

Witness Name: Moya Greene

Statement No.: WITN10310100

Dated: 7 June 2024

POST OFFICE HORIZON IT INQUIRY

FIRST WITNESS STATEMENT OF MOYA GREENE

I, Moya Greene, will say as follows:

INTRODUCTION

1. I make this witness statement in response to the Post Office Horizon Inquiry's (the "**Inquiry**") request for evidence under Rule 9 of the Inquiry Rules 2006 in its letter to me dated 28 March 2024 (the "**Request**"). This statement covers my career background, my role as CEO of Royal Mail, the corporate structure of Royal Mail, the operation of the Royal Mail boards, governance and oversight, the separation of the Post Office from Royal Mail, responsibility for functions within the Royal Mail Group, my and the board of directors' knowledge of the Horizon IT system and complaints by subpostmasters. I have received legal assistance from Simmons & Simmons LLP in the preparation of this statement.
2. I have referred to documents disclosed to me by the Inquiry as part of the Request, in the manner prescribed by the Inquiry's Protocol on Witness Statements updated on 24 January 2023. I have also referred to some publicly available documents including Royal Mail Annual Reports both prior to and

following the separation of the Post Office to refresh my memory, and to documents that have been provided to me by Royal Mail in response to a request from my lawyers.

3. I have tried my best to answer the Inquiry's questions given the passage of time and based on the documents that have been provided to me.
4. The Royal Mail Group included Post Office Limited ("**POL**") before POL was officially separated on 1 April 2012. I held the position of Chief Executive Officer ("**CEO**") of the Royal Mail Group from July 2010 to July 2018. I was a director of Royal Mail Holdings plc ("**RMH**") from 15 July 2010 to 1 April 2012, Royal Mail Group Limited ("**RMG**") from 15 July 2010 to 8 June 2018, and POL for a two-month period between 18 October 2010 and 17 December 2010. I was also a member of the Supervisory Board for General Logistics Systems ("**GLS**"), Royal Mail's international logistics subsidiary, from 2010 to 2018 (and for part of that time, I was Chairman of GLS). Unless otherwise clarified, where I refer to "Royal Mail" or "Group", I am referring to RMH and RMG together, as they existed prior to the separation of POL on 1 April 2012, and Royal Mail Limited ("**RML**") and RMG, excluding RMH, after 1 April 2012.

BACKGROUND

5. I spent the first 17 years of my career in the Canadian public service, rising in seniority up to, and including, the Privy Council Office (Canada's Cabinet Office). From 1991 to 1996, I was the Assistant Deputy Minister at Transport Canada where I was responsible for the commercialisation of the transportation sector, which included the privatisation of Canadian National Railway.

6. In 1996, I was recruited for a Managing Director role at TD Securities, an investment bank owned by Toronto Dominion Bank. Subsequently, I was recruited to join the Canadian Imperial Bank of Commerce as Senior Vice President and Chief Administration Officer for Retail Products. In 2003, I joined Bombardier, the rail and aircraft manufacturer, where I was Senior Vice President of Operational Effectiveness. Between 2005 and 2010, I served as President and CEO of Canada Post Corporation, the sixth largest employer in Canada with revenues (at the time) of C\$7.5 billion. Whilst I was at Canada Post, the company successfully rolled out a major modernisation programme and completed a C\$2 billion private debt issue.
7. I hold undergraduate and post graduate degrees. I have also undertaken specialised training programmes in various business-related topics.

MY ROLE AS CEO

8. I was recruited for the role of CEO of Royal Mail following a global search process conducted by Egon Zehnder. I was approached by Egon Zehnder about the role and had several conversations with them in Canada and in the UK. I also had multiple conversations with Sir Donald Brydon (who was Chairman of Royal Mail at the time) and was interviewed by different individuals over the course of several weeks. My previous experience of taking a company from public to private ownership was part of the reason why I was appointed as CEO of Royal Mail.
9. I was CEO of the Royal Mail Group from July 2010 to July 2018. I was Chairman of RMH's Chief Executive's Committee from July 2010 to July 2018. I was a

director of the POL board for a two-month period in 2010. During my time as CEO of Royal Mail I held various non-executive commercial roles sequentially as follows: Tim Hortons (from 2008 to 2014); Great-West Life Assurance Company (from 2015 to 2016); Canada Life Assurance Company, UK Branch (from 2015 to 2016); and EasyJet PLC (from 2017 to 2020).

10. Due to the dire state of public finances in 2009/2010, a key element of the Coalition Government's policies was to raise capital, including through the sale of commercial entities such as Royal Mail. The Postal Services Act 2011 was introduced in the House of Commons shortly after my arrival in October 2010 and it passed in June 2011. The speed at which this was completed demonstrates the Government's focus on the separation of POL and the sale of Royal Mail. The timetable for the sale was also dictated by the political window of opportunity, which I understood to be approximately three years (after this period the Government's focus would naturally shift to the next election).

11. The key focus of my role as CEO was to help turn Royal Mail into an investable proposition, there having been several failed efforts to do so in recent years. That meant addressing a number of very large problems the company was facing, so that Royal Mail could attract private investment. The problems included:
 - (A) a substantial pension liability, which varied between £4 and £12 billion depending on the timing and assumptions used;
 - (B) 'going concern' accounting issues caused by the pension deficit and low

cash reserves;

- (C) a failed regulatory model;
- (D) significant labour unrest, deep-seated animosity amongst Royal Mail employees and repeated strike action; and
- (E) a modernisation plan that could not be implemented due to employee resistance and archaic/outsourced technology.

12. When I joined, my immediate priority was to resolve these issues in a way that would allow Royal Mail to satisfy the Financial Conduct Authority's eligibility requirements for admission of shares to the premium listing segment of the Official List so that the company's shares could be traded on the London Stock Exchange ("**LSE**") and attract investor interest. The Financial Conduct Authority's listing requirements are very rigorous. They necessitated a programme which involved a complete review of: Royal Mail's policies, procedures and practices (to enable Royal Mail to comply with its ongoing listing obligations); the finances and operations of the company; ongoing liabilities and risks; and the competencies of the executive team. This review and remediation programme did not include the Post Office because the Post Office was remaining in Government ownership. However, there was a separate programme of work for separation which included a wide review of policies, procedures and practices at POL.
13. The policy decision relating to POL separation was taken long before I arrived at Royal Mail. The Post Office operated in a fairly autonomous way and had clearly done so for some time. It had its own corporate functions including:

Finance; IT; HR; Government Relations; Company Secretary; Marketing; and Legal. POL had its own board of directors and maintained a separate relationship with the Government (the ultimate shareholder). The two companies operated from different headquarters (Royal Mail at Blackfriars, London and the Post Office at Old Street, London). There was almost no overlap between the staff at the two organisations, though there were cases where payroll slips and numbers indicated employment with one organisation when in fact responsibilities were clearly with the other.

14. Following separation on 1 April 2012, the privatisation of Royal Mail took place in three parts. The majority of Royal Mail's shares were listed on the LSE on 15 October 2013, there was a second sale of shares between June and October 2015, and the third and final sale of shares was announced on 13 October 2015.
15. After leaving Royal Mail in July 2018, I remained on the EasyJet board as a non-executive director. I also became a non-executive director of Rio Tinto PLC in September 2018. In 2019, I decided to step back from board work, and I resigned from the board of Rio Tinto in 2019 and EasyJet in 2020.

BOARD RESPONSIBILITIES

16. I have been asked to summarise what my views were on the responsibilities of a board of directors in the operation of a company solely owned by HM Government. I do not believe there is a difference between the responsibilities of the board of a government-owned company versus a privately-held company. However, government-owned companies have public purposes. This means that the boards of government-owned companies are required to have

a higher level of sensitivity to government policy and will normally have a greater degree of interaction with government ministers and civil servants.

17. The responsibilities of the Royal Mail boards included, in particular, to: (i) set the strategy for the company; (ii) ensure there was the necessary talent and expertise in all functional areas to enable the company to carry out the strategy; (iii) understand the risks that could upset the implementation of that strategy; and (iv) ensure that there were processes in place to manage those risks.
18. The Royal Mail boards' strategy when I joined was detailed in the RMH Annual Report and Financial Statements 2010-2011 (the "**2010-2011 RMH Annual Report**") (**RMG00000343**). Sir Donald Brydon described the profound changes required, which included: (a) restructuring the business; (b) sharpening Royal Mail's focus on the customer; (c) putting the business on a more sustainable financial footing; and (d) changing the focus of the debate around regulation.
19. These were our responsibilities and they were vital to a successful drive to secure outside capital. In the 2010-2011 RMH Annual Report (**RMG00000343**), I set out the risks to Royal Mail's strategy in my first 'Chief Executive's Review'. I knew that securing outside capital would be particularly challenging given that we were still in the aftermath of the 2008 financial crisis and Royal Mail had previously been unsuccessful in raising private capital.
20. I have also been asked to comment on the Royal Mail boards' oversight of a number of areas. I comment on these as follows:

Criminal and civil prosecutions brought by or against RMH or one of its subsidiaries

21. I believe that oversight of investigations fell under the responsibility of the relevant Head of Security. POL's Head of Security reported into POL's Head of Legal and there was dotted line reporting to the Royal Mail Head of Security (this was Tony Marsh from 2008 to 2017) until separation. I believe Tony Marsh reported into Jon Millidge (the Group HR Director and Company Secretary) who sat on the RMH board. Oversight of criminal and civil proceedings would fall under the responsibility of the Group's General Counsel (this was Doug Evans when I joined, but he was replaced on an interim basis by Jeff Triggs, who was later replaced by Neil Harnby in 2011).
22. The Group Head of Security, Company Secretary and the General Counsel would provide broad updates to the Audit & Risk Committee ("**ARC**") and the RMH board on all material litigation (for example, see "*Fines, Compensation and Material Litigation Report – half year update (ARC(11)XX*") (**RMG00000084**) and minutes of the RMH ARC meeting held on 8 December 2011 (**RMG00000003**)).

Company IT

23. There was a Director of Business Development & Technology (Alex Smith) who reported to me. When I joined, and for several years thereafter, Royal Mail had serious issues with IT resilience and security. I did not consider the POL technology estate to be in the same state of deterioration as Royal Mail (see paragraph 67 below). To address the Royal Mail technology issues we hired

Catherine Doran as Chief Information Officer (“**CIO**”) in September 2011 who was charged with undertaking a complete review of Royal Mail’s IT estate. This included looking at the basic architecture and providers, existing software, its age and the ability to add new applications. Royal Mail’s IT issues were discussed in detail and regularly at ARC meetings and reported up to the RMH board (for example, see the minutes of the RMH board meeting held on 14 December 2011 (**RMG00000127**)). Given the significant issues that existed in Royal Mail’s IT estate, there was a lot of focus on IT issues at the executive and board level.

Accounting systems used to collate data for the purposes of preparing management and statutory accounts

24. Royal Mail’s Chief Financial Officer (“**CFO**”), Matthew Lester, headed the Finance function at Royal Mail, and was responsible for finance systems and controls. He had dotted line reporting relationships with the Finance heads of the subsidiaries.
25. Matthew Lester provided regular updates to the board and the ARC on all financial issues (for example, see the minutes of the RMH ARC meeting held on 17 November 2011 (**RMG00000007**), the RMH ARC’s “*Update on Post Office Limited Horizon Controls and Relationship with Fujitsu*” (**RMG00000083**), and (**RMG00000127**)).
26. The Royal Mail boards also engaged external auditors (Ernst & Young (“**EY**”)) to conduct independent audits, which included a review of all accounting systems, to ensure the accounts gave a true and fair view of the Group’s

financial position. EY also attended all ARC and Royal Mail board meetings. Matthew Lester, assisted by the finance professionals in his team, maintained the primary relationship with EY.

The Equality Act 2010

27. Whilst I was at Royal Mail, the company had an Equal Opportunities Policy which was designed to ensure there was no discrimination on the grounds of disability, age, religion, sex, nationality, ethnic origin, sexual orientation or marital status. In order to support this policy, an executive level Diversity Committee led by my Chief of Staff, Emily Pang, became the focal point inside Royal Mail for improving the fairness of Royal Mail's practices in the areas of promotion and appraisal. With the introduction of more detailed reporting requirements for listed companies in relation to Environmental, Social and Governance (ESG) issues, Royal Mail greatly improved its data collection and the transparency of its reporting on this matter. Oversight of Royal Mail's compliance with the Equality Act 2010 took place within the remit of the Chief Executive's Committee.

Subsidiaries / group companies

28. The risks associated with a subsidiary entity such as POL, whether these were legal, IT or finance related, would be reported to the ARC, and updates provided to the Royal Mail boards where significant risks were identified or were sufficiently material to impact the financials of the Group. POL had its own board and audit committee, and the Royal Mail Chairman was also POL's Chairman.

CORPORATE STRUCTURE AND BOARD OPERATIONS

29. When I joined Royal Mail in July 2010, RMH was the parent company, RMG was a wholly-owned subsidiary of RMH and POL was a wholly-owned subsidiary of RMG. The UK Government held all the shares in RMH.
30. On 1 April 2012, ownership of POL was transferred from RMG to RMH. I, along with several other RMH directors, resigned from the RMH board on this date. RMH was later renamed Postal Services Holding Company Limited (on 11 September 2013). On 12 September 2013, RMH transferred its shares in RMG to Royal Mail PLC. On 11 October 2013, Royal Mail PLC's shares were listed on the LSE.
31. I have been asked to summarise the operation of the RMH, RMG and POL boards in some detail. In order to do this I have relied on the 2010-2011 RMH Annual Report (**RMG00000343**) to refresh my memory and so the information that follows refers to this time period. The membership of each board, subcommittee and executive committee is therefore the membership as stated in the 2010-2011 RMH Annual Report (**RMG00000343**) as at March 2011 (unless otherwise stated).

RMH board

32. The RMH board had 10 meetings in the year 2010 to 2011. There were formally eight meetings but we were implementing a difficult strategy so we felt it necessary to have an additional two meetings. At that time, there were 12 members of the RMH board: the Chairman (Sir Donald Brydon); five executive directors including me as CEO, the CFO (Matthew Lester), the Director of

Operations and Modernisation (Mark Higson), the Chief Customer Officer (“**CCO**”) (David Smith) and the Managing Director for the Post Office (Paula Vennells). There were also seven non-executive directors, including the Chair of the ARC (Paul Murray). All the directors regularly attended the RMH board meetings.

33. The RMH board was refreshed within the first two years of my tenure as the Chairman introduced new skills. Between 2010 and 2011, three new executive directors were added: me, David Smith and Matthew Lester; and three new non-executive directors with customer experience were also added: Cath Keers, Orna Ni-Chionna and Nick Horler.
34. The agenda was set by the Chairman in consultation with the Company Secretary. Sir Donald Brydon was open, professional and focussed.
35. The RMH board concentrated on all the strands of the strategic, operational and financial changes that had to be made in order for Royal Mail to become an investable proposition. This included Royal Mail’s financials and the key risks that would affect the future survivability and profitability of Royal Mail. Updates were provided by the Chairs of the RMH board sub-committees. I would provide a ‘CEO Report’ on the key strategic matters I was working on. POL’s Managing Director would provide a report on the significant matters impacting POL. There would also be updates on key areas affecting the Royal Mail business, for example pensions and modernisation. There were always updates on the Group’s financial position in preparation for the monthly, quarterly, half-year or annual accounts. There were often reports on relations with the Communication Workers Union (“**CWU**”) and updates on discussions with Postcomm (later

Ofcom) on the regulatory framework.

RMH board sub-committees

36. I was not a member of any of the RMH board sub-committees, although I would occasionally attend ARC meetings.
37. The RMH board delegated responsibility for the specific review of risk and control processes to the ARC and the Corporate Risk Management Committee (“**CRMC**”), a sub-committee of the ARC. Although, I was not formally a member of the ARC, I did attend ARC meetings. The ARC was a forum for the consideration and management of all the material risks and liabilities facing Royal Mail. It was the locus for reporting by internal and external auditors. This included a focus on the integrity of the financial statements of the Group, monitoring and reviewing the effectiveness of the Group’s Internal Audit function, the appointment and independence of external auditors, and all compliance matters. There was also a particular focus on technology, given the scale of technology risk at Royal Mail. ARC was charged with ensuring that, where causes for concern or scope for improvement were identified, recommendations were made to the RMH board or management. The Chairman of the ARC was Paul Murray. The ARC membership included all the RMH board non-executive directors.
38. Whilst reports on criminal prosecutions and civil litigation brought by or against RMH, RMG or POL were provided to the ARC, the ARC was primarily concerned with the material risks facing the Royal Mail Group (*i.e.*, Royal Mail’s pensions liability, Royal Mail’s cash reserves, the modernisation programme

and the difficulties with Royal Mail's employees and unions). GLS was also a concern, given the geographic scale of its operations (22 countries) and the significant money laundering risks in certain jurisdictions (given high cash usage).

39. The ARC minutes were reported at board level, accompanied with a presentation from the Chairman of the ARC (for example, **RMG00000127**).
40. The Remuneration Committee was responsible for determining and recommending to the RMH board the framework for the remuneration of senior executives and determining the individual remuneration arrangements for the Chairman, the executive directors and the Company Secretary. Sir Donald Brydon and all the RMH board non-executive directors were members of the Remuneration Committee. Richard Handover was the Chairman (for a short period of time, Orna Ni-Chionna became the Chairman in 2011 or 2012 (RMH Annual Report and Financial Statements 2011-2012 (the "**2011-2012 RMH Annual Report**") (**RMG00000342**)).
41. The Nomination Committee was responsible for leading the process for appointments to the RMH board, the boards of the subsidiaries and other senior positions, advising the RMH board on succession planning for board and other senior appointments and keeping under review the balance of board memberships within the Group to ensure there was the right mix of skills, knowledge and experience. The Chairman of the Nominations Committee was Sir Donald Brydon. The membership of the Nominations Committee included all RMH non-executive directors.

42. The Pensions Committee was responsible for finding a pensions solution that protected a defined benefit scheme for approximately 430,000 current and former Royal Mail employees. That included looking at the state aid process and the rules around it. The Pensions Committee designed options for preserving the retirement income for Royal Mail employees. It was a massive challenge for the company. Royal Mail would not be sustainable without this solution. The Pensions Committee worked with actuaries, Government and the EU Commission to find a way forward.
43. According to the 2011-2012 RMH Annual Report (**RMG00000342**), the Chair of the Pensions Committee was Matthew Lester and the membership included John Duncan (for a short time), Jon Millidge and Les Owen (RMH non-executive director).

RMG board

44. I have not been provided with minutes of the RMG board to refresh my memory, but from recollection, the RMG board met formally six times a year. When I joined Royal Mail in July 2010, existing members of the RMG board were, Sir Donald Brydon (the Chairman), Mark Higson and David Smith. Matthew Lester was appointed to the RMG board in November 2010. Sir Donald Brydon set the board's agenda in consultation with the Company Secretary.

Executive committees

45. I was Chairman of two executive committees: the Chief Executive's Committee and the Group Executive Team.

46. The Chief Executive's Committee was collectively and individually responsible for delivering the key strands of the strategy directed towards making Royal Mail an investable company. This Committee met twice a month. The membership varied but as at March 2011 it included: Stephen Agar (Director of Regulated Products), Rico Back (CEO of GLS), Mark Higson, Matthew Lester, Alex Smith and David Smith (by then, he had moved from being Managing Director of POL to a new role, CCO of Royal Mail Group).
47. The Group Executive Team was responsible for looking at the overall performance of all parts of the Royal Mail Group, and met every three months. The membership varied, but as at March 2011 it included all the members of the Chief Executive's Committee plus Paul Bates (Managing Director of Wholesale), Paul Budd (Director of Internal Communications), John Duncan (Group HR Director), Derek Foster (Internal Audit and Risk Management Director), Dale Haddon (Deputy Group HR Director), Kath Harmeston (Director of Procurement), Jon Millidge, Shane O'Riordain (Director of Communications), Frank Schinella (Deputy Chief Finance Officer), Dick Stead (Managing Director of Parcelforce Worldwide), Jeff Triggs (interim Group General Counsel), Sue Whalley (Director of Regulation and Government Affairs) and Paula Vennells (in March 2011, Managing Director of the Post Office).
48. I subsequently collapsed the Group Executive Team into the Chief Executive's Committee in 2011/2012. The membership was reduced to: Stephen Agar, Rico Back, John Duncan, Neil Harnby (Group General Counsel), Mark Higson, Matthew Lester, Jon Millidge, Mike Newnham (CCO), Shane O'Riordain, Emily Pang, Alex Smith and Sue Whalley (see 2011-2012 RMH Annual Report

(**RMG00000342**)). The Chief Executive's Committee was made up of the most senior executives in Royal Mail.

IT expertise

49. For a ten year period prior to my arrival, Royal Mail's technology – its capabilities, architecture, software, application development, licensing, disaster recovery, cyber-resilience, and documentation of the technology estate – had been outsourced mostly to a single provider. This had been done as a cost reduction measure. When I arrived, the implications of this state of affairs were the following: (i) Royal Mail had very little in-house IT capability and the systems were not fit for purpose; (ii) Royal Mail's systems were archaic and complex; and (iii) basic add-ons to support product development, customer expectations, and employee ease of use, could not be undertaken. This was a major risk area for the company.

50. I have been asked to comment on the level of technical IT expertise of those attending the Royal Mail boards when I joined Royal Mail. My recollection is that, of the board, Matthew Lester, Paul Murray and Les Owen had a reasonable level of IT expertise. My background was not in IT. Royal Mail needed to recruit a top IT professional to take on the massive transformation challenge. That was Catherine Doran who was recruited as CIO in September 2011. Following a broad review of our technology estate, Ms Doran put together the technology transformation strategy and built the IT team. I think it went from a starting point of around 100 people to around 300 people.

POL board

51. I note from the minutes of the meeting of the POL board held on 3 November 2010 (**POL00362221**) disclosed to me by the Inquiry that I was appointed as a director on the POL board on 18 October 2010. This was for a short period until 17 December 2010. I do not recall this appointment and I do not recall attending any POL board meetings. I assume that I was appointed for a technical reason during this period (e.g., requirements as to board composition). In any event, my continuing role as a director of POL would have caused issues given that I would have had a significant conflict of interest. At this time I was supervising the negotiation of the formal separation agreement with POL where I represented the interests of Royal Mail (the "**Separation Agreement**"). Moreover, this was a very busy time for Royal Mail (see paragraph 11 above). I was also Chairman of GLS, which had its own set of issues (see paragraph 38 above).
52. The Chairman of the POL board was Sir Donald Brydon until September 2011, then it was Alice Perkins who he recruited with the approval of the Government. The POL board members varied over time but included (at various points) the following: David Smith (Managing Director of POL and later, for a short time, Group CCO), Paula Vennells (Managing Director), Les Owen (non-executive director), Matthew Lester (Group CFO), Christopher Day (CFO, POL), Virginia Holmes, Alasdair Marnoch, Neil McCausland and Susannah Storey. It appears from the board paper summarising the matters reserved to the POL board and proposing the terms of reference for its committees (**RMG00000286**) that the POL board had two sub-committees: an Audit Committee and a Remuneration

Committee. It appears that I was a member of those two sub-committees during that brief period in 2010, along with Sir Donald Brydon and Les Owen, but I do not recall attending any meetings of these committees.

53. All issues related to the separation of Post Office had been effectively resolved by the end of 2011. On 1 April 2012, POL was formally separated from Royal Mail.

GOVERNMENT OVERSIGHT

54. RMG and RMH were taken together for the purpose of Government oversight. I recall having regular meetings with the Cabinet Office and with relevant ministers carrying responsibility for Royal Mail, as well as many other parliamentarians. There were many ministers during my tenure who carried responsibility for Royal Mail and postal matters. There were four individuals in particular who were instrumental: Sir Ed Davey, Sir Oliver Letwin, Sir Michael Fallon and Lord Heywood. My experience was that these individuals were very knowledgeable about all the challenges and risks facing Royal Mail. I also had regular meetings with the Shareholder Executive (part of the Civil Service). The Shareholder Executive was put in place to oversee the Government's commercial holdings.
55. POL had its own relationships with Government and I was not party to those discussions.

SEPARATION OF POL AND RMG/RMH

56. When I joined Royal Mail in July 2010, it was already envisaged that the

companies would separate and Royal Mail would be privatised. A Postal Services Bill had already been introduced to Parliament prior to my arrival at Royal Mail (in February 2009) although that was stalled because no sale transaction could be completed. As I mentioned above (see paragraph 10), the new Postal Services Bill was introduced in October 2010 under the Coalition Government which paved the way for separation and sale of Royal Mail.

57. By 2010 the companies were, therefore, already running in a very separate way in preparation for formal separation (I explain this in more detail at paragraph 13 above). I have seen that, by October 2010, EY had prepared an audit approach which reflected what was to be the new organisation structure (Ernst & Young 2010-11 Audit Planning Report to the ARC of RMH dated 19 October 2010 (**RMG00000085**)). This was the beginning of the process for reporting separate POL and Royal Mail financial figures.
58. I supervised the separation of POL and Royal Mail but had limited involvement in the day to day work required to effect the separation. Apart from a couple of important issues, the negotiation of the Separation Agreement was done by Mark Thomson (Olympic & Interim International Director) and Jon Millidge (Royal Mail Group, Company Secretary). One key issue was that I wanted POL to give Royal Mail an exclusivity agreement in relation to the drop off and pick up of Royal Mail parcels. Another key issue was the length of this exclusivity arrangement. I wanted this to be at least ten years, whilst POL preferred a shorter time frame. In any event, the separation went smoothly and, as far as I remember, there was very little dispute between Royal Mail and POL. I recall that negotiations were completed in a matter of months and all substantive

issues had been settled by December 2011. POL was keen to get on and build its own business.

59. The minutes of the RMH board meeting on 14 December 2011 (**RMG00000127**) show, by that stage, that there were only minor issues to be covered and final drafting would take place over the next few weeks (RMH11/146). At that meeting, the board authorised the executive team to sign the agreements. The formal separation agreement was signed on 1 April 2012.

KNOWLEDGE OF THE INTEGRITY OF THE HORIZON IT SYSTEM

60. When I commenced my appointment as CEO of Royal Mail I had no knowledge of the Horizon IT System (“**Horizon**”) or of POL’s relationship with Fujitsu. At that point, I was not aware of any faults with Horizon or any issues relating to a lack of integrity in the system, or any complaints by subpostmasters in relation to the system. When I joined Royal Mail I was not aware of any news articles about those matters. Although, as I now know, Computer Weekly had published its article on issues relating to Horizon in 2009, I had not seen that when I joined Royal Mail and nobody told me about it following my arrival.
61. My awareness of these matters arose gradually. I deal below with three phases in relation to my awareness of Fujitsu or Horizon related issues and, as a separate matter, complaints by subpostmasters about Horizon faults: (a) in 2010 and 2011, as a result of updates to the board and the ARC; (b) in late 2011 and 2012, as a result of communications to me personally from Members of Parliament (“**MPs**”); and (c) in 2015 and 2016, as a result of publicity regarding the Mediation Scheme and subsequently the group action.

62. From the documents provided to me, I can see that the frustration of our external auditors with Fujitsu's lack of audit preparedness, and claims by subpostmasters came before our board the year after I joined. I believe I did not register EY's concern as to the lack of audit preparedness on the part of Fujitsu because this had not affected EY's ability to complete a clean audit for Royal Mail. I believe I did not register the complaint of subpostmasters because this came up as part of a much broader report on material litigation. Moreover, the language used to describe these claims grossly underestimated the scale and seriousness of the cases. The paper was not discussed but was presented to the board for noting only.
63. It was only later when concerns were raised with me, personally, by MPs about the plight of subpostmasters that I developed an uneasy feeling that something had gone wrong. That was the moment when I saw that, far from a small number of complaints, there were as many as 34, perhaps more.
64. Subsequently from media reports on the Mediation Scheme and the later the group litigation, I had a growing sense that this was a major issue and there had likely been a miscarriage of justice.
65. I cover these matters further below.

2010-2011: Board and ARC updates

66. Given the passage of time, I do not remember the nature of the discussions at the meetings described below. The documents given to me by the Inquiry show that the board did receive brief updates and noting papers referencing Horizon

(Legacy and Online), Fujitsu audit preparedness and the Horizon access control environment.

67. A reference to the rollout of Horizon was included in POL's Managing Director's Report – Period 4 (July 2010) dated September 2010 (**RMG00000150**). I do not recall seeing this report at the time, but I note that it states at paragraph 4 that “[r]ollout continues to go well with the daily success rate consistently in excess of 90%.” At paragraph 5 it also says “Horizon – Branch availability in July 99.81% exceeding a stretch target of 99.60% and significantly above the contracted target of 99.45%”. As I mentioned above (at paragraph 49), Royal Mail had significant IT issues so this update, if I had seen it at the time, would have been encouraging.
68. I see from the papers provided to me that Horizon was raised at ARC meetings on a number of occasions. The earliest discussion that I have seen was recorded in the minutes of the RMH ARC meeting on 20 May 2011 (**RMG00000005**), a meeting which I attended. I do not remember the meeting.
69. I have seen from the minutes (**RMG00000005**) that a number of representatives of EY also attended that meeting. Alison Duncan (the Lead Audit Partner) explained that “*significant control weaknesses*” had been identified which “*reflected a need for improvement by the outsource provider Fujitsu but also a change in approach on the part of POL in relation to the management of the Fujitsu contract*” (ARC 11/28(u)). The ARC was told that the approach by Fujitsu in delivering audit requirements to POL and EY had resulted in “*an unduly lengthy, unpredictable and inefficient audit in respect of this aspect of the IT audit*”. Mike Young (Chief Technical & Services Officer at POL) accepted that

“POL had not been demanding SAS70 audit evidence from the supplier [Fujitsu]”.

70. At the time, SAS70 was the internationally recognised accounting standard pursuant to which third party audits were required for service providers. SAS70 required an auditor’s opinion on whether a service provider’s description of its internal controls was fairly represented on a specified date and whether internal controls were suitably designed to achieve its control objectives. I believe now that this discussion related to Horizon (although the minutes do not expressly mention Horizon) and the fact that POL was not requesting the evidence required by EY from Fujitsu in order for EY to give its opinion. The minutes also record that *“POL had established an IT Audit & Control board to manage contract governance going forward”*.
71. My impression reading the minutes (**RMG00000005**) now, is that the discussion would have been focused on the amount of additional work EY was required to do to conclude its audit. The control weaknesses raised by EY were a matter for POL to address. I note that Les Owen (who was a non-executive director of POL as well as RMH) asked that the POL board be kept up to date on the contract governance project. I anticipate that I personally would have been focussed on the impact on the audit process and the fact that Alison Duncan *“confirmed that...E&Y anticipated that they would concur with the going concern basis of preparation of the Group accounts”* and an *“unqualified audit report”* would be provided (ARC 11/28(t)). That was essential to me in the context of taking Royal Mail through the process of securing outside capital.
72. The Inquiry has provided me with a copy of EY’s management letter for the year

ended 27 March 2011 dated August 2011, which was apparently sent to POL (**POL00030217**). I do not remember seeing the management letter at the time, and I do not believe that I would have seen it as it was addressed to POL. I do not recall the management letter being discussed by the RMG/RMH boards. The Group CFO at the time, Matthew Lester, who was a member of the RMG, RMH and POL boards, would have dealt with this, and in fact all audit issues raised in the letter. Looking at the letter now, I note that one of the issues that is identified (on page 16) relates to "*Horizon (back end) user administration*". A question is raised about the appropriateness of users having access to the Horizon back end environment and flags one user whose access to the system was no longer required due to a change in job responsibilities and in those circumstances EY noted that there was "*...the risk that users may inappropriately or accidentally use the access leading to loss of application or data integrity*".

73. If I had read the letter (**POL00030217**), it would not have suggested to me that there was a problem with Horizon. I would have read it as a general statement of fact. It was important that all users were properly authorised and, when a change of job occurred, that they were no longer allowed to have access to systems not required for their new role. That was a matter of good technology hygiene, and was part of a much wider issue that had to be fixed at Royal Mail.
74. With respect to subpostmaster complaints, my recollection is that the board received a regular report from the Company Secretary, whose responsibility included the Security team. It was a combination of a list of all major incidents, particularly firearm incidents, civil recoveries and prosecutions. The report was

fairly detailed (e.g., location of the incident, the amount involved, the proceedings undertaken, the consequences of the action). It was not usually discussed. Occasionally a system-wide issue would be discussed, for example, the theft of valuables from the Special Delivery process area.

75. From the documents provided to me, I have seen that such a report was prepared by the Company Secretary in October 2011 ("*Company Secretary's Report - RMH(11)111*", October 2011 (**RMG00000126**)). I do not recall reading Mr Millidge's Report at the time but, looking at it now, I can see that it sets out a short update about subpostmasters' claims on page 11 (under the heading of "*Material Litigation*"). The status records: "*The key legal issues arising are common to all the claims but the factual allegations are different. Our strategy is to defend each claim robustly to deter future claims and we will be responding to each in full. At present we consider the legal claims to be weak and the damages claims to be inflated.*".
76. I have seen a paper titled "*Fines, Compensation and Material Litigation Report half year update*" (**RMG00000084**) that was prepared for noting by the ARC, dated November 2011. The paper was prepared by Mike Prince (Financial Management & Control Director) with contributions from Jeff Triggs.
77. The paper (**RMG00000084**) set out an update on accruals and provisions covering potential fines, quality of service compensation and current material litigation and environmental issues. Accruals totalling £76 million were recorded for a number of matters including, for example, asbestos claims for £30 million (paragraph 23 of the paper). No accrual was recommended in relation to claims by subpostmasters.

78. It appears that Mr Triggs contributed the section of the paper in relation to claims generally including on "*Horizon Claims*" (paragraphs 27 to 30 of the paper (RMG00000084)).
79. Mr Triggs was a partner at Slaughter and May, Royal Mail's legal advisers. I asked him to act as Royal Mail's Interim General Counsel whilst we recruited someone permanently to the role. He joined in April 2011 and had therefore been at Royal Mail for six months before this particular update was provided.
80. In this paper (RMG00000084), Mr Triggs set out that POL had received four letters before action on behalf of former subpostmasters who "*were dismissed when discrepancies between their branch accounts and cash positions were discovered*". He stated that two of those subpostmasters had previously pleaded guilty to false accounting in criminal proceedings brought by POL. He indicated that a large number of similar claims might be received "*possibly between 55 and 150 according to press reports*". At the time the legal advice was that the claims were considered to be "*weak and the damages claims... inflated*". In the context of claims against the Royal Mail Group, I do not consider 55 to 150 potential claims to be large, but I do consider it to be large in relation to one particular issue.
81. Mr Triggs summarised that the considered legal view was that the claims were "*unlikely to succeed*", but POL's barrister, Richard Morgan QC (as he then was), advised that one or two claims might be successful. This update does not indicate any objection to no provision being made in Royal Mail's financial accounts or the fact no disclosure would be made. Mr Triggs was a very strong lawyer and Mr Morgan was also a well-regarded Queen's Counsel. I would have

relied on their advice.

82. The paper (**RMG00000084**) went before ARC for noting on 17 November 2011 (**RMG00000007**). I attended that meeting but, given the passage of time, I have no recollection of the discussion at the meeting. From the minutes, I can see that the ARC “noted” the paper and agreed with the proposals (including those which had been set out on page 5 of the note) “...that the Horizon claims were a contingent liability which was considered remote at this stage which meant no accrual would be booked and no disclosure made” (ARC 11/47(h)).
83. I do not believe that anybody would have questioned the legal advice at the ARC meeting or whether there should have been an accrual made in respect of claims by subpostmasters. Other issues raised at this meeting were much bigger concerns for Royal Mail at the time and I was focussed on those. For example, I provided a report (**RMG00000007**) on an investigation into the iRed business and steps to close that down, and Matthew Lester provided an update on assumptions relating to the pension deficit. As I described above (see paragraph 42), Royal Mail had to find a solution to the pension deficit in order to protect a defined benefit scheme for 430,000 current and former Royal Mail employees. It was a vital and exceedingly difficult issue to resolve.
84. As a follow up to the concerns raised by the Lead Audit Partner (Alison Duncan) in the May 2011 ARC meeting, the minutes (**RMG00000007**) state that Mr Millidge was asked to review the Separation Agreement with POL to check whether requirements around the SAS70 report with respect to Horizon were adequate (ARC 11/49(d)).

85. Horizon was referenced at the next ARC meeting on 8 December 2011 (RMG00000003). The minutes record that I was in attendance at that meeting. I note that Mr Triggs and Rod Ismay (Head of Product & Branch Accounting, POL) were also in attendance, as were Chris Day (CFO, POL), Lesley Sewell (Head of IT, POL), and Catherine Doran (Group CIO). Given their roles, they would all have had a better knowledge of matters relating to Horizon than I would have had, and I would have relied on them to raise any concerns that they had with me and the ARC.
86. The minutes (RMG00000003) record under the heading of “*Post Office Limited*” that an update was provided on Horizon controls and POL’s relationship with Fujitsu and on challenges to Horizon (ARC 11/54(d)-(f)). The ARC noted that:

“...unlike other RMG major IT suppliers, Fujitsu does not have a SAS70 or equivalent report on its controls, and the consequence of this is that Ernst & Young (EY) needs to do full testing of all systems which are integral to the financial results as part of the RMG annual audit process. A number of IT control issues were identified during the 2010-2011 year end audit, which were largely centred on Fujitsu. Overall EY was satisfied that the control systems were reliable but they had to perform additional audit work to make this conclusion, and they made certain recommendations in the management letter following the audit for improvements which have been implemented. The IT control issues identified during the audit did not relate to the integrity of accounting data in the system. Rather, EY made recommendations about the documentation and authorisation of changes to systems and about

opportunities for streamlined assurance”

87. The minutes (**RMG00000003**) also record that Fujitsu Services had committed to covering the cost for the 2012-2013 audit (*i.e.*, for the financial year following Royal Mail and POL’s separation) (ARC 11/54(d) and (e)):

“The Committee noted Fujitsu Services have committed to covering the cost to implement a SAS70 approach for POL for 2012-13 with EY carrying out this work so we expect a reduction in audit costs for 2012-13. The activities completed during the 2011-12 audit will provide the foundations for a SAS70. EY has ratified the approach we have taken for this year’s audit and the planning is underway for the 2012-13 audits.”

88. I do not recall specifically, but I anticipate based on experience, that Paul Murray (non-executive director of RMH and Chairman of ARC) would have been very focussed on this issue as he was meticulous on accounting standards. The focus in relation to Horizon therefore continued to be from an audit perspective. The control issues identified and how they were addressed was important to the POL audit and the signing off of Royal Mail’s accounts.

89. The ARC also noted an update that was provided on challenges to Horizon by subpostmasters (ARC 11/54(f)) (**RMG00000003**). The ARC was told that POL had, over the years, dismissed and prosecuted a number of subpostmasters following financial losses in branches and that a “*small number*” of those had been defended on the basis that Horizon was faulty. Some subpostmasters had also defended civil claims for recovery of debts on the same basis. I do not remember the update being provided at the meeting. However, reading the

minutes now, it appears that the ARC was provided with a grossly understated summary of the actual position.

90. I was aware that Royal Mail and POL had experienced a number of cases of substantial theft and fraud, and some of the most egregious were prosecuted (for example, the multimillion pound underreporting of business and marketing mail and the multimillion pound counterfeiting of stamps). It was not uncommon for publicly owned organisations to have specialised investigation and sometimes prosecution powers. In the transport and telecommunications sector in Canada, institutions that had previously been owned by government (e.g. Canada Post, Canadian National Railway, the Canadian Port System) had similar investigation and sometimes prosecution powers.
91. I do recall other issues that were referenced in the minutes (**RMG00000003**) such as the report I provided on data migration affecting online customers (ARC 11/60). There had been an issue with payment cards for some customers being debited twice and we compensated each affected customer as a gesture of goodwill. I remember that event because it was a major issue for thousands of our online customers and it was flagged as such to me.
92. I do not remember discussion of audit issues or legal proceedings relating to Horizon. I do not think it would have registered with me because the ARC was being told that control issues were being addressed and that, although faults with Horizon had been raised in legal proceedings, there were a small number of those. We were not told that there was a systemic issue. The issues in relation to Horizon did not appear significant in the scale of the IT issues facing Royal Mail. For example, we had a significant issue with the payroll system

which was responsible for making weekly payments to the bank accounts of approximately 100,000 Royal Mail delivery staff. This was a major technology failure. If it were not for the significant help of POL, and the personal intervention of Paula Vennells at that time, I feared we would not be able to get salaries to postmen and women.

93. Royal Mail's IT issues (which I explained at paragraph 49 above) are recorded in the minutes (ARC 11/53(d)) (**RMG00000003**). They state that a review had been undertaken in relation to IT service resilience and IT security (that would have been carried out by Catherine Doran): "*A major factor was the age and complexity of the systems in RMG, and the fact the business had very little in-house capability, due to IT outsourcing activity. The business had embarked on a programme of improvement, but this would take over two years to complete. Paul Murray noted that this was a significant risk for the business and asked for regular meetings.*". The minutes also record that I would bring the "*Improvement Framework*" back to the committee and would also consider incentives for key IT staff. Addressing these IT challenges was a crucial matter for the company to resolve. As far as I know, Horizon was not part of this review as it was a POL system, and by then for all intents and purposes separate from Royal Mail.
94. The paper which supported the update to the ARC on Horizon matters was written by Chris Day and was titled "*Update on Post Office Limited Horizon Controls and Relationship with Fujitsu*" (dated December 2011) (**RMG000000083**). I do not know Mr Day and do not recall him presenting at the ARC meeting. I note from the 'Executive Summary' page of the paper that this was for 'noting' and that there was "*[n]o decision required*" by the ARC at the 8

December 2011 meeting. It also states that there would be no additional presentation. It was assumed for ARC meetings that attendees would have read papers in advance and the meeting time would have been used for questions. I would typically read papers in advance for committee and board meetings, although I would focus on those which had greater relevance to my role. Given the volume of materials, it was essential to be selective.

95. I do not think I would have read this paper (**RMG00000083**) in advance of the meeting because I would have seen from the executive summary that it related to an audit issue. Unless specifically flagged for my attention, I did not pay detailed attention to financial reporting matters as they were covered ably by the Group CFO, Matthew Lester. We had daily conversations and he would raise any issues that he was concerned about with me. Mr Lester would never gloss over any problem once made aware. I do not recall this paper being flagged to me as something that required my input.
96. Reading the paper (**RMG00000083**) now, its intended purpose appears to have been to give comfort that any issues historically with controls were being addressed. I note that it states, at paragraph 18, that *"...POL is fully confident in the Horizon computer system operating in its branches. This accounting system, and the process around it, enable our branches to maintain accurate and reliable accounts."*
97. The final page (page 5) of the paper (**RMG00000083**) includes a section on *"Former sub-postmasters – challenges to Horizon"*. The update provided at the ARC meeting included a statement that a *"small number"* of people had defended prosecutions and civil recovery proceedings on the basis of faults with

Horizon. The paper provides more detail. It refers to various lobby groups set up by subpostmasters, some media coverage and issues taken up by local MPs, whilst at the same time stating that “[d]ue to the controls set out... POL does not believe that the account balances against which the audits were conducted were corrupt”.

98. Four “*broad strands of challenge*” are set out in the paper (**RMG00000083**). One of those relates to defences in legal proceedings based on flaws in Horizon. It states that cases have consistently been won on the basis of the transaction logs and also that judges had spoken supportively of Horizon. This was consistent with the position outlined in the paper for the November 2011 ARC meeting in which Mr Triggs did not identify subpostmaster claims as raising a material concern (paragraphs 80 to 81 above).
99. Although the paper (**RMG00000083**) is on the one hand, fairly detailed, I know now that it does not provide a full picture of concerns about Horizon in the context of prosecutions of subpostmasters.
100. Mr Ismay was in attendance at the ARC meeting on 8 December 2011, but the minutes do not disclose him having made any statements to the ARC despite having produced a 36 page paper on “*Horizon – Response to Challenges Regarding Systems Integrity*” (the “**Ismay Report**”) (**POL00294837**), a little over a year before (on 2 August 2010).
101. I do not recall seeing the Ismay Report (**POL00294837**) prior to it being provided to me by the Inquiry in the Request. I note that it was created some two weeks after my appointment. I do not recollect Mr Ismay or recall having

any contemporaneous knowledge of the role he carried out at POL.

102. If I had received a copy of the Ismay Report (**POL00294837**), I do not think that I would have read it unless its importance was flagged to me. Looking at the Ismay Report (**POL00294837**) now, it asserts that Horizon was working well, that discrepancies with account balances were the result of theft or user error, that Horizon was robust, had been subject to outside reviews, and was founded on tamper proof logs. On the basis of what we have now learned, these findings are clearly incorrect.
103. I do not recall anyone, including David Smith (at that time, the Managing Director of POL), raising the Ismay Report (**POL00294837**) with me or the question of whether an independent review into Horizon should be carried out. I would have expected David Smith and POL's Head of Criminal Law (Rob Wilson) to conclude that an independent review was necessary and, if there was any danger that any of these convictions were tainted, that there should be immediate disclosure to all the parties.
104. I would have expected the Ismay Report (**POL00294837**) to be raised with me in the context of the national media programme, the well organised campaign that was gathering momentum with support from a group of parliamentarians.
105. I have seen from minutes provided to me by the Inquiry that Horizon was referenced at a meeting of the RMH board on 14 December 2011 (**RMG00000127**). I was present at that meeting but do not remember the discussions that took place.
106. The minutes (**RMG00000127**) indicate that Paul Murray provided a report to the

board on the previous two ARC meetings (RMH 11/139(b)). Mr Murray reported that the ARC had considered a number of concerns in relation to POL including on the SAS70 audit approach for Horizon. Aside from that, the minutes do not record any discussion of matters relating to the integrity of Horizon. It is noteworthy that there seems to have been no reference to the complaints of subpostmasters and the gathering momentum of their national campaign. Paula Vennells (by then, Managing Director of POL) was present at the meeting up until POL separation was discussed, but there is no record of her having reported on those matters.

107. Ms Vennells did provide an update on major issues related to POL (under the heading of "*Finance Director's Report*" (RMH11/144(d) (**RMG00000127**))). Horizon was referred to, but that was in the context of there having been a failure of the system which disrupted service on one of the busiest days of the year. She made no mention of the other concerns relating to Horizon.
108. I have an been asked to comment on the "*Annual Security Report*" provided to the board (RMH11/147(a) (**RMG00000127**))). I do not remember what update was provided to the board and it is not clear from the minutes. I have not been provided with the report that was provided to the board (RMH(11)124).
109. Similarly, the board noted a report provided by the Company Secretary (RMH11/148(a) (**RMG00000127**))). A report was prepared by Jon Millidge in advance of the meeting ("*Company Secretary's Report – RMH(11)125*", December 2011 (**RMG00000138**))). I do not recall reading Mr Millidge's Report at the time but, looking at it now, I can see that it sets out a similar, but shorter, update about subpostmaster claims (under the heading of "*Material Litigation*"

on page 11) to that provided by Mr Triggs for the ARC meeting in November 2011 (see above at paragraph 76). The status records that there was “*no change*” to the position previously recorded in October 2011 (see above at paragraph 75).

December 2011 and 2012: Communications from MPs

110. I now move on to the period between the December 2011 ARC meeting and the formal separation of POL from Royal Mail in April 2012.
111. The Inquiry has provided me with a copy of a letter addressed to me from James Arbuthnot MP (now Lord Arbuthnot) dated 15 December 2011 (**POL00105483**). I remember receiving a letter from an MP which raised concerns about one of their constituents, a subpostmaster, and other subpostmasters being dismissed as a result of issues with Horizon. I believe it was this letter because I remember finding it compelling. In the letter, Lord Arbuthnot stated that he was aware of 34 subpostmasters throughout the country who had been wrongly accused of fraud due to faults in a software system.
112. I remember this letter (**POL00105483**) because the number of individuals referred to stood out to me, not as being high in relation to cases brought against Royal Mail, but high as regards the number of complaints brought on the same basis. Lord Arbuthnot also said that he would be “*meeting with [the employees] in the New Year to discuss what action they plan on taking.*” I did not think an MP would champion a cause in this way unless convinced of its merits. Moreover, it seemed clear to me that the Post Office was facing an issue much bigger than had been represented to me and the Royal Mail boards.

113. Lord Arbuthnot also stated that “*You may recall that this case was brought to my attention in 2008...*” (POL00105483) which suggests that he may have written to Royal Mail (potentially my predecessor) about the matter on an earlier occasion. I do not believe he wrote to me previously, or that we had ever had a conversation about these matters.
114. Around this time (late December 2011 or early January 2012, shortly after I received the letter from Lord Arbuthnot (POL00105483) and around the time of the December 2011 ARC meeting), I recall speaking to Paula Vennells about the letter from Lord Arbuthnot, the proceedings against subpostmasters and the Horizon system. This was the first of four separate occasions where I raised these issues with Ms Vennells either directly or indirectly (the other occasions occurred later and I will address those below). The December 2011/January 2012 discussion occurred at one of our regular catch-up meetings in my office to keep track of our progress in completing the Separation Agreement. I remember asking Ms Vennells her views (*i.e.*, whether it was possible that faults in the Horizon system could be the cause of these accounting discrepancies).
115. While it was not inconceivable to me that POL would suffer thefts from time to time (that was and is the sad nature of a cash business), it did however seem unlikely that so many subpostmasters, who had a long-standing affiliation with POL would all raise the same complaint. I said that I thought it was therefore essential to do an independent third party review of the Horizon system which should take account of the nature of the complaints raised by the subpostmasters. I cannot recall the exact words Ms Vennells used, but I recall that she said that there had been multiple reviews and that the fault was not

with the Horizon system.

116. By the date of Lord Arbuthnot's letter (**POL00105483**), the separation was in the final stages of being agreed. Part of the process would have been to agree to Royal Mail/POL protocols for day to day operations of the two separate businesses in the future. This would have included agreement on which entity was responsible for responding to correspondence addressed to Royal Mail but concerning Post Office business. Even before separation, it was expected that Managing Directors / CEOs of Royal Mail subsidiaries would take responsibility for all matters relating to their subsidiary unless the matter had a direct bearing on the Group.
117. Lord Arbuthnot's letter (**POL00105483**) would have been looked at initially by the Royal Mail Executive Correspondence Team (as all incoming correspondence addressed to the board and senior executives was). They would have liaised with their counterparts in POL because it concerned POL matters. Pre-separation, if it was a purely Post Office matter, the POL Correspondence team and likely the Managing Director of POL would deal with it. If it had implications for the Royal Mail Group (but was still a POL related matter) it would have been sent to POL with some guidance from Royal Mail as to handling. Post-separation it would have been dealt with by POL with limited Royal Mail involvement. I do not know whether anyone at Royal Mail Group was consulted on the response to Lord Arbuthnot's letter, and I do not know whether any guidance was given to POL on the nature of the response.
118. The Inquiry has provided me with copies of two unsigned letters addressed to Lord Arbuthnot from POL. The first is in Paula Vennells' name dated 9 January

2012 (**POL00107698**). The second is from Kevin Gilliland (Network and Sales Director) dated 12 January 2012 (**POL00105483**). I do not believe I saw the response, so I do not know which, if either version, was sent to Lord Arbuthnot.

119. A few months later on 3 April 2012, two days after the signing of the formal Separation Agreement, I received a call from Oliver Letwin MP (now Sir Oliver Letwin) who raised a similar concern to Lord Arbuthnot's. I knew Sir Oliver whilst he was a Cabinet Office Minister through his helpful advice to me as I worked through the myriad of issues bearing upon the privatisation of Royal Mail.
120. Like Lord Arbuthnot, Sir Oliver was also concerned about a former subpostmaster in his constituency who had raised accounting discrepancies that had occurred. It was the subpostmaster's belief that those irregularities arose from faults in the Horizon system. I committed to Sir Oliver that both Paula Vennells and I would come back to him shortly to brief him on the matter.
121. Following the call, I asked Emily Pang to contact Ms Vennells, again with the suggestion that an independent review needed to be undertaken (see the email from Emily Pang to Paula Vennells dated 3 April 2012 (**POL00295167**)). Emily Pang was my Chief of Staff at Royal Mail. She had previously been my Chief of Staff at Canada Post, and I hired her to help me in my role at Royal Mail. Ms Pang joined Royal Mail in April 2011 and left in July 2015. We worked very well together. Ms Pang was instrumental in helping to communicate my key priorities to the executive team and ensuring important information was conveyed to me from the business (in particular when I was travelling).
122. It can be seen from Ms Pang's email (**POL00295167**) that she conveyed to Ms

Vennells that I had undertaken to Sir Oliver that we would get back to him in a couple of weeks. Ms Pang also stated that “...Moya would greatly appreciate if you can please initiate an investigation of these issues in a fully challenging way as soon as possible so that you two may discuss this in the next week or so and then go to Mr letwin (sic) together.”. Given the formal separation, it was clearly not my place to direct that an investigation be initiated. All the substantive issues pertaining to separation had been long resolved by December 2011 and at this point the formal Separation Agreement had been signed.

123. I have seen from the email chain provided by the Inquiry that Ms Vennells forwarded Ms Pang’s email on to Alice Perkins (Chairman of POL) on the evening of 3 April 2012 (**POL00295167**). In that email, she stated:

“My instinct is to forward Emily’s note to Moya and say (again) that we will handle this independently. And I will contact Oliver Letwin’s office to do so.

But there are two issues here and I want to be sure I’m looking at both objectively: firstly, the Hotizon (sic) challenge, secondly, the RM intervention.

Re Horizon, we should think through the options, esp as James Atbuthnot’s (sic) name is mentioned.

Re RM/Moya, It seems there is a letting go process that is proving difficult. (We have also had RM still wanting to stay involved in signing off procurements, which Jon M had to send out a note to clarify!)”

124. I have not seen Alice Perkins' response to that email if there was one. Ms Vennells emailed me and Ms Pang on 4 April 2012 (**POL00114518**). She said that there was no need for a joint meeting as she had written to Sir Oliver that day to invite him to join a meeting that had already been arranged with Lord Arbuthnot, her and Ms Perkins. She also stated that "*There is no issue with Horizon – it has been tested; and in fact upheld as robust by the courts.*".
125. I can understand why Ms Vennells took umbrage at my attempt to intervene in what was clearly a POL matter. I do not think I had a direct conversation with her on that occasion.
126. I do not recall seeing the letter which Ms Vennells sent to Sir Oliver on 4 April 2012 (**POL00115849**). To my knowledge no one discussed the content of the letter with me and I note that it was not copied to me.
127. The Inquiry has also provided me with a copy of a letter addressed to me from Karen Lumley MP on 11 July 2012 (**POL00058098**). Ms Lumley forwards an email from a constituent, Julian Wilson, who asked about the independence of a forensic accountant appointed by POL (I assume, Second Sight Support Services Ltd ("**Second Sight**"). He also made the point that "*the computer system*" should be reviewed first before cases were looked at. Ms Lumley asked if I could answer his concerns and write back to her.
128. I do not remember receiving or being told about Ms Lumley's letter. I have seen from a chain of emails between POL staff on 16 July 2012 (**POL00058099**) that they were discussing how to respond and from whom the response should be sent. I think Ms Lumley's letter would have been dealt with in the same manner

as Lord Arbuthnot's letter (see paragraph 117 above) and would have been sent to POL for reply and any action. I do not believe I had any involvement in responding to Ms Lumley's letter.

129. I believe that I discussed Horizon with Ms Vennells directly for the second time around the time Second Sight were appointed (in the summer of 2012). I do not think she told me that Second Sight had been instructed, but she said something that reassured me that she had issues relating to Horizon and subpostmasters' complaints in hand. That conversation would have taken place at one of our catch-up meetings about the product and services agreement and the exclusivity arrangement between Royal Mail and POL that existed post separation of the two companies.

130. It is possible that my previous suggestions to Ms Vennells may have had some bearing on the appointment of Second Sight (although I have no way of knowing whether this was the case or not). Following this discussion, I do not recall turning my mind to this matter at all until 2015 when Paula Vennells appeared at the Parliamentary Select committee, and media reports about the breakdown of the mediation scheme and the potential for a class action lawsuit, prompted me to have conversations with a number of people (see paragraphs 133 to 140 below).

131. I had no involvement in the investigation being carried out by Second Sight. I doubt if anyone from Royal Mail would have had any involvement in the investigation given that Royal Mail and POL were separate businesses by that stage. It is clear from Ms Vennells' email to Alice Perkins on 3 April 2012 (**POL00295167**), that she did not want me or Royal Mail involving ourselves in

what were clearly POL matters.

132. I only recently, in 2024, read Second Sight's Interim Report. It seems to me now that it was incorrect to say that there were no systemic problems with Horizon.

2015-2016: Publicity regarding the mediation scheme and subsequently the group action

133. Sometime in 2015 or 2016, I had conversations with a number of people about Horizon. I do not remember the exact dates or the order in which those conversations took place.

134. I met a subpostmaster when I was on a site visit to a processing facility. Sometimes those facilities have a Post Office attached to them. I remember the subpostmaster telling me that her friend, another subpostmaster, had been wrongly charged with theft.

135. I believe I spoke to Ms Vennells shortly after that. I think it was shortly after she had given evidence to the Parliamentary Select Committee about the Mediation Scheme. That was in February 2015. I remember that this conversation took place at one of our periodic face to face meetings. I was concerned for her because of the size and scale of the issues, the way in which they were being covered in the media and the fact that this was her first CEO role. I recall saying to Ms Vennells that I was not telling her how to run her business, and that she should not take my comments in that way. I again suggested that if I was in her position I would carry out an independent review reporting only to me. I do not remember what she said in response to my comments, although I believe she acknowledged my concern.

136. I wanted to test my views with a few people who were more knowledgeable about the Post Office than I was. I had conversations with Matthew Lester, Jon Millidge and George Thompson (at the time, Head of the National Federation of Subpostmasters).
137. Matthew Lester would have been aware of the evolution of these issues through the Royal Mail boards and ARC meetings. Prior to separation, as I have explained above, the narrative had focussed on the audit preparedness of Fujitsu, the "*small number*" of threatened claims by subpostmasters and the insistence that Horizon was not at fault. All of this now appeared to me to be an entirely incorrect characterisation of the issues. I thought he would have good insight into the true position given his Group finance role, his (albeit brief) directorship at POL and his diligent nature. I cannot recall exactly what he said, but he left me with the impression that he did not believe that my concerns were well-founded. I believe he said that there may have been some problems with training, and there had been incidents of theft involving some 500 people, but he did not consider that number to be disproportionate given the size of the network and the time period involved.
138. I also spoke to Jon Millidge because his roles as Group HR director, Company Secretary, and as the executive to whom the Investigations and Security team reported, as well as his deep and long standing networks across the entirety of Royal Mail including POL, meant that he was likely to have a good understanding of the issues. As I recall, he did not think the problem was with Horizon. I shared with him my feeling that it was odd that so many people would start stealing after of years of working for POL. He did not share that view and

commented that people's circumstances change and they do foolish things. He made the point that there had been no greater number of thefts in recent years relative to the past. He also mentioned that Horizon had been reviewed many times and most people had no problem with the Horizon system. I got the impression that he did not share my view that the fact that group litigation proceedings were underway was indicative of an underlying problem.

139. I also recall speaking to George Thompson (Head of the National Federation of Subpostmasters). The Federation represented subpostmasters' interests in relation to any issues with the Post Office. Mr Thompson told me that subpostmasters had complained to him about Horizon and that he had raised these issues with Paula Vennells. He did not think that there was a problem with Horizon and commented that most subpostmasters did not have any issues with the Horizon system.

140. I do not believe I had any conversations with Government officials (aside from Sir Oliver Letwin (see paragraph 119 above)), or with those at the Shareholder Executive or UK Government Investments.

COMPLAINTS BY SUBPOSTMASTERS

141. The Inquiry has provided me with copies of two email chains which include emails from a former subpostmaster, Tim McCormack, on 10 January 2015 (**POL00351332**) and 20 March 2015 (**POL00353010**) respectively. Mr McCormack raises various accounting issues some of which relate to Horizon.

142. I do not remember reading those emails (**POL00351332**, **POL00353010**) or having had any awareness of them. I do not think I would have read them at

the time. As CEO of a large company, I received hundreds of emails every day. I would typically read those emails and letters that were brought to my attention by my assistant, Lisa Agnew and my Chief of Staff, Emily Pang. They monitored my emails. It is possible that they might have sent the emails on to others at Royal Mail or POL to deal with. From reading the emails now, I can see that Mr McCormack's email of 20 March 2015 raised issues relating to financial accounts and it is therefore possible that it may have been sent on to Matthew Lester to consider.

143. I have no knowledge of, and had no involvement in, responding to Mr McCormack's emails (**POL00351332**, **POL00353010**). Others at Royal Mail may have been involved in that, for example Mr Lester, or the Executive Correspondence Team. However, I think it is more likely that it would have been left to POL to respond to the emails given that they were also addressed to Paula Vennells and the complaint was from a former subpostmaster.

HORIZON REVIEWS

144. The Inquiry has provided me with a draft (dated February 2012) (**POL00029114**), and what appears to be a final version (dated March 2012) (**POL00030482**) of a POL "*Review of Key Systems Controls in Horizon*". I do not recall seeing either of these documents before, but note that I am stated as being on the circulation list on page 7. It may be that the final version of the review document was provided to the RMH board (which would have been in the month prior to formal separation). The document appears to have been prepared by Royal Mail's Internal Audit & Risk Management as part of the follow-up work which would have been necessary to action the

recommendations made by EY during the previous year's audit. From the review document, it is apparent that work was ongoing to meet EY's recommendations, which I would have expected to have been implemented by POL. The Internal Audit & Risk Management team was led by Derek Foster. He was very diligent and I trusted him. He would have come to me if he had identified a systemic issue which needed to be escalated. I do not believe that he did so in respect of this review.

145. I have been asked to comment on my involvement in: (a) the Initial Complaint Review and Mediation Scheme announced by POL in August 2013 (the "CCRC"); (b) the review of past convictions of subpostmasters including the CCRC's investigation; or (c) the group litigation. I had no involvement in these matters. I do not think that anyone from Royal Mail would have been involved as the companies were separate entities by then.

OTHER MATTERS

146. I have been asked to comment on a number of other matters relating to the responsibility for certain functions within Royal Mail and the oversight of Horizon. I have set out my responses to these questions in the section below.

Responsibility for certain functions within RMG

147. Responsibility for Horizon would, I expect, have sat functionally within POL's IT function. The head of that function would have reported to the Managing Director of POL. I would therefore expect Lesley Sewell (POL's Head of IT) and David Smith and then Paul Vennells (Managing Directors of POL) to have had senior management responsibility for Horizon. Training for subpostmasters on

Horizon would have been POL's responsibility. I expect POL's HR and IT functions would have shared executive responsibility for that. The POL board would have taken responsibility for general oversight, particularly if any risks in that area had been identified. I do not know whether a POL board director aside from the POL Managing Director had ultimate responsibility for those matters.

148. As far as I recollect, responsibility for those matters on the Royal Mail boards would also have been with POL's Managing Director. However, I do not recollect matters concerning the operation of Horizon being raised at board level with the exception of concerns raised by EY about Fujitsu as a service provider, in the context of being able to close a financial audit. There was also a brief reference to a failure of Horizon which had disrupted service on one of the busiest days of the year (see paragraph 107 above).
149. The suspension and termination of subpostmasters and proceedings against subpostmasters was POL's responsibility. I do not know, and would not have known at the time because of the separate way in which the companies operated, but I expect those matters would have been the responsibility of the Security or Legal teams in POL. Ultimately, the POL Managing Director would have had executive level responsibility, and would have been responsible to the POL board. I do not recollect a director of the Royal Mail boards, (other than the POL Managing Director) having had responsibility for such matters.
150. From April 2012 onwards, following the formal separation of Royal Mail and POL, Royal Mail had no responsibility or oversight of POL in relation to any matters.

151. Royal Mail's Legal and IT departments reported to me through the Heads of both functions (the CIO, Catherine Doran, and the General Counsel, latterly Neil Harnby, and then Maaïke deBie). I believe Matthew Lester took over responsibility for the IT team when we reached the moment when large IT procurement activity commenced (in around 2012).

152. From an executive responsibility perspective, I maintained an open-door policy particularly in relation to executives who reported directly to me. I had recruited Catherine Doran and Neil Harnby for Royal Mail. Technology and Legal were key areas for the business and I was highly invested in their success. I also had regular meetings with executives who reported directly to me. These meetings were meant to be an opportunity to discuss the important matters that were requiring their concentrated attention at the time. I considered myself to be a "*de-blocker*" on their behalf to ensure where cooperation was needed from other areas of Royal Mail it was provided. In addition, my direct reports sat on both the smaller and wider executive teams in Royal Mail. They were therefore aware at all times of the issues facing the company. If I was unavailable my Chief of Staff was a trusted intermediary to get hold of me. I took a very active role in running Royal Mail and developing executives.

153. I did not have oversight of POL's Legal or IT departments; that oversight sat with POL's Managing Director, and POL's board. As set out above, I dealt with the Group General Counsel and CIO and members of their teams from time to time as the issue demanded. I do not recall needing to deal with POL's Heads of Legal and IT or their teams.

154. Royal Mail's Security department, headed by Tony Marsh, reported to the Company Secretary, Jon Millidge. Jon Millidge reported to me and he had executive oversight of the Security function. I do recall having occasional dealings with Tony Marsh, for example, in relation to a large, multimillion pound investigation he was running into systematic gross underreporting of business marketing mail inductions with the involvement of Royal Mail employees.
155. I recall including large Security investigations in my CEO report as a matter of interest to the board. However, I had no knowledge, responsibility or oversight of, or dealings with, POL's Security and/or Investigation department.
156. I do not recollect Royal Mail having a 'problem management team'. POL may have done so, but I do not recall having any dealings with such a team.
157. I had no involvement in the oversight of the investigation and prosecution of subpostmasters or for civil proceedings brought against them. As explained above, my knowledge of these matters developed over time and came principally from communications to me personally from Lord Arbuthnot and Sir Oliver, and subsequently from ongoing media coverage.
158. I do not know to what extent separation negotiations between Royal Mail and POL would have covered responsibility for Horizon, or prosecutions and civil claims. I expect the Horizon control environment would have been covered because I note in the minutes of the ARC meeting on 17 November 2011 (**RMG00000007**), Mr Millidge was asked to check the Separation Agreement to make sure the SAS70 report was referenced in it. I was not involved on a day to day basis in the separation negotiations. My direct involvement was to

resolve issues that could not be resolved at the working group level. I do not have a copy of the Separation Agreement. I doubt Royal Mail would have accepted responsibility for historic liabilities for matters which were wholly designed, operated and implemented by POL.

159. I had no involvement in investigating any complaints including those raised by current or former subpostmasters or MPs. My involvement, as CEO of the Group, was to make sure matters raised with me by MPs were being addressed by the proper executive.

160. I do not believe Royal Mail would have had any involvement or oversight in relation to specific claims. I also doubt that Royal Mail would have felt the need for deeper oversight of Horizon. In relation to Horizon, the view was accepted that the system itself had been rigorously tested, the failures of Fujitsu in terms of audit preparedness were being addressed, the Royal Mail Chairman was Chairman of the POL board as well, and was therefore in the strongest position to carry any Royal Mail board concerns to POL, and the Royal Mail CFO was also on the POL board when the Fujitsu audit preparedness issues were being addressed.

161. I did not have any responsibility for POL, as a subsidiary of Royal Mail, in any way after separation on 1 April 2012.

Adequacy of oversight

162. I feel the oversight of the Horizon system, from a Royal Mail perspective, was adequate. From a POL perspective, I had no reason to believe it was not adequate. POL had a separate IT team. The concerns raised by EY about

Fujitsu as a technology supplier were being addressed. The POL board was a competent board from my perspective and was led by a highly competent Chairman in the person of Sir Donald Brydon. When I raised concerns about the Horizon system's effectiveness I was told it had been reviewed several times.

163. With respect to the subpostmasters complaints and proceedings brought against them, this would not have crossed my mind as a worry at all until I received the letter from Lord Arbuthnot and the call from Sir Oliver Letwin. Before those communications, the information that had been presented to the Royal Mail boards had downplayed its importance. After I received these communications, I remember thinking there may be more to this than had been represented to me in board and ARC meetings. However, by that time my ability to exert authority was quickly diminishing and was gone completely by the time I got the call from Sir Oliver Letwin.

164. I have reflected on my time at Royal Mail and I do not believe there is anything I would have done differently with the knowledge and authority I had then. I had no inkling prior to separation that the problems with Fujitsu had anything to do with tainted evidence being presented and relied upon in proceedings against subpostmasters. The first time I received information about subpostmaster claims in the context of Horizon came in a broad report on material litigation presented to the ARC in November 2011. From that report we learned there were a small number of complaints for which liability was considered to be "*remote*" and for which there was no requirement to set aside any funds. This was part of a much larger report covering everything from asbestos claims to

an Amazon damages claim, for which significant funds had to be reserved. As I mention earlier, this issue registered with me and I became concerned only in December 2011 when I received the communication to me personally from Lord Arbuthnot and later the call from Sir Oliver Letwin and following which I made clear my view that an independent investigation should be undertaken.

STATEMENT OF TRUTH

I believe the content of this statement to be true.

Signed:

GRO

Dated: 7 June 2024

Index to First Witness Statement of Moya Greene

<u>No.</u>	<u>URN</u>	<u>Document Description</u>	<u>Control Number</u>
1.	RMG00000343	Royal Mail Holdings plc Annual Report and Financial Statements 2010-2011	VIS00014195
2.	RMG00000084	Royal Mail Holdings plc - Audit and Risk Committee - Fines, Compensation and Material Litigation Report - half year update (ARC(11)XX)	VIS00009943
3.	RMG00000003	Royal Mail Holdings plc - Audit and Risk Committee - Minutes of meeting on 8 December 2011	VIS00007411
4.	RMG00000127	Royal Mail Holdings plc - Board of Directors - Minutes of meeting on 14 December 2011	VIS00013026
5.	RMG00000007	Royal Mail Holdings plc - Audit and Risk Committee - Minutes of meeting on 17 November 2011	VIS00007415
6.	RMG00000083	Royal Mail Holdings plc - Audit and Risk Committee - Executive Summary: Update on Post Office Limited Horizon Controls and Relationship with Fujitsu	VIS00009942
7.	RMG00000342	Royal Mail Holdings plc Annual Report and Financial Statements 2011-2012	VIS00014194
8.	POL00362221	Post Office Limited - Board of Directors - Minutes of meeting on 3 November 2010	POL-BSFF-0190731
9.	RMG00000286	Post Office Limited - Matters Reserved to the Post Office Limited board and the Terms of Reference for its Committees	RMG00000286

10.	RMG00000085	Royal Mail Holdings plc – Ernst & Young 2010-11 Audit Planning Report to the Audit and Risk Committee	VIS00009944
11.	RMG00000150	Post Office Limited – Managing Directors Report – Period 4 (July 2010)	VIS00013049
12.	RMG00000005	Royal Mail Holdings plc - Audit and Risk Committee - Minutes of meeting on 20 May 2011	VIS00007413
13.	POL00030217	Ernst & Young Management letter to POL for year ended 27 March 2011	POL-0026699
14.	RMG00000126	Royal Mail Holdings plc - Board paper - Company Secretary report - October 2011	VIS00013025
15.	POL00294837	Horizon – Response to Challenges Regarding Systems Integrity	POL-BSFF-0132887
16.	RMG00000138	Royal Mail Holdings plc – Board paper - Company Secretary's Report - December 2011	VIS00013037
17.	POL00105483	Letter from Rt Hon James Arbuthnot MP (JA) to Ms Moya Greene dated 15 December 2011 and response letter from Kevin Gilliland dated 12 January 2012 re: Odiham Hampshire Post Office Closure	POL-0104663
18.	POL00107698	Letter from Paula Vennells to Rt Hon James Arbuthnot MP re: Mr Paul Kemp at Odiham Post Office dated 9 January 2012 (unsigned)	POL-0110801
19.	POL00295167	Email from Paula Vennells to Alice Perkins re Fwd: Oliver Letwin	POL-BSFF-0133217

20.	POL00114518	Email from Mia Porter to Theresa Iles RE: FW: Mr Letwin	POL-0113552
21.	POL00115849	Letter from Paula Vennells to Oliver Letwin MP dated 4 April 2012 re: Robustness of the Post Office Horizon system	POL-0114586
22.	POL00058098	Letter from Miss Karen Lumley to Ms Moya Greene dated 11 July 2012 re: Julian Wilson and the ongoing fraud allegations	POL-0054577
23.	POL00058099	Email from Ronan Kelleher to Alwen Lyons, ECT and Angela Van-Den-Bogerd re: FOR ACTION: Ref: ECT 136/13	POL-0054578
24.	POL00351332	Email from Angela Van Den Bogerd to Mark Siviter RE: FW: URGENT RESPONSE REQUIRED	POL-BSFF-0177053
25.	POL00353010	Email from Avene O'Farrell to ECT, Flagcaseadvisor and Angela Van-Den-Bogerd re Post Office Ltd Annual Accounts Query	POL-BSFF-0178731
26.	POL00029114	Post Office Limited - Review of Key System Controls in Horizon: Assurance Review (Draft 11/005)	POL-0025596
27.	POL00030482	Post Office Limited - Review of Key System Controls in Horizon, Assurance Review Report for March 2012	POL-0026964