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NOTE OF INTERVIEW – HENRY STAUNTON

DATE: 22 January 2024

Start Time: 1:55pm

End Time: 16:15pm

Investigator: Marianne Tutin, Devereux Chambers (MT)

Note Taker: Aparajita Arya, Devereux Chambers (AA)

Interviewee: Henry Staunton, Chair (HS)

[Introduction]

MT I'm a barrister at Devereux specialising in employment law. I am instructed by Pinsent Masons to carry out an investigation into concerns raised by Jane by way of a Speak Up complaint. Ben Foat was the Commissioning Executive, and now that he is a witness, he has stepped down, and Karen McEwan is the new Commissioning Executive. AA is taking a note. The process is that I will send you the notes of our discussion and be asked to sign them if you agree and send them back to me. If you do not agree, please make any suggested changes which I will review.

HS I might also make changes if I have forgotten anything.

MT That's fine. Perhaps you could do that by way of comment please, so I can differentiate between what you say now and what you may say later. If you think there are emails or documents which will be useful for me to see, please do provide them to me. Alternatively, I can ask the team for them if you provide rough details.

HS I think I have a few.

MT In terms of the process, the report is going to Amanda and Lorna for their consideration. I will make findings of fact and, if I deem it appropriate, any recommendations in respect of whether there have been any breaches of POL's policies and procedures. I am still at the fact finding stage. It is a matter for Amanda and Lorna as to what they want to do with the report. This is a confidential process and I want you to keep this investigation, meeting and the notes of our meeting confidential. However, I am happy for you to discuss matters with your lawyer, Michael Burd.

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- HS At the end of last week, I spoke with three Non-Executive Directors. One of them is Muslim, one is a Jew, and another is Black. I will tell you their reactions to the fact that I have been accused of racism.
- MT **Ok, noted. Besides that, please keep this investigation confidential. So that you know, I am instructed on open basis, but have received information in the course of this investigation that may be subject to legal professional privilege and without prejudice privilege. I understand Post Office wants to maintain privilege.**
- HS Because I am not a lawyer I have no clue what you are talking about.
- MT **Legal professional privilege protects certain confidential information between a lawyer and client from being disclosed.**
- HS I'm not sure what is privilege. How do I respond to this?
- MT **The process that I will be adopting is that I will try not to refer to any privileged information in my report. I will have a separate annex where if necessary I will refer to any privileged information in making any additional findings of fact, and I understand POL will maintain privilege in respect of that annex. I will provide a draft copy of the report to Pinsent Masons for the purposes only of helping to assist me in identifying privileged information.**
- HS I am not clear where that leaves us. But let us leave it there at the moment. I will talk to my lawyer.
- MT **Ok. Do you have any questions for me?**
- HS No.
- MT **Let's start with your non-exec background. I know your appointment as POL Chair started in December 2022. How long will you be in this role?**
- HS Three years, I think. No one does more than three years.
- MT **I can see you are very experienced as a Chair and NED. How long have you been undertaking non-exec roles?**
- HS I was partner at PWC, and then I joined Granada. We broke it up and I became director of ITV. I did a dozen years as partner, some as ED, and retired in my 50s. For 15 years, I have been Chairman of Ashtead, Chairman of Phoenix, Chairman of WH Smith, and a NED of loads of companies, including Capital and Counties. This is the first time anyone has accused me of this.
- MT **Was Green Park involved in your recruitment?**
- HS No.
- MT **Was Saxton Bampfylde involved?**
- HS I can't recall. I was retiring. I said it is time that I gave something. back. The head-hunters approached me and said you are the sort of person we want. Initially I said why would I do that. But they convinced me.

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MT I understand that Tim Parker left as Chair in October 2022 and Ben Tidswell acted as Interim Chair in October and November 2022?

HS POL asked me if I would do it from October itself. WH Smith was comfortable with it. Capital and Counties was also comfortable. I would have chaired 3 companies at a time. Nick said he was worried about the union and that he did not want me to have the overlap with WH Smith, so it took some time to address that. I was working full time here but was not being paid for it.

MT I understand you [GRO] in around October and November 2022. Is that also why Ben acted as Interim Chair?

HS No. It was because Nick was nervous about the reaction. I said really, if you honestly think that's how we should play it, let's do it.

MT What preparation did you do before taking up your appointment on 1 December 2022? Did you read any minutes of Board meetings or RemCo meetings?

HS I was here for two months already and doing two other jobs. I was catching up as much as possible, by looking at minutes, meeting people and talking through problems. Can I make a suggestion?

MT Yes of course.

HS I would like to deal with the letter of 24 May first, then have a pause and you can ask me any questions, and then I would like to deal with the first 4 allegations around Nick, and then pause for any questions, and then deal with the allegations in point 5.

MT That's fine, we can do that.

HS This letter of 24 May, there was an investigation running in parallel at this time already. There were complaints against Jane, by her team against Jane and Jane against her team. Then she made these 10 allegations about Nick and she asked me for a steer. She did not ask me to activate anything and asked me for an off the record chat. When you hear these things, you get nervous. Her concerns related to operational issues around her boss. She did not ask me to take it to the Board. At the time there was an ongoing investigation about her. I was conscious of being called upon to be a decision-maker in some way. In a few days of the letter, she left the building anyway. With all of that background, I felt it was totally inappropriate to have an off the record chat with her. I did recognise she was in a difficult position with her internal team. This is not all about mistakes being made by Jane, which makes it all the more tricky. Nick might feel that slightly less. But these 10 points were all issues known to the board which we were grappling with anyway. Then there is a letter from her solicitors.

MT I understand that was sent to Nick and Ben.

HS I think that they were all to do with her relationship with the team. This is not Chairman stuff. It is HR stuff. Clearly it was a legal dispute. That was another reason to tread carefully. For all that, I felt considerable sympathy for Jane. I

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really wanted her to succeed. We have a terrible culture here at POL, that's why you are sitting there. Someone needed to succeed. She accuses me of being a misogynist.

[HS refers to email exchange of 19 April 2023 which he provides.]

But she said here in an email of 19 April 'thank you so much, I really appreciate your support and advice'. I said 'I do understand the background, please keep Nick posted'. What was this in the context of? It begins to indicate that if I were a misogynist, I wouldn't have bent over backwards to help her. And I would get witnesses to say that no one was more sympathetic and tried to help Jane more than I did. I really wanted Jane to succeed.

MT Jane seemed to consider your working relationship was positive overall.

HS She often walked into my room saying 'what do I do about the staff?' I said 'I am a Chairman, I can't do that. You have to sort this out with Nick'. I tried to help her. No Chairman would have made this effort. You must get this message across. I do believe I tried to ring her after that. She wrote on 24th May. She passworded that note. It takes me a day and half to find it. I did try to ring her. There was a message saying she was out of office.

[HS refers to email exchange of 27 May 2023 which he provides.]

My intention was not to get into nitty gritty management stuff. I was trying to say 'come back into the office. I am very sympathetic towards you'. I was trying to get her to return.

MT I see you sent her an email on 27 May, but is that not in respect of a different issue?

HS It does show that I was trying to contact her. I wanted to say I don't want to get into any of this. But come back into the office.

MT Was that conversation by email or phone?

HS I don't remember. I would have thought it would have been by phone. I don't want you to think I just ignored it. She got this letter in 3 days within which she left. I will pause for any questions you have for those letters.

MT In terms of your conversation with Jane, when you received the original letter of 24 May, can you recall precisely what you said to Jane about it?

HS I don't think I spoke to her. I got this letter, which was password protected, and it took us to the end of the week to open it.

MT Did you speak to her to obtain the password?

HS No, she texted it to me. I just wanted to get her to the office, just to say it was not past the point of no return.

MT When did you have that conversation?

HS I didn't. I would have said to her to come back in and have a chat with Nick.

MT Did you ever have a conversation with Jane about her letter?

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- HS No. I don't think I would have. One letter was HR stuff and the second was about issues which would get into legal. My job is to see if we can mend the relationship.
- MT **Jane told me that she thinks you did have a conversation about the letter.**
- HS I can't remember.
- MT **She said it was by telephone and she called to give you the password.**
- HS There is an email that she sends me the password with. My lawyer found it actually. Can you give me a list of things I need to find?
- MT **Yes I will highlight the points in the notes. She says there was a discussion by telephone about the contents of the letter. She said you asked her what the letter was about. She said it was a complaint about Nick. She says your reaction was 'you need to look after Nick'.**
- HS My job is not to look after Nick. It is being Chairman. You can see, I was very supportive of her, more than anyone else. It would be confirmed by all the executives.
- MT **She also said you would have gone away to consider and later initiate a conversation about the contents of the letter.**
- HS I thought one was HR and the second one all of these things we knew about, and I wanted to get her into the office.
- MT **If you look at the fourth paragraph of the letter, she says she is "*concerned that having made disclosures to Nick, I am now being treated less favourably, not least by the way in which the investigation against me is being carried out*". When you read the letter, did you understand that Jane perceived herself to be a whistleblower, or did you perceive her to be one?**
- HS Because I am not a lawyer, I would look at it in businessman terms. I am beginning to repeat myself but I felt the issues she raised were not whistleblowing, but it is telling us that leadership is not good, the culture is all wrong, and I know the culture is not good. That's why I am trying to change our governance, including our investigations culture. We investigate absolutely everything, which is why you are sat there. This has nothing to do with whistleblowing, which is what I often say.
- MT **So you didn't understand the letter to be a matter that might be raised under the Speak Up policy, for example?**
- HS Her complaint is about the business and there is no other information. If she had said that Nick is taking bribes or that his expenses are too high, that is Speak Up. I didn't see those as Speak Up issues.
- MT **Did you have any discussions with other members of the Board about the letter?**
- HS I went to see Nick about it and chatted to him. I knew we were heading into legal. I did not see this as anything new. We were discussing these things and talking about it every morning.

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- MT** I understand Jane sent a further letter to the Board at the end of July. It was provided to Amanda Burton on 28 July. I will share it on my screen to see if you are familiar with it.
- HS** I didn't speak to her. But I tried to ring her and got that message. I am positive we did not speak.
- MT** Amanda appears to have forwarded the letter to you and Ben Tidswell.
[MT shows the letter to HS on screen.]
- HS** Amanda is acting here as Speak Up champion, presumably?
- MT** Quite possibly. It is an early draft of the complaint that I am now investigating.
- HS** If she has copied me, I would have received it. I think Jane's letter is very fair and it must have been a terribly upsetting experience for her, to the extent I am not sure we have treated her fairly. I think she's in the wrong, net, but not 100% in the wrong, net. Nick thinks she was in the wrong, and overall I thought she was in the wrong, but I understood her on some points. Let me deal with the other points and let's come back to that July letter. Jane's first point is the bonus multiplier.
- MT** Ok, let's now turn to the pay matters.
- HS** Let me just do all four points together. Bonus multiplier: I wasn't around in 2022 at the time. I worked with Jane for two whole days over a weekend writing a letter for Nick on his pay. A week or two before, Angela Williams had to write this letter on Nick's pay. I gave my time begrudgingly. I worked closely with her one weekend, but not once did she raise the issue of the multiplier with me. When I was made aware of the issue, I contacted Ben Tidswell, who said it was very detailed but there was no impropriety on Nick's part. For the second point, Jane never mentioned it to me. I wasn't around. For the third and fourth points, I worked with her for long days drafting letters, and I went into Nick's office and he said 'she's got the bit between her teeth'. I am just summarising here - I think she dived into this with the idea that she wanted to show that she could achieve something which Angela Williams failed to do. She wanted to sort something out as the new person. She went in like a bull in a china shop, which is harsh. The main point was that in all this time she never made any insinuation of bullying, which she would have over 16 hours on a weekend. On the basis of my discussion with Nick, I asked 'are you thinking well enough about this Nick' [her dismissal]. Nick's net view was that she could have done it, but she has been sick, we have had all these HR issues and he was fed up about it all, and secondly, she just should have been here in the office. One of her staff have come in and said she shouldn't be here. Her staff have folded elbows and complain of reverse bullying as you see it. The point is Nick didn't say anything bullying about her. I said to him, 'that's not my job Nick. My job is to ask if you've thought this through'. For the fourth point, I said that I was aware that Nick was dissatisfied by his remuneration, but he did not think it was a fault of Jane's. I did not think Nick was ignoring or failing to acknowledge her work. However I

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was increasingly aware the relationship between them was not working. She came to me to say this was not working, and I said this was an operational manner. I did counsel her that she was going too fast and was not taking people with her. It became clear to me from the problems with Jane, as she was in way too much of a hurry. As Chairman, there was a limit on what I could or could not do in what I saw as 'management nitty-gritty'. I saw my role as encouraging both Nick and Jane in working it out. I was seen as Jane's biggest supporter in POL. I did not see any indication that Nick failed to acknowledge her contribution.

MT I have asked for a lot of documents regarding Nick's pay and I am still trying to get to the bottom of things, so you may need to fill in some gaps for me.

HS I'm working 50 hours a week currently, so looking for documents wasn't my biggest priority.

MT I understand. Let's deal with Nick's base pay first. I appreciate this entirely pre-dates your time. I have looked at the Annual Reports which contains information about the history of the CEO's pay. I can see Paula Vennell's base salary at the point of her departure was £255k, whereas Nick's base salary was £415k, which is quite a significant jump. Do you know why there was such a significant increase?

HS You call it base pay but it includes pension and something else. You might find that the base pay number was not dissimilar to Paula's. It is difficult to compare their salary.

MT Thank you. I have also seen a letter in your name, although I suspect Angela Williams wrote it, about Nick's pay. It was sent to Grant Shapps on 11 November 2022.

HS I wasn't even Chairman then.

MT You say in the letter that you will become Chair on 1 December 2022. Why did you send that letter, rather than Ben when he was interim Chair?

HS I was based here. Because of unions, I wasn't officially the Chair. I went to see Grant and I said I have to send this letter. Somehow Jane wouldn't take that. She was going to get something drafted by Angela. I did spend time with these people.

MT You sent this letter 2-3 weeks before formally starting as Chair. What conversations can you recall having regarding the issue with Nick's pay before starting as Chair?

HS Lisa was involved. I may have had one or two chats with her. But the main contact was between Angela and Lisa. My feeling with Lisa was that I don't think her heart was in it either.

MT What made you think that the government might award a pay increase to Nick if you intervened?

HS Nick hasn't had a pay increase for four years.

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- MT** In the letter you say Tim Parker has raised the issue of Nick's pay with Paul Scully and Kwasi Kwarteng over the past year. Do you know what was the tenor of those conversations between Tim and the government?
- HS** Tim said there was a problem with Nick's pay in terms of no increases being awarded. I had written and failed. That probably was also the steer from the RemCo chair.
- MT** Did you think it was unusual that there hadn't been an increase in pay? Did Nick have an expectation of an increase?
- HS** I think he did. Every other CEO sees inflationary increases year on year. I think Nick thought it was unfair.
- MT** From the Annual Report, it looks like Paula Vennells didn't have a material pay increase whilst CEO between 2014 and 2019. Why did Nick expect he would receive an increase?
- HS** I think Nick came with the expectation that if it was a normal commercial company, it would increase.
- MT** In your letter, you refer to the flight risk this issue could create. You refer to the "*significant risk to the reputation and success of POL*" and mentioned the risks being "*even more present*" and needing to "*take active control of the situation*". You said there was an urgent need to take action to retain Nick. At that stage, how real did you think the risk was?
- HS** Even though I hadn't joined, Nick was saying 'I have had it, and I can't be treated like this I am going'. Which is why this was a big issue. This is why I wrote the letter, to say I have tried.
- MT** Given you sent this letter before taking up the appointment formally, was this a priority issue for you as incoming chair?
- HS** No. There were about 25 priority issues. It was interesting how Nick felt that it wasn't fair. I think Lisa also felt it but I said I am doing the best in other areas. I think this is why Lisa said 'I can't do much on base pay but what can I do on the multiplier'.
- MT** After sending the letter to Grant Shapps, were you shut down by the government?
- HS** Yes. I went to see him.
- MT** Was this the meeting on around 10 January?
- HS** I can't remember but he was nodding and was not interested. He said it was a fraction of the pay he got and this was a huge job. There was a huge undercurrent of 'I went to grammar school; this guy is sending his kids to Eton'. They had done their research on Nick. I thought that while Grant was here, he would not get an increase.
- [HS to check when he saw Grant Shapps.]
- MT** When you first met Jane, what conversations did you have with her regarding Nick's pay?

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- HS I suddenly got involved in the weekend of drafting. I hadn't thought about it until that time. I did pop into Nick's office and I said that the driving force was that Angela had failed but Jane wouldn't.
- [HS to check the date of the weekend of drafting.]
- MT **I am still trying to work out the chronology of discussions about Nick's pay. I think the meeting may have taken place on around 10 January 2023 when Grant Shapps turned down the proposal. Did Jane follow up with the government with further proposals after the meeting?**
- HS After I saw Grant's reaction, it thought we can't have that. Jane was trying. I have spoken to her secretary. I wanted to slow down Jane and Nick. I said to Nick, 'Grant Shapps is not interested. That's how it is Nick - either you do this job or you go somewhere else'.
- MT **So you were the one to relay the message to Nick arising out of the meeting with Grant Shapps?**
- HS Yes.
- MT **Jane says Nick sent her a series of messages in which he said he was going to take legal advice and threatened to resign and bring claim for constructive dismissal. Do you know if that occurred?**
- HS He has said that. I have never seen a CEO under so much pressure. I always allow him to blow off steam on me. Just before this Christmas he said 'I am going to resign the next day'. I was just leaving my office but took my coat and hat off, I spoke with him for 2 hours. I said 'I will try and get a good deal with RemCo. We will try and have you leave as a good leaver, because I understand.' I have never seen a CEO under so much pressure. He did say that - I think at the time he was quite serious, I don't think that's how he feels all the time. I said to take Christmas off, and we will revisit. He is now not about to hand in a resignation letter. But tomorrow I am going to tell UKGI that he could go at any point. This investigation could tip him into leaving. It needs to be handled carefully. He did say it, but I said to let's just talk about it tomorrow.
- MT **Noted, thank you. I can understand a CEO blowing off steam, as you put it, to their Chair. However, if Nick were to do so with Jane, a direct report, and raise these issues in a forceful way, would you see that as appropriate behaviour?**
- HS I think if you have a good relationship with your CPO, then you would. We don't agree on everything. It is not all kisses and cuddles.
- MT **What was your impression of their working relationship at that time?**
- HS She is a very robust individual. I do think she was robust when she was here. I knew we have to be robust and change the culture. I never saw anything from Nick that was negative or bullying towards her. He was fine, how I would expect a CEO to behave to a member of the GE.

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- MT** **Going back to the chronology in January, Jane says she arranged a conversation between all three of you, possibly on the weekend of 14/15 January regarding Nick's pay. Do you recall that conversation?**
- HS** No.
- MT** **I understand over the coming days Nick continued to complain about his pay, threatened to leave and was said he was unhappy with Tom Cooper's role on the Board. Do you recall that?**
- HS** I knew Nick had problems with Tom Cooper. I got valuations about every Board director. I knew he was unhappy about his pay. Other than when he got frustrated about it, he was okay.
- MT** **I appreciate it is not your role to be involved in management, but do you think at this stage, the focus of Jane's work was only on Nick's pay? Or was she involved in other tasks?**
- HS** She wasn't spending all of her time on it. She lives quite far away. The number of times she is working from home was quite a bit. Her main job was the culture job. So, no.
- MT** **Did you have another conversation with David Bickerton at BEIS and Charles Donald at UKGI, towards the end of January?**
- HS** I haven't looked at my diary. What was the issue?
- MT** **I think it was further proposals about Nick's pay.**
- HS** She did drive me to Victoria Street and I remember thinking Jane you are wasting your time. I recall being on Victoria Street with Charles and Jane. She thought it would open up some doors but it never did.
- MT** **I've seen an email which suggests that at round this time it was agreed with Grant Shapps that Nick would receive a 5% salary increase. So it seems there was some success?**
- HS** I know Nick received a 5% increase but I can't remember the precise details. I think Jane regarded it as a thing Angela could not have done.
- MT** **Did that satisfy Nick regarding his pay package?**
- HS** I think it helped. But we are talking about some bigger numbers. I think it helped a bit.
- MT** **From your perspective, you thought Jane was very satisfied with the deal that had been struck about Nick's base pay?**
- HS** Yes. Particularly because Angela could not get it done. I detected there was something between them.
- MT** **I have then seen a letter dated 21 April 2023, sent by Kevin Hollinrake to yourself confirming what was agreed. The letter suggests that Grant Shapps approved in January an increase to Nick's base pay of up to 5% from 1 April 2023. However, the letter goes onto say that RemCo wanted the pay rise to be backdated to 1 April 2022, which was approved. It says that replaces,**

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rather than is in addition to the pay rise Grant Shapps approved, and no further pay rises for 2023/24 would be considered.

HS I am convinced the Minister thinks that was a given.

MT How was the backdating achieved?

HS I think Jane was determined to show me she could achieve something which I said was not worth trying for. That was all part of it. She did achieve it and it did help a bit with Nick. To go back to the chat I had with Nick before Christmas, pay wasn't mentioned then. We are now much more into how he is valued and treated by the Board and the shareholder. He did not mention pay back then.

MT There is one line in Kevin Hollinrake's letter which I want to understand: "going forward, appropriate steps need to be taken to ensure there is no further miscommunication between POL and government regarding pay requests and approvals". What does this refer to?

HS I think it is the 5% backdating issue, but I read it as saying 'don't try that stunt with me again'.

MT Was Nick's unhappiness with pay discussed at any Board or NED only meetings?

HS No. He would blow off steam at me, but never raised it at RemCo. I thought that he knows the score deep down.

MT Do you think Jane acted as a lightning rod for Nick's unhappiness about his pay?

HS No. It was her initiative to beat Angela and she was tickled when she got the 5%. Nick was unhappy with pay but he never said to me he had failed. I never saw or heard of any pressure on her - by her or by him. She would pop up into my room and take up twice as much of my time as the commercial team.

MT Jane also says she sent you a note in January and had a follow-up conversation with you about Nick changing his behaviour and shutting her out as he did not think she had been successful in negotiating. Do you recall that?

HS She came to me, but I said I was the Chairman of the company. I said she has to sort it out with her boss.

MT Do you remember getting a note?

HS No. But she might have sent it. That's not Chairman territory. I do remember the chat but I said that's not for me.

[HS to look for any note provided by JD in January about NR.]

MT In respect of these pay matters, Jane has accused Nick of bullying her and says gender played a role in that. Do you think he would have treated another male CPO in the same way as he spoke to Jane?

HS There not an ounce of misogyny in me or him. He is just a straightforward guy.

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- MT** Let's discuss the diversity of the GE team. Currently, the only woman in the GE team is Karen McEwan?
- HS** No, that's not right. Kathryn is our CFO. She is our acting CFO.
- MT** What's her surname?
- HS** Sherratt. We have Karen. We have CP, our chief of staff.
- MT** Am I right in thinking all of the GE are white?
- HS** I think that's probably right.
- MT** It sounds like there has been some improvement in the diversity of the GE team from a gender perspective, but there is underrepresentation of BAME individuals. Have there been any discussions about the diversity of the GE team at Board or NED only meetings?
- HS** Yes. We are very keen to improve. It takes time. Andrew is **GRO** That is just as important. To start from a zero position, it does take time. Having three top women now is not good enough, but it is a huge progress.
- MT** Have any concerns been raised at Board level about whether anything more could be done to improve diversity in the GE team?
- HS** We have talked about if Martin moved on in retail, we would appoint a woman there.
- MT** Who at Board conversations about increasing diversity at the GE level?
- HS** I have raised it.
- MT** I appreciate this is a difficult question to ask of you but I am interested in your response. Do you think Nick is only comfortable recruiting people who look like him and reflect his experience, i.e. white men?
- HS** No, CP, Kathryn, the two new additions have been both women.
- MT** Let's turn to the allegations in respect of the bonus multiplier. I will set out my understanding of the issue so far. I understand that for the 2021/22 financial year, the annual bonus for eligible GE members was based on 80% weighting of company metrics and 20% weighting of individual metrics. Angela Williams put forward a paper to RemCo for a meeting in early July that proposed a multiplier should apply to the entire element of the bonus. That was based on performance ratings, so if an individual received a performance rating of 4 or above, the multiplier would be above 1 and result in an increased award. From what I have seen, at the RemCo meeting in July 2022, Nick's performance was put forward as exceptional or 5. That would result in a multiplier of 1.5. At the meeting, there was a discussion about applying this multiplier to the whole element or the individual element. Tom Cooper did not think the proposed approach was set out in the scheme rules. Angela was asked to do more research into historically how the multiplier had applied. At a later RemCo meeting in July, three options were put forward by Angela: should the multiplier apply to whole element, to just personal element, or to trim the multiplier and apply it to

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the whole? There was a discussion regarding the justifications for each approach. It appears there were concerns, particularly from Tom Cooper, about whether Angela's original proposals had been communicated clearly to BEIS. What was agreed at that meeting was the third proposal, i.e. that the trimmed multiplier would apply to the whole element.

HS Yes.

MT Were you aware of this issue and when did you become aware of it?

HS I wasn't aware at the time of writing all these letters to government. I became more aware of it when Ben Tidswell talked to me. He said the administration wasn't good. I subsequently discovered all the issues you have talked about. I am not sure what Jane's point would be there? Impropriety and Nick knowing about it? Ben's view is that is absolutely not the case.

MT When was the conversation with Ben?

HS Months ago.

MT Why were you having that conversation with him? What triggered it?

HS I think it came out of RemCo. I asked him if everything is alright and has Nick acted properly? I didn't know what to make of it really. It is also in the past and it was dealt with.

MT When you had this conversation with Ben, were you aware of the internal debate at RemCo whereby Tom Cooper appears to have been unhappy that approval had not been given by BEIS to this approach to the multiplier?

HS I am not sure. Ben said there is no impropriety. As Chairman, he has told me that, I will move on to something where there is a problem.

MT The outcome of the 26 July meeting was to recommend the application of the trimmed multiplier, rather than approve it as such. Did approval then have to be sought from the shareholder regarding the proposed bonus payment?

HS A lawyer could answer that question but I would have thought yes. Ben Foat would be better able to answer. You always have to double check.

MT I have reviewed the Articles of Association and it looks like prior written consent has to be obtained from the shareholder for any material changes to pay, including bonuses, for a company director. Do you think consent was needed for payment of the bonus?

HS I would have thought absolutely.

MT In respect of bonuses, clearly the outcome is unknown when targets are set because the outturn is not yet known. So would approval from the shareholder in respect of Nick's bonuses always be required?

HS I thought it would always have to be? Who is raising these issues? I thought it was dealt with.

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- MT** Jane is raising these issues. I know Amanda carried out her review in relation to the Transformation Incentive Scheme but this is a slightly different issue.
- HS** My issue was there was no improper behaviour, and that is in the past.
- MT** If shareholder approval is needed in respect of the payment of Nick's annual bonus, what would the process be? Who would be contacted?
- HS** I think it would be... Lisa did it in that time. I would have thought if it related to Nick, it would pass through the various channels between POL and government. It wouldn't go through the minister.
- MT** If I do need to speak to Ben Tidswell further about this issue, I saw that he has decided to step down from his role. Is that happening with immediate effect?
- HS** Yes. He would still be available.
- MT** Nick appears to have been paid his bonus immediately after the RemCo meeting in August 2022. Do you know if approval was obtained from shareholder before payment was made?
- HS** No.
- MT** Is it common for payments to be made and then to obtain retrospective approval from the government?
- HS** That's why I am hesitant. There is something that makes me believe something was not right here. Ben says the administration at RemCo was not good.
- MT** Going back to Kevin Hollinrake's letter in April 2023, he refers to discussions in January last year. He says, "*in January Grant Shapps retrospectively approved the bonus that was paid to Nick for FY21/22*". So it appears approval was granted by the government to the annual bonus where the multiplier applied to the whole, but only after the event?
- HS** I have a feeling that was the case. I can't be sure but I think you are right. This I think was the biggest part of the whole thing.
- MT** If it was ambiguous whether consent had been given in respect of the approach to the multiplier, should shareholder approval have been sought before payment was made?
- HS** I think this is one for Ben Tidswell. I couldn't answer this.
- MT** When you had the meeting with Grant Shapps in January 2023, was there any conversations regarding Nick's bonus and the application of the multiplier?
- HS** No. It was all in the past.
- MT** Jane says that the issue regarding the application of multiplier resulted in Lisa Harrington having to apologise to Treasury and government. Is that right?

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HS I think she went in and I think there was a letter. And I think she would have attributed a lot of the blame to Angela. When things go wrong, a lot of people attribute blame.

MT What was Lisa apologising for?

HS I think it was the bonus multiplier issue. I think it was more about paying without approval rather than the approach. I think the previous bit was even more in the past. I was less aware of that.

MT Jane also suggested that Paul Woods, the then Rewards Director, resigned because of this issue. Do you know why he left?

HS No.

MT Insofar as you can recall, presumably an annual bonus was recommended for Nick for FY22/23 last summer? Can you recall any multiplier applying to that bonus?

HS I don't know. I can't remember. If Ben Foat had let me know, I would have researched these.

MT I would rather you do not liaise with Ben Foat about the investigation, as he is now acting as a witness. That is why Karen is the new Commissioning Executive.

HS Why would he be involved?

MT There are certain questions I have for him in respect of Jane's allegations. I now want to move onto allegation 5. Why don't we take a break at this stage?

[5 minute break]

HS I will deal with point 5 onwards. As for the pains in the arse comment, I simply do not recognise it. I would not say it and it is not something I would feel or say. I appointed a woman to the Chair of RemCo. This is something I find abhorrent. All my previous experience shows that no one has accused me before this. I went out for Jane on a limb and would not have said it. I was focused on diversity and wanted to increase diversity on the Board. It is evident from the appointment of Andrew (who is Black). I do not recall the conversation but it could be that when we were running through candidates, I may have said she does not tick more than one box. As a question of misogyny and racism, I find it abhorrent. I came across something. This was something after the meeting of 25 January. On 27 May, I have written an email to Nick, saying that some of our staff are uncomfortable about racial profiling. I said to them that Andrew joins in a few weeks as a NED.

[HS reads from email of 27 May 2023 previously provided].

My lawyer said that is serious stuff. That's how strongly I feel it. My lawyer said he has never seen such a strong letter from a CEO or Chair. I don't have any recollection of calling a person a girl. At the end of the last update meeting with NEDs, Andrew, Saf, and Elliot, I informed them I was being investigated. Elliot and Saf said welcome to the club. They said nothing has

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changed in POL regarding investigations. Investigations are a cancer – nothing gets changed. Andrew was horrified and shocked at the allegations. Elliot and Saf were shocked but not surprised. Each of our three minority candidates did not recognise an ounce of racism against me and were prepared to say so if asked. I thanked them for their support and I insist you ask them. Saf said he would be willing to go on the record. He said I was not a racist and it was absolute bollocks. Elliot and his family have thanked me for commiserations and support I have given them with recent events. I remember recommending David Baddiel's 'Jews don't Count' book. Elliot has said that he could be quoted that he had not seen any racism in me. But this all reflects the toxicity of POL. One could argue that there is evidence of antisemitism from our Board but it was not from me. I worked for a very stressful time for three years at Capital and Counties. I insist you speak to the CEO. He denied any hint of racism. I insist you speak to **GRO** who I hired as NED at WH Smith. I also insist you speak to the CEO Carl Cowling from WH Smith. I would get standing ovations because I would champion the cause of promotions without reference to creed or colour. Carl would confirm that none of the thousands of people there would say that I was a racist.

MT I cannot make any promises that I can speak to people outside of POL. That is not a decision for me.

HS I insist as this is my reputation for 50 years.

MT As I understand it, NEDs don't receive any EDI training at POL?

HS We did at WH Smith and other companies. But I don't think I have been involved with anything at POL.

MT Have you read POL's Dignity at Work policy?

HS I am sure I have.

MT To be clear, as I understand it you have not received any EDI training at POL?

HS No.

MT Outside of POL, have you received any training on EDI, anti-discrimination/harassment or unconscious bias?

HS Sure. It was at WH Smith and Capital and Counties. It is just as applicable here.

MT Did you personally take the training at WH Smith?

HS Yes and all NEDs would have.

MT What did that training entail?

HS It differs from person to person.

MT Was it 1-1 training ?

HS That would have been in a group.

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- MT Can you tell me any key takeaway messages from that training you learned?**
- HS The key training is it is easy to slip up. When I speak to my lawyer, I asked if I have said something wrong. Like, when I said Andrew is Black - is that wrong? I understand it is all about respect. I love going to Post Masters meetings - it is hugely diverse and I love it. They asked me to write a writeup for my background. I said for first three years, I was educated in a boarding school in India, where I was a minority and I enjoyed it.
- MT Let's turn to the allegation about what was said at the meeting with Green Park. Do you know how long POL have worked with them?**
- HS No.
- MT Before the meeting on 25 January 2023, did you have any experience of them?**
- HS No.
- MT As I understand it, the purpose of that meeting was the recruitment of the RemCo Chair, which was taking place between the recruitment of the ARC Chair and a NED.**
- HS No it was just NEDs. Andrew applied for the job and I wanted diversity. I said Andrew, 'you would hate it but you have business acumen'. If you apply, it would be much more fun if you were NED, he said okay. So we appointed him. I wasn't going to appoint him to a job he would hate simply to tick a box for diversity.
- MT I understand on 25 January you had a longlist of candidates for RemCo Chair but were also thinking about the independent NED position?**
- HS They had said our choice would be these five and that's how a longlist works. You then ask why this person and not that person etc.
- MT Who was the key contact from POL with Green Park for the recruitment exercise?**
- HS I think it was me. I think it is always more difficult because it is online. I think it was online, which is why I can't remember the meeting.
- MT Did you have any prior conversations with someone from Green Park about the recruitment exercise prior to 25 January?**
- HS No. I can't remember.
- MT Did you indicate to Green Park if you had any diversity targets?**
- HS I would have said because we have gone with Simon on ARC Chair, I would have said we must hit diversity targets. Because I had Andrew in my mind for the independent director role and preferably two ticks in the box. And I wouldn't have used that phrase. I must have said it to Jane and that with the RemCo Chair we would hit female diversity. I don't know how much I divulged to her but I probably did.
- MT Did Jane attend in person?**

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- HS I would have thought not, why would she do that if I was not there? I have never been to Green Park.
- [HS to check diary for whether he attended Green Park meeting in person or by video.]
- MT **I understand a progress report was provided by Green Park, which provided summaries of CVs and photos of long-listed candidates.**
- [MT shows the progress report to HS on screen.]
- HS Why was Andrew on there? He only applied to be the Audit Committee Chair. It never featured in my thinking that he would have been a RemCo Chair.
- MT **I think there was an issue with sequencing. Do you recall receiving this report?**
- HS I do not. I don't think Andrew ever applied for RemCo Chair.
- MT **Jane said you had a tendency to refer to younger women as girls and older women as ladies. Do you think you used those labels at the meeting?**
- HS No.
- MT **Perhaps I can offer an example. Forgive me, but I have done my research and see you were born in 1948. You were born within the same few weeks as my father. Sometimes he refers to me and my sisters as girls, even though we are in our 30s and 40s, as we are his children. It can even be a term of affection. Is it possible you might have referred to younger women as girls in this way, perhaps without consciously realising it?**
- HS Look, when I was talking to Michael Burd, I said I walked past a group of men and said morning men and I said to women that morning ladies. That's ok. I wouldn't have said morning women or morning girls.
- MT **Do you understand why some adult women might be offended if they are referred to as girls?**
- HS Yes, absolutely. If I just walked into a meeting with 3 non exec. women, I would say to them 'morning ladies'. I would bet they would not have taken offence.
- MT **You have told me you did not use the term 'pain in the arse', but I want to put to you what Jane says and you can tell me your response. She says you asked if a female candidate would be a pain in the arse and she asked what you meant. She says you said you had a female CEO at WH Smith and she had refused to employ women because they're all pains in the arse.**
- HS [GRO] was one of the most successful CEOs but she would not appoint women. I would say [GRO] can we get women?' Once we got Steve, there were many women. I told her 'you should have seen the difficulty I had when working with [GRO] I probably said that [GRO] said they were a pain in the arse.
- MT **Did [GRO] tell you she was reluctant to employ women?**

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- HS I would say 'come on [GRO] you have to employ women'. But she was a bit like Margret Thatcher. She had a terrible blind spot. We spotted it and fixed it when I became Chairman and Steve became CEO.
- MT **Do you think you might have shared your experiences with [GRO] with Jane?**
- HS Yes. I am critical of us, but the only thing I can say is that this is the experience with [GRO]. I was not saying it was the right thing to do. I would have said the phrase in respect of what [GRO] said.
- MT **Do you think you might have shared this story with Jane at the Green Park meeting on 25 January?**
- HS I don't think I would have done but maybe on the way back. She has used a particular phrase I have used in respect of [GRO] but I did not accept that it was proper behaviour or respectful behaviour.
- MT **Do you think you might have picked up the phone to her after the meeting to share this?**
- HS I am not sure. She was always popping into my office.
- MT **So when you shared your experiences of [GRO] approach to women with Jane, what was the context?**
- HS I was just saying we need to improve diversity. I was saying we are not very good, but this is the position at WH Smith. I was trying to make us feel better, you know. I thought [GRO] was great at running a business but it was a terrible way to do diversity.
- MT **So it sounds like your conversation with Jane might have taken place in the context of a recruitment process?**
- HS About increasing diversity.
- MT **Let's move on to the race element of the allegation. Jane says when you were looking at a particular candidate, [GRO], you said words to the effect of 'she doesn't look coloured'. Dan Richards said she had ticked the ethnicity box. Jane said you said 'she doesn't look coloured, where does she come from?' Do you recall that?**
- HS No.
- MT **Jane says those comments were made when looking at a summary of [GRO]'s CV. Let me show you the page.**
- [MT shows [GRO]'s profile on screen.]
- Looking at [GRO]'s picture, we can see she appears to be fair-skinned and blue-eyed. It is not clear what her heritage or origin is from her picture. In that context, is it possible you might have tried to understand her origin?
- HS No. These things are fraught, so you don't say that.
- MT **Is it possible you might have said words to the effect of 'it would be good to have a coloured NED on the Board'?**

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- HS No. I would have said I would prefer someone who ticked more boxes. Just to have more diversity on the Board.
- MT **Do you understand why someone would be offended by the use of the word coloured?**
- HS Yes, absolutely. I would draw attention to the people on the Board who are happy to speak for me. I use the word Jews instead of ducking it. I have read the book and you can see how I am interested in that stuff.
- MT **Jane says she had a 1-1 meeting with you after the Green Park meeting where she indicated the language you used on 25 January crossed the line or was unacceptable. Do you recall any such conversation?**
- HS No.
- MT **Did she have any conversation with you regarding EDI training for NEDs?**
- HS No.
- MT **Has there been a discussion about the need for EDI training for NEDs generally?**
- HS No. There has been discussion for CPOs but not here.
- MT **Jane says there were at least three other occasions where she has pulled you aside regarding your language. Do you recall that?**
- HS No.
- MT **Do you think you deploy colourful expressions to communicate with people?**
- HS No.
- MT **Has anyone had discussions with you regarding any colourful expressions you use or old-fashioned language?**
- HS I would point you to the three NEDs and other references I have mentioned. I would say there is antisemitism and racism in the Board though.
- MT **Do you recall any conversations with Amanda or Lorna about this matter?**
- HS No.
- MT **Has Karen McEwan spoken to you about your language?**
- HS No.
- MT **That is all my questions in respect of allegation 5. I want to come back to Jane's open letter to the board of 28 July.**
- HS The one sent to Amanda.
- MT **Yes. Insofar as you recall this letter, do you know what was done with it?**
- HS This is Speak Up complaint which means it went to Amanda?
- MT **I don't think it was referenced as such, although it was an earlier draft of what became the Speak Up complaint.**

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- HS I don't have my mind around it, but I would have thought it's all quite the same as what we talked about.
- MT **I don't think it is quite as same.**
- HS If she has raised all of it at the end of the negotiations, but has not made any allegations about me, isn't that key?
- MT **That is a matter I will consider.**
- HS If she has written that long letter but did not raise the issue about me, what does that tell you?
- MT **Can you recall the response to this letter?**
- HS It went to Amanda because of Speak Up. It was up to her to do something with it.
- MT **From your perspective, can you recall if there was in fact a response?**
- HS No.
- MT **I will ask you to find the email of when it was forwarded on to you. It looks like Amanda forwarded it to you on 28 July 2023.**
- [HS to check whether there was any response to AB's email, forwarding the letter from JD.]
- HS Sure. But that letter is a rehash of what she had said before. It covers the same points I have dealt with. These are issues that the Board knew about.
- MT **There is no allegation that this letter went unaddressed. However, it helps me to understand what happened, which may be relevant.**
- HS I do think it is really relevant that she doesn't make any allegation about me until this point. Amanda can't remember what she did with it?
- MT **I haven't spoken to Amanda about it. It is something I may pick up with Ben.**
- HS She should also be interviewed on that matter.
- MT **That's a matter for to take away, although you or Ben may be able to assist. That's all my questions for now, although I may have more questions for you. I am still waiting for several documents, so I may need to clarify matters.**
- HS That's fine. As I said, I was very sympathetic to Jane. We did not treat her the way we ought to have done. But it then got to the stage that she was drifting away from me and Nick had made his mind up. It was unfortunate and I do think her life has been messed up a bit by POL. However, she picks up something from GRO and then twists it.
- MT **Thank you for your time.**
- HS Did you say Green Park had said something about Dan Richards?
- MT **Dan Richards was the Partner in attendance at the meeting, along with individuals called Kate St John Perry and Simon Davies.**

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HS I don't think I have been to Green Park, but perhaps I did. Did Dan say I said something?

MT **His recollection was that you may have said words to the effect of 'it would be good to have a coloured NED on the Board'.**

HS I think I have said it would be good to have someone who ticked two boxes. But I don't think that's racist. I just think the more diversity the better, people look at the Board and they have someone they want to relate to.

MT **Ok, thank you for your help.**

HS Pleasure.

[End]

Signed	
Dated	