

Witness Name: Paul Wood

Statement No.: WITN11700100

Dated: 21st October 2024

## **POST OFFICE HORIZON IT INQUIRY**

### **FIRST WITNESS STATEMENT OF PAUL WOOD**

I, Paul Wood, will say as follows...

#### **INTRODUCTION**

1. I am a former employee of Post Office Limited ("**POL**") and held the role of Group Reward & Pensions Director between 2<sup>nd</sup> August 2021 and 16<sup>th</sup> January 2023.
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 dated 12<sup>th</sup> September 2024 (the "**Request**").

#### **BACKGROUND**

3. I have been involved professionally in reward matters (pay, benefits, pensions, incentives and share plans) throughout my career.
4. I have, as part of my work in reward, worked with a number of Remuneration Committees, alongside Chief People Officers and senior leadership teams, to

assist in the design, governance and communication of reward. This has been in listed and private businesses. In my 36 year career, I have worked with, and alongside, Remuneration Committees for the last 23 years.

5. During my tenure with POL, I worked directly for the Interim Chief People Officer, Angela Williams, who in turn reported to the Chief Executive Officer (“**CEO**”), Nick Read.
6. The scrutiny of reward/remuneration for senior executives at POL was ultimately the role of the Remuneration Committee. The Terms of Reference for the Remuneration Committee (POL00362331) are published on POL's corporate website.
7. In practical terms, the Interim Chief People Officer would agree agendas with the Chair of the Remuneration Committee (Ken McCall replaced by Lisa Harrington) and the Remuneration Committee meetings would follow a general pattern of setting targets for short and long term incentives and assessing how well these had been achieved. The targets being a mix of corporate and personal objectives.
8. A variety of other reward related topics were addressed throughout the year such as Gender Pay Gap reporting and the Director's Remuneration Report.
9. The make up of the Remuneration Committee is published in the Annual Report & Accounts. This includes a representative from UK Government Investments.

10. The Remuneration Committee is supported by an external and independent remuneration adviser with papers and minutes for the Remuneration Committee being collated and recorded by POLs' Company Secretary (Veronica Branton replaced by Rachel Scarrabelotti)
11. In my role, I attended some of the Remuneration Committee meetings to answer questions about the content of papers or, more normally, to take away live action points on behalf of the Remuneration Committee.

### **KEY EVENTS**

12. The Remuneration Committee decided for the 2020/21 business year that no short term bonus would be paid to senior executives. Instead, the value of that bonus would be rolled over to the 2021/22 year.
13. The Interim Chief People Officer outlined the design of the 2021/22 bonus to the key stakeholder, Department for Business, Energy & Industrial Strategy ("**BEIS**"), in a letter dated 5<sup>th</sup> August 2021 (WITN11700101).
14. In that letter, a statement was made on page 2 stating: "There are Company measures in the plan which account for 80% of the plan payment and comprise both financial and postmaster centric measures. The remaining 20% is on personal performance in line with the rating received through the Performance Management Process."
15. In the Remuneration Committee, on the 26<sup>th</sup> July 2022 (whilst determining the achievement of bonus metrics for the 2021/22 year including the rolled over amounts

from 2020/21), the Interim Chief People Officer tabled a paper which asked for the personal performance multiplier to be attached to 3 senior leaders, including the CEO, for both the financial and personal performance elements. This meant that not only did the 20% personal element of the bonus receive the multiplier, but also the 80% financial element.

16. Under challenge from members of the Remuneration Committee it was noted that this treatment was not clearly outlined in the letter of the 5<sup>th</sup> August 2021 from the Interim Chief People Officer to BEIS. At best it was ambiguous. It was noted that there was sufficient bonus scheme accrual to cover the treatment of multiplier to both the 80% and 20% element for these 3 executives as other bonus payments across the business were missed by some more junior colleagues. As there was no bonus in 2020/21, the custom and practice in this design feature was not fully understood by the Remuneration Committee. The Remuneration Committee did agree to the application of the multiplier to both the 80% and 20%. For the CEO, this was an uplift of c£26,000. For the other two executives, the uplifts were c£15,000 each. These two executives were Angela Williams (Interim Chief People Officer) and Ben Foat (Group General Counsel).

17. On the 28<sup>th</sup> September 2022, BEIS contacted the Chair of the Remuneration Committee, and the Interim Chief People Officer, to challenge the decision as they too indicated it was not in line with their view of design or in line with the letter dated the 5<sup>th</sup> August 2021.

18. I understand that the Chair of the Remuneration Committee then met with BEIS.

19. I resigned from POL on 17<sup>th</sup> October 2022 leaving after my 3 months' notice period in January 2023.

20. I further believe that the incoming Chair of Remuneration Committee reviewed the bonus treatment for 2021/22 which resulted in the CEO and others being asked to repay the payments made that related to the work of the Inquiry. However, I am not aware if the application of the multiplier to both the financial and personal performance overall was part of that review having already left POL.

**Statement of Truth**

I believe the content of this statement to be true.

Signed:

**GRO**

Dated: 21st October 2024

**Index to First Witness Statement of Paul Wood**

<b>No.</b>	<b>URN</b>	<b>Document Description</b>	<b>Control Number</b>
1	POL00362331	POL Remuneration Committee Terms of Reference with Tracked Changes	POL-BSFF-0190841
2	WITN11700101	Letter from Ken McCall to Sarah Munby re: For Approval: Post Office Incentive Schemes for the Chief Executive Officer and Chief Finance Officer	WITN11700101