

Witness Name: Andrew Darfoor

Statement No: 1

Dated: 30 August 2024

Ref: WITN11340100

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF ANDREW DARFOOR

I, Andrew Darfoor, will say as follows:

1. I make this statement in response to a Request dated 10 July 2024 for information pursuant to Rule 9 of the Inquiry Rules 2006, regarding matters within Phase 7 of the Post Office Horizon IT Inquiry. I can confirm that I have had the legal assistance of Ashfords LLP in drafting this statement.

PROFESSIONAL BACKGROUND

2. I graduated from the University of London in 1995 with a degree in Business Economics. In 2005, I obtained a Masters of Business Administration from Cranfield School of Management. In 2008, I completed an Advanced Management programme from Harvard Business School, United States on 'Driving Corporate Performance' and in 2011 I completed a further Advanced Management programme from INSEAD Business School in Fontainebleau,

France on 'Executive Education: Powering Corporate Growth / Achieving Outstanding Performance.' In addition, I am a Chartered Management Accountant and a member of the Chartered Institute for Securities and Investments.

3. A detailed summary of my career history is publicly available and is summarised as follows:
- a. 1995 – 1998: Internal Audit and Corporate Development Associate at Computer Sciences Corporation.
 - b. 1998 – 2000: Associate at UBS.
 - c. 2000 – 2004: Management Consultant and Senior Manager at EY.
 - d. 2004 – 2007: Director at Credit Suisse.
 - e. 2007 – 2012: Old Mutual plc, range of roles from Regional Chief Financial Officer / Financial Controller at Old Mutual US (2007-2009) to President and Chief Executive Officer at Old Mutual (Bermuda) Ltd (2009 – 2012).
 - f. 2013 – 2015: President & Chief Executive Officer at Sun Life Financial International.
 - g. 2016 – 2018: Group Chief Executive Office at Alexander Forbes Group Holdings.
 - h. 2019 – 2020: Senior Partner and Managing Director at Alvarez and Marsal Europe LLP.

- i. 2019 – 2022: Senior Advisor at Helios Investment Partners LLP.
 - j. 2022: Group Chairman and Non-Executive Director at Hilbert Investment Solutions.
 - k. 2021 – present: Independent Non-Executive Director at The Hartford Financial Service Group.
 - l. 2021 – present: Group Chairman and Non-Executive Director at Damhurst and Co.
 - m. 2022 – present: Chairman and Non-Executive Director at Capita Pension Solutions.
 - n. 2023 – present: Senior Independent Director at Post Office Ltd.
4. I also currently hold the following volunteering roles:
- a. Board Director, Cranfield School of Management.
 - b. Chairman Emeritus at YPO Manhattan.
 - c. Board Director, Trustee and Chair of the Finance, Risk and Audit Committee at World Vision UK.
5. I was officially appointed to the Board of Post Office Ltd ('POL') on 1 June 2023 although I sat as an observer at Board meetings from around late April 2023. On joining I was elected as a member of the Audit and Risk Committee and then in November 2023 I was asked to Chair the newly created Investment Committee. This committee is responsible for looking at large

projects or programmes with budgets of over £10 million. The committee's role is to review these projects, looking at aspects such as whether POL is getting value for money from them and whether they are on track and on budget. Given the large amount of investment into it, a main focus of this committee is reviewing the spend on the Horizon IT system. In addition, as of July 2024, I took on the additional role of Senior Independent Director of the POL Board.

6. I joined the POL Board in June 2023 alongside 4 other new Board members and we were all given a briefing on what the Horizon IT system was. We were informed that a new system was being created which would replace the old Fujitsu system. My experience and awareness of the Horizon IT System came from updates to the Board and I would say that although we have a fairly good understanding of what it is meant to do, our direct experience of the system is not great because we were largely hands off. That is a flaw in terms of the governance of the programme which we are seeking to correct.
7. Around the time that I joined (June 2023), it was becoming apparent to the Board that Horizon was not working and was not on track as it should have been. Therefore, as a Board, we reduced programme spend and commissioned a deep-dive external review of the programme by Accenture, who in turn issued a report with a number of observations and recommendations. As of November 2023, I took on the role of Chair of the Investment Committee and given that Horizon was one of the primary areas of focus of this committee, I made it my intention for both myself and the

committee to become more familiar with the programme, including getting regular progress updates.

8. Although I am not a technical expert, in my CEO capacity I have run companies that have implemented large technology platforms of the scale of Horizon and so I am confident that I know how the process should be implemented and what questions need to be asked. From an oversight perspective, my experience of large scale technology transformations means I consider that I am equipped to stress test the system to the extent that is needed by asking and probing in relevant areas.

EXPERIENCE ON THE POL BOARD

Training and Inductions

9. Prior to my appointment to the POL Board I received fairly standard training to the level that I would have expected. My induction lasted around 2 – 3 months and involved meeting with all of the Board directors on a one-to-one basis. I met all members of the Senior Management team with the exception of the Chief Executive Officer ('CEO'). I was due to meet with him on a number of occasions but he cancelled each time. I was given no reason for the cancellation of the meetings and I considered this odd as I would have expected a reason to be forthcoming alongside the rescheduling of the meeting. That said, I do accept that this was a trying time for the business and the CEO in particular.

10. A large part of the induction was spent on historical matters, including a lengthy brief on the issues raised in the Inquiry and our understanding of the Horizon Shortfall Scheme ('HSS') and the Group Litigation Order ('GLO'). We also spent time with external Counsel on topics including director responsibilities, which included an extensive briefing on what our obligations were around signing off on accounts. This was because we were seeking to sign off on accounts and there was some debate as to the reliance on government funding and the going concern status of the business. A lot of the induction was compliance related and on the whole I would say that it was fairly robust. I have sat on several other Boards and I would put the POL experience high up in terms of the quality of induction.

11. There were no major gaps in terms of the quality or completeness of the training / induction that I received but I would always say that inductions are only a starting point and from there you should be able to easily seek any additional information that you want. In terms of gaining this additional information, there was certainly no resistance. For example, I was interested in the Remediation team and understanding what they did due to the widespread talk around remediation and settlement schemes for SPMs and so I contacted and spent time with the Remediation Director, Simon Recaldin, to get a good level of understanding of his mandate, the mediation and settlement process and how many payments were being made.

12. In terms of specific briefings on issues addressed by the Inquiry, as mentioned above, upon my induction I had a briefing on the workings of the

Horizon IT system. I can recall that it came up as a big topic in the June 2023 Board meeting and, as noted above, the Board concluded that we needed an assurance partner to look into it and so we hired Accenture to give an independent review of the programme and system to see if it was giving the right deliverables and provide thoughts around its governance and risk management. They reported at our September and October Board meetings and the report was not very positive, following which the Board began to make substantial changes, including making the decision to replace the Chief Technology Officer.

13. Whilst Horizon was an agenda item for the Board, it was one of many agenda items and so the grip on it was not as strong as it could have been. Similarly, the Audit and Risk committee had it as an agenda item, but they were focused at the enterprise level of risk for which Horizon was one of many. It was realised that there was no sufficiency of discussion and oversight of the Horizon IT system which is why the previous Chair created a mandate for the Investment Committee to be created which would look at large spend projects to make sure POL was getting value for money and to understand the execution of risk in respect of large spends and report up to the Board. Although this mandate covers more than just the Horizon IT system, as it is POL's largest spend, it is de facto the main focus of the committee. The committee was created in November 2023 and I sit as its Chair and report the committee's discussions up to the Board.

14. In respect of the prosecution of Sub Postmasters ('SPMs'), I do not recall receiving any briefings on any prosecutions and I believe this is because all prosecutions were historical. I was personally aware that SPMs had been prosecuted and undertook my own research by reading a book by Nick Wallis entitled 'The Great Post Office Scandal' in the summer of 2023. However, these prosecutions have never been referenced in Board meetings I have attended, other than indirectly where the Board have considered the Inquiry.
15. Similarly, I did not receive any specific briefings on the GLO. There was a specific committee that looked at the GLO and other matters relating to prosecutions which was chaired by a lawyer and although I would have received a Board update from the Chair on major discussions within the committee, this was so high level that I didn't get a feel for what was going on.
16. I should add that when I started, Board members could not access documents from sub-committees that they were not a member of. For example, I could not access papers from the Remediation Committee as I was not a member. This made it more difficult to do investigative work and get on top of issues such as the GLO. However, that changed this year to ensure that all Board members can access all papers, which is what I would expect.

POL's current corporate governance arrangements

17. The following sets out my reflections as to the adequacy and effectiveness of POL's current corporate governance arrangements. When I joined the Board in June of last year, it was very clear to me that governance arrangements

were not effective for an organisation of this size. Although there was a Board and a number of sub-committees, the flow of information from the committees to the Board was not great. As mentioned above, this was not helped by the fact Board members could not access minutes or documents from committees that they were not members of and therefore they had to rely on updates from committees at Board meetings. This has, however, now been rectified.

18. When I looked at the management of the organisation, it struck me that there was a culture of fear such that management were not making decisions but referring all decisions up to the Board. The volume of approvals for decisions coming up to the Board was in my view unusually high. Further, there was a risk and audit log which had around 40 – 50 items, which I felt should not have been there. Ultimately, I consider the role at Board level to be to consider themes around risks rather than making decisions about the specific risks themselves. I do not think that the funnel of communication from the business to the Board was effective because the Board was being asked to do the nuts and bolts of the operation of the business and I sensed that this was because there was a fear at management level that if they made a wrong decision, they would be publicly pulled up in front of the Inquiry. To alleviate this fear, they would in my opinion unnecessarily hand over this decision-making to the Board.

19. Having the awareness that governance was not where it should be, the Board commissioned an independent review of POL's governance by Grant Thornton on 12 October 2023. Grant Thornton produced a first draft report

around March / April 2024 which the Board digested and provided their comments on and in June 2024, Grant Thornton finished their review. This confirmed that POL's governance was lacking and highlighted a significant number of governance failings. The report included a long list of recommendations which ranged from consistency of language and making sure meetings are more focused, addressing the culture of fear, through to better decision making by having accountable executives.

20. The Deputy CEO, Owen Woodley, has been mandated with overseeing the implementation of the recommendations and each recommendation has been allocated a member of management responsible for it. As a Board we are getting monthly updates on where we are on implementing each recommendation. We are working at pace to implement the key recommendations as soon as possible but it is a journey which we are only just beginning and therefore I cannot say at the date of this statement, that our governance standards are currently where they should be, but I am hopeful that they will be in the near future.

Culture

21. Given the concerns highlighted above in relation to the culture within the organisation, the Board mandated management to look at culture and there was an initiative called 'Project Ethos' which was created to look the current culture, the target culture and how we can evolve. However, this initiative started in around June 2023 and it has since in my opinion fizzled to nothing. Although there is a lot of narrative around changing the culture, I have not

seen a programme or series of actions to show any changes and having spoken to people on the ground, they have not seen anything materially different. That said, in the last few months, changes have been made around key personnel and I think that there is more energy to try to tackle the culture issue. In particular, Nick Read has been tasked by the Board to focus his role solely on the Public Inquiry and the Board have asked the Deputy CEO to take on the CEO role in an acting capacity.

22. In the judgment of the Common Issues trial, LJ Fraser made comments on the culture of POL around excessive secrecy and oppressive behaviour towards SPMs. The judgment came out in 2019 and I only joined the organisation in 2023 so I cannot comment on how the organisation changed its culture in the immediate aftermath of the judgment but I can offer my views as to how the culture has or has not changed in the last year.

23. When I joined, knowledge was shared on a 'need to know' basis and even at Board level there was not full transparency, which was one of the themes identified in the Grant Thornton report. There was poor communication with a tendency to bury language in legal jargon because no one understood it. It also became apparent that information to the Board was carefully managed by management in the sense that there was a narrative that was given to the Board but very little detail to support that narrative. For example, the narrative given to the Board prior to June 2023 was that everything was fine with the Horizon project programme and it was on track to be released by 2025.

However, from asking the right questions, the Board realised that things were not okay which lead us to get Accenture to carry out a review which lead to a massive course correction of the programme. Subsequent to that, there have been investigations around what was going on and it was clear that messages and updates to the Board around the system and its progress was carefully managed. In my view, there are still pockets where the Board is getting selective rather than complete information. This is one of the areas that I impressed upon Owen Woodley in his acting CEO capacity because it does not matter how bad something is, we can work together if we have the whole truth, but we need full transparency. I am confident that he will ensure that this happens.

24. I referenced a 'fear culture' within the organisation and I am aware that there are still occasions where, if a leader says that something is not going to be relayed to the Board, others will not challenge that. Our target is that the Board receives truly representative information. I am confident that we now have organisational changes that should allow more of that to happen, such as the strengthening of our whistleblowing policy and procedure, which I have discussed in further detail below.

25. In respect of POL's general attitude to SPMS, I do think that this is gradually changing. Within the business, there have been a number of changes, such as Nick Reid stepping down to focus on the Inquiry and Owen Woodley stepping up to take on the day-to-day running of the business, as well as

bringing in new external individuals such as Neil Brocklehurst (Interim Chief Operating Officer) and Andy Nice (Interim Chief Technology Officer).

26. As to whether the culture at POL supports the building and maintaining of trust between POL and SPMs, managers and assistants, personally I place a lot of credence on what I am told by the SPM Non-Executive Directors ('NEDs'). We currently have two on the Board who are very experienced SPMs and trusted advocates of the SPMs who spend a lot of their time engaging with them. In addition, as a Board we receive bi-annual SPM engagement surveys. What strikes me from these sources of information is that SPMs are not happy with Head Office for a number of reasons. Firstly, because of the level of compensation they are receiving, an amount of which has gone down in real terms in the last 5 – 10 years. Secondly, there appears to be a level mistrust between the SPMs and leadership, specifically the CEO. In my view, it is more than just the culture that needs to change. Actions speak louder than words and until we address the operational model around how we interact with SPMs, nothing will change. It has to start by giving them (SPMs) a fair deal and looking at the nuts and bolts of how they operate. SPMs are entrepreneurs and the business needs to support them to enable them to make their businesses thrive.

27. At present, the Board is conducting a strategic review of the business which is due to conclude by September/October 2024. One of the themes within this review is the positioning of SPMs within the business. At present, POL sees SPMs as a 'cost' whereas they should be seen as 'revenue'. The organisation

should be there to assist and serve them, rather than the other way around.

Our intent is to change this by way of a new contract with SPMs which addresses their issues and supports them in increasing their revenue and ultimately compensation. I think once we do that the culture will change dramatically and it will address the fundamental issues around mistrust.

28. Ultimately the business at the centre of the organisation which should serve the SPMs will need to be more efficient, and in doing so we can translate some cost savings back to them

29. I think that the Board are generally sympathetic to the needs of SPMs and want to advocate change to give them more of what they need. That is why we are having a strategic review to try to reframe the narrative around what the centre of the business can do to help SPMs and build back trust.

The Board's relationship with key relevant external stakeholders.

30. In respect of the National Federation of SPMs ('NFSP'), the Board sees correspondence from them but we do not engage with them directly. In general, the view of the NFSP is that POL is not doing enough for SPMs, needs to provide a new deal for them and needs to be more SPM-centric. They also say that we need more SPMs on the Board. Management communicates direct with the NFSP but it appears to me that unfortunately their relationship appears to be quite strained.

31. Similarly, the relationship appears to be quite strained between management and the Communications and Workers Union ('CWU') and communication

from them is not positive. These fractured relationships need to be fixed in order to have a successfully run business.

32. The situation is different with UK Government Investments ('UKGI') and the Department for Business and Trade ('DBT') as they are the majority shareholder. The main issue with UKGI and DBT is how POL and the Board can act with independence. I think historically there has been much more of an undue influence by UKGI and DBT on POL Board and that has led to a situation where the Board has been focussed on the period from funding cycle to funding cycle and not able to make long term decisions. As a consequence, there has been too much of a short term approach to decision-making. This continual cycle has meant that the power has resided with UKGI and DBT and it has been very hard for the Board to assert independence.

33. To rectify this, under the new strategic review we want to get to a point where we can produce a long-term strategy for the next 5 – 10 years with a path to financial independence, so that our shareholder only needs to make a one-time investment and POL will then be able to generate the returns to be self-funded. This will then improve the level of the relationship that we have with UKGI and DBT in that POL will be a fully independent and self-sustainable business, and in turn better placed to service the community. This would be a fundamental strategic leap from where we are today. I would say that the ministers in the previous government were empathetic to the needs of us becoming more independent, but they couldn't control anything because it was all about funding cycles and their concerns were largely focused on the cost of investment needed to replace the Horizon IT system.

34. Our relationship with Fujitsu is understandably strained as both POL and Fujitsu wish to conclude their relationship but cannot because Fujitsu are needed until POL implement the new Horizon system.

Board Composition

35. In terms of what my view is as to the current composition of the Board with regards to experience, expertise and abilities, what is clear to me and other members of the Board is that we need enhanced experience in three key areas: Strategic transformation so that we can reinvent ourselves as a business; Technology experience to assist with the implementation of new technology systems and strong HR cultural transformation experience to look at changing the culture of the business. At present, we have two members of the Board who have large scale business strategic transformation experience, being myself and the Chairman. When it comes to technology and IT experience, although I have experience in leading organisations going through large scale technology programmes, we do not have anyone on Board who is an experienced IT technology operator. There is no former Chief Technology Officer who sits on the Board and we are going through the largest, if not one of the most complex technology transformations in Europe and so having this experience seems sensible in my view. In terms of changing the culture of the business, although we have people who have overseen cultural transformation, we need somebody who is a former HR Director who can challenge, probe and offer practical suggestions in the cultural transformation journey. These are three major gaps in experience. To address this, the Board agreed a mandate to go out to market and seek three

new individuals to bring these perspectives and experience to the Board.

Once this is achieved, I think there will be a much more balanced Board that will be able to align with future direction. However, realistically I do not think that we will have these roles filled until 2025. The Board is determined not to compromise on quality in finding the right individuals.

36. In terms of SPM representation on the Board, as referenced above, we have two SPM NEDs who are well tuned into what goes on in the SPM community. However, they are only appointed for a single 3-year term and it usually takes them around 2 years to get up to speed with what is going on, following which it is time for them to step down. We therefore made the decision to extend their appointment by a year whilst we recruit the next 2 SPMs so that there will be an overlap of a year which allows for knowledge transfer and a better semblance of continuity. In practice, this means that we will phase out one of the SPM NEDs in June 2025 and the other in September 2025. However, we will recruit a third SPM onto the Board at the start of Autumn this year (2024) with another new SPM on the Board in June of next year (2025). This will assist with the handover and mean that we always have experienced individuals who are able to represent the SPMs. In light of this change, I am fairly happy that we have good SPM representation on the Board. The Board have debated the idea of getting a third SPM representative on a permanent basis which may happen in the future.

37. In terms of legal representation on the Board, Amanda Burton is a qualified solicitor and Chairs the Remuneration Committee. Ben Tidswell, who stepped down in July 2024 was also a qualified solicitor which I felt was appropriate as

he chaired the Remediation Committee which largely dealt with settlements. I think that POL needs to look forward and not backwards and my desire is that remediations are transferred to government and in that context, I do not feel that we need more legal representation on the Board.

38. In terms of Board members with Technology and IT experience, as noted above, whilst I have extensive experience in running companies that have implemented large scale technology platforms, there is a gap in the Board in that we do not have anyone who has IT and technology operating experience which we are looking to address.

39. Turning to the issue of whistleblowing, as referenced above the Board is aware that where there is not a culture based on trust, people do not generally whistle blow, because they may have concerns around retribution and remaining anonymous. We have therefore made moves to be visible and vocal around having a robust whistleblowing policy and we have a new whistleblowing champion. Following these steps, we have seen an uptake in whistleblowing complaints in the last year, which is seen as a positive.

40. Whilst there is work to be done at speeding up the investigations following the whistleblowing complaint, I feel that POL has done a good job in making people feel more protected. To assist with the investigations, I have recently taken on the role as Investigations Champion to make sure that where we have a complaint, we follow a clear, robust investigation and any conflicts are appropriately managed. If, for example, staff feel uncomfortable about investigating and reporting on the CEO, they would report it to me as the

Investigations Champion. Overall, I am more comfortable now that we have a better culture that supports fair investigations and makes people feel comfortable in raising complaints, although it has become apparent to me as Investigations Champion, that there is work to be done on processing the complaints faster.

41. It is difficult for me to comment on themes and issues that have been raised through whistleblowers since the findings of Fraser LJ or the Inquiry as I only joined the organisation in 2023 and only became Investigations Champion in July 2024. Prior to this, I had very limited visibility around whistleblowing, other than the occasional update at Board meetings that we had a number of complaints that were being investigated.

42. Looking next at the issue of legal privilege, I do not have any concerns. POL is very diligent about when information is privileged and what can and cannot be shared and who it can be shared with. All meetings start with asking if any information to be discussed is legally privileged and why and if anyone needs to recuse themselves. This operates to a much higher level and standard than other Boards I have sat on. I also think that the legal department have extensive experience on what is or is not legally privileged and the Board have benefited from that experience.

KEY EVENTS

43. I have considered the Times Article dated 19 February 2024 (**RLIT0000201**).

Like most media reports, it does not reflect reality. Firstly, the article states

that the 2 SPM NEDs, Saf Ismail and Elliot Jacobs, were not listened to by the Board and were seen as an annoyance. I do not think that that is true. The job of the SPM NEDs is very difficult. They have a good sense of the changes that SPMs want across the country and this is largely around compensation, more products and a better system to work with. They bring in these views and themes to the Board, who agree, and I suspect that their frustration is that things do not get enacted as swiftly as they want, which may be interpreted as them feeling that their views are not being considered. However, their views are considered and valued and we recognised that we are not moving at a pace of transformation that they are happy with. I do not subscribe to the fact that they were ignored or seen as an annoyance by any member of the Board. The article also makes reference to the “untouchables”. The reference is in respect of the internal investigation team within POL that was historically at the front and centre of investigating SPMs. I think that Elliot Jacobs felt that it was untenable that an organisation was still employing investigators who had investigated and prosecuted SPMs historically. Whilst the Board was sympathetic to this situation, it needs to give fuller consideration to what the function of the investigation team will be in the future.

44. I should add that Elliot is quoted in the article as saying *“this business is supposed to be PM-centric – it isn’t.”* I believe this reflects my views above regarding how the business needs change.

45. My recollection and understanding of Henry’s Staunton’s dismissal on 27 January 2024 is as follows. Back in November 2023, Henry canvassed the Board for their views as to whether we needed to appoint an internal or

external Senior Independent Director ('SID') because the present SID had indicated that they would be stepping down in July 2024 after one term. The split of preference for an external or internal SID was largely 50/50 and so on balance, the view was that we should go external and the Board engaged a search firm to start the process of recruitment for an external SID with government experience, which was my understanding of the shareholders preference. Following this, in January 2024, the ITV drama Mr Bates v The Post Office was released which naturally changed the Board's attention and focus. Henry therefore canvassed to the Board again that, given the release of the ITV drama, we did not have the time to wait to seek an external SID but needed to give strong consideration to appoint internally as we needed to accelerate the transformation of POL and so needed somebody who had full context of the issues. This got some support from the Board following which Henry put to the Board individuals that he felt would be appropriate to take on that position and I was the chosen candidate among the Board. Following this, Henry vetoed the recruitment process for the external SID, notified the Board of the same and said that I would be appointed. This provoked two reactions. The first was from the current SID at the time, Ben Tidswell, who sent a note to the entire POL Board saying he did not support or agree with that process and that was not what the shareholder would want or what the Board had agreed. Henry responded reminding Ben that he was not involved in the process as agreed, and did not have all the relevant the background, reminding him that this was a decision taken and supported by the Board. The second response was from the shareholder representative on the Board,

Lorna Gratton, who emailed me directly on 23 January 2024 saying it was not my fault and it was unfortunate but things were going on in the background. I inferred from this that they meant they were not supportive of me taking on the SID role, with a preference for an external SID with government experience.

46. I heard nothing for a few days until 27 January 2024 which was a Saturday when I got a message from Henry asking to speak to me. He sent me a message around 1pm saying that he had been summoned to a call with the Secretary of State and asked if I would have time to chat later in the afternoon, around 3pm. I replied agreeing to speak later. We then spoke briefly at around 2:57pm where he informed me that he was called 3 minutes before the call with the Secretary of State from a Sky news reporter who asked what he thought about the fact that he had been sacked. Henry did not know how to respond but subsequently had the conversation with the Secretary of State who confirmed this. This series of events has been widely documented and played out in the media.

47. Henry told me that he had told the Secretary of State that he thought I was the best candidate for SID and gave advice around issues in the Post Office and how it needed to be more PM-centric and needed an upgrade of management and talent. I believe that Henry's intention to appoint me as SID was the action which ultimately brought about his removal.

48. I feel it important to add that Henry had approached me in November 2023 to ask if I would be SID and I said no, as the Board were 50/50 on whether we

should have an external or internal SID, but the shareholder wanted an external SID with government experience so my thoughts were to acquiesce and move on. He then asked me again in January 2024 at which point I asked if he had the support of the Board and after he confirmed he did, I agreed to take on the role on that basis. The Board had intended to convene on the 30 January 2024 to ratify my appointment but given that Henry left prior to this date, this did not go ahead.

49. Later on, the new Chair, Nigel Railton, joined in May 2024. Nigel asked to have a conversation about my appointment to SID. I suggested that he wait until he had been with the business for another month or so and if he still had that view in a month, to ask me again. A month later he came back and said that he had had all of the relevant discussions and asked me again at which point I accepted.

50. Following Henry's departure I was made aware that there was a whistleblowing report that referenced Henry, and that was the basis that was given for his termination. It should be noted that the whistleblowing report was not concluded when Henry was dismissed whereas usually you would want to conclude an investigation before taking action. However, it transpired that there were allegations made against Henry about derogatory language he was reported to have said which he categorically denied. I did not personally observe any racist or misogynistic language used by Henry in any shape or format during my tenure at the Post Office, and to the contrary I found Henry to be fully focused on improving diversity at all levels within the business.

51. I do not feel able to comment on the circumstances which led to the resignation of Alisdair Cameron because I never met him. When I joined, he was already on sick leave and he subsequently resigned and so I never had any interaction with him but my understanding was that he was off on sick leave for a period of time and ultimately retired with good leaver status. Beyond that, I have nothing further to add as I was not party to any discussions around why he went on sick leave or why he remained on sick leave or any efforts to get him back into the business. This was all handled by the HR Director and Nominations Committee.

GENERAL

52. There is no doubt that the last year has been challenging for the Board and we have had lots of issues to grapple with: the Horizon IT programme which has needed a significant course correction; the ITV drama and the Inquiry; leadership changes on the Board and ultimately, how to address historical issues around culture and performance and be clear on what the strategy is for the future of POL. Any one of these issues is enough but all the elements together create a perfect storm.

53. The Board is relatively new with few Board members who have more than 3 years tenure and whilst bringing a fresh new perspective is good, you also need that institutional knowledge and so there is an imbalance. This is one of the reasons we have extended the terms of the PM NEDs to create more continuity going forward. At present the Board is in transition in culture, strategy, operations and working with a new government. This has required a significant time commitment over the last year but I am optimistic that now

more than ever we are starting to put the right elements in place around devising a new strategy for the business. We are putting in proper governance measures based on an external review and are making strategic changes in the creation of a new contract for SPMs, being serious about addressing culture and making the business more accountable and transparent. There is also a refresh of senior talent at leadership level. Historically, there was no thought of the future, it was all focussed on the past but now we are doing something to address the issues and move forward with a clear plan. We want to run this as a sustainable and successful business and want a much better relationship with our shareholders, including a path to financial sustainability which will change the dynamic between the business and the Government. Above all, changing the relationship and interaction with SPMs will be critical for the future of the Post Office, and as a Board we are very much focused on this.

Statement of Truth

I believe the content of this statement to be true.

GRO

Signed:

Dated: August 30, 2024

Index to First Witness Statement of Andrew Darfoor

<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1.	RLIT0000201	Times Article dated 19 February 2024	RLIT0000201