



10th May 2023

Rt Hon Kemi Badenoch MP
Secretary of State
Department of Business and Trade
Old Admiralty Building, Admiralty Place
LONDON
SW1A 2DY

Dear Secretary of State

Clarification to Post Office Annual Report and Accounts 2021-22

I write to apologise to you on behalf of Post Office for the error made in including an inappropriate metric as part of the Transformation Incentive scheme in 2021/22 in relation to the Post Office's performance in discharging what were, and continue to be, its clear obligations to the Horizon IT Inquiry. That error was compounded by Post Office's mistake in declaring that this element had been achieved successfully.

As detailed in the Company's statement from Lisa Harrington yesterday, an investigation into the circumstances which resulted in these mistakes is underway. That investigation is being led by Amanda Burton, a Non-Executive Director who joined the Board just two weeks ago, on 27 April 2023. Amanda also takes over as Chair of our Remuneration Committee (Remco) from Lisa Harrington as part of planned succession arrangements for Remco. We would welcome the involvement of an independent third party to assure the robustness and integrity of the investigation and its recommendations and invite your suggestions in this regard.

You will be aware that, as Chief Executive, I have volunteered to return the portion of the bonus which is attributable to all of the business' work described as relating to the Inquiry and not only to the specific element of the metric at issue. The position of other recipients of relevant payments will be addressed as part of Amanda Burton's work.

Finally, it is our intention to appoint an independent expert to undertake a detailed review of the Post Office's governance framework.. In the light of the remuneration issues, we intend to request a specific focus on the governance arrangements for Remco and to ask that this part of the expert's report be prioritised. I hope that this will could be helpful in providing another avenue for recommendations and assurance that could simplify our current governance arrangements. These have, in recent years, become unsustainably cumbersome and do little to promote clarity in decision-making processes. We would welcome a commitment by the Government to review our governance and the reports by the independent expert may be helpful to you.

The errors for which I have apologised are a source of deep regret both for me personally and for the Company as a whole. We will continue to work hard as a business to support every aspect of the Inquiry's work and to offer those affected full and fair compensation as quickly as possible. The transformation of Post Office, its culture and its operations, is vital to the success of today's Postmasters and the customers and communities they serve. The provision of these essential services should not be jeopardised by the rightful fulfilment of our duties to the Inquiry and the Postmasters affected.

I am copying this letter to the Parliamentary Under Secretary of State, Kevin Hollinrake MP

Yours sincerely

A large, bold, black 'GRO' signature is enclosed within a dashed rectangular border.

Nick Read
Chief Executive, Post Office Limited