postmasters scoring at the extremes of the scale. I agree that this is partly due to the introduction of new carriers into the network (and the connected pick-up and drop off, "**PUDO**", service). This has been a very positive development for many Postmasters, whilst on the other hand those who do not have these services are frustrated that they cannot offer them. I think that the polarisation has also been exacerbated by external factors, such as the ITV drama and the Inquiry, and the cost-of-living crisis. It is also my view that these external factors, as well as remuneration issues,

have contributed to negative trust and transparency metrics in the Postmaster survey.

213. Communication and Postmaster involvement have also been regular themes in Postmaster surveys. In light of the results from previous surveys, POL has engaged far more widely with Postmasters and regularly hosts listening groups and regional fora. POL also introduced weekly emails to Postmasters from the GCRO which cover a range of key topics. We were pleased to see that our focused engagement initiatives seem to have driven some improved metrics in this area of the survey. In addition, interactions with Area Managers scored strongly as a positive and helpful channel of communication for Postmasters. We were also pleased to see such a strong level of participation in the Postmaster survey itself, compared with previous years.

214. One of the challenges that POL faces in carrying out the Postmaster surveys is the vast differences in the type of Postmasters, whose aspirations and business practices vary considerably. Some Postmasters run single branches with little retail activity whereby income received from the sale of Post Office products and services is the sole driver of commercial success. Other Postmasters and 'Strategic Partners' run multiple outlets, which focus more on their retail offerings and use the Post Office franchise to drive footfall into their outlets. Whilst Postmasters across the spectrum have experienced rising costs and desire an increase in remuneration, some are much more reliant on POL income than others.

Postmaster Survey results: post-survey actions

215. The retail function has taken steps to understand and address the Postmaster survey results. They have been working together with a group of Postmasters and the survey provider, Quadrangle, to draw up a detailed action plan to do so. This has also involved working with Quadrangle to analyse and understand the survey data. For example, Quadrangle are supporting us in seeking to understand the reasons behind the increased polarisation across the Postmaster population (as mentioned at paragraph 212 above). The three key themes of the action plan are: leadership and culture; reputation and trust; and future and strategy.

Postmaster Survey results: distribution

216. A summary of the Postmaster survey results was shared with Postmasters in an email on 15 May 2024 and were also shared with POL colleagues that same day at a town hall meeting. The results were subsequently covered in more detail at a Postmaster conference in London on 18 June 2024, and a recording of this meeting was provided to all Postmasters in the network. Therefore, every Postmaster has had an opportunity to see the results in both written and presentation format.

Strategic Partner survey

217. There are notable differences between the Postmaster survey results and the Strategic Partner survey results - generally the Strategic Partner results seem to be more positive. Whilst I think that this is partly due to the difference in reliance on POL income across the Postmaster spectrum (as mentioned above at paragraph 214), Strategic Partners have also reported improvements in

terms of engagement events and reporting, which are areas that have been addressed in response to previous Strategic Partner surveys, for example through the provision of more informative trading data and more regular interactions with POL. The Board has requested that the Strategic Partner and Postmaster surveys align more effectively in future so that differing sentiments between the two groups can be better understood and addressed.

218. Having said this, the Strategic Partner survey did raise constructive themes around the wider business focus on independent Postmasters. I agree that this focus should eventually be re-balanced, but at the same time there are good reasons as to why POL has focused on putting independent Postmasters at the heart of its strategy in recent years, the most obvious being the impact of the Horizon scandal on many of these Postmasters.

Statement of Truth

I believe the content of this statement to be true.

Signed: 

Dated: 28th August 2024

Index to First Witness Statement of Owen Woodley

No.	URN	Document Description	Control Number
1.	POL00446477	Grant Thornton's report dated 25 June 2024 entitled " <i>Post Office Limited: Governance review – Final</i> ".	POL-BSFF-099-0000003
2.	RLIT0000201	Times article dated 19 February 2024	RLIT0000201
3.	POL00448653	The email chain with the subject line " <i>Re: Project Pineapple</i> " between Elliot Jacobs, Saf Ismail and Henry Staunton, dated 14 – 15 January 2024. Attachment entitled " <i>Re: Project Pineapple</i> " to email POL00448412.	POL-BSFF-WITN-005-0010773
4.	POL00448651	Voice of the Postmaster press release dated 15 January 2024. Attachment entitled " <i>VotP-Press-Release-Jan-2024-1-v1-Copy</i> " to email POL00448412.	POL-BSFF-WITN-005-0010771
5.	POL00448652	Letter to Henry Staunton from Brent on behalf of the Voice of the Postmaster committee, requesting a meeting. Attachment entitled " <i>VotP-letter to Henry</i> " to email POL00448412.	POL-BSFF-WITN-005-0010772
6.	POL00448412	The email (and its attachments) from Nick Read to Martin Roberts and Ben Foat, copying Owen Woodley, Tracy Marshall, and Philippa Hankin, of 08:00 on 18 January 2024, with the subject line " <i>FW: Future of Post Office branches</i> ".	POL-BSFF-WITN-005-0010770
7.	RLIT0000248	BBC article dated 17 April 2024	RLIT0000248
8.	RLIT0000249	Sky News article dated 23 April 2024	RLIT0000249
9.	RLIT0000257	The Telegraph article dated 30 March 2024	RLIT0000257
10.	POL00446680	Headline Results document relating to POLs 2024 Engagement Survey	POL-BSFF-097-0000008
11.	POL00446704	Postmaster Survey Results slide pack	POL-BSFF-097-0000032
12.	POL00446681	Engagement Survey slide pack	POL-BSFF-097-0000009
13.	POL00446682	Postmaster Sentiment Survey, April 2024	POL-BSFF-097-0000010