

From: Chris Aujard
General Counsel

27/01/14

To: Chair and Chief Executive
Post Office Limited

FURTHER BRIEFING FOR JAMES ARBUTHNOT MEETING

Ian Henderson called me this afternoon ostensibly to give me a heads up ahead of Second Sight briefing James Arbuthnot today. It is difficult to know whether this was a genuine heads up or passing on a fait accompli but it is positive in that the communication lines are open.

Ian raised four key areas:

1. **The 26 original MPs cases** – which Ian thinks are all in the scheme. He commented that he thinks that all MPs will want visibility of progress with these cases.
2. **A further Second Sight report** – Ian said that James will push for a further report within the next few weeks. Ian proposed using the generic report that Second Sight are already working on to fulfil this role. I pushed back on this, pointing out that the report Ian was proposing to publish had been produced under the auspices of the Working Group and could not just be published. Further I questioned whether producing a report such as that in the midst of attempting to resolve the mediation cases risked prejudicing their handling.
3. **Past criminal cases** – where Ian felt that James would be very focussed on whether there had been any miscarriages of justice. This triangulates with the draft Agenda now received from James' office which includes past cases which have gone to court as an agenda item. My team have provided a separate briefing on this issue (see covering email), but at headline level, a lot of work has been done to review past criminal cases and off the back of our disclosures no applications for appeal have been made.
4. **Independent reporting** – Ian said that James and the other MPs would want assurance that Second Sight would be able to report independently directly to them.

The call was very cordial, but I did explain very firmly that these were not issues which Post Office would agree to at this point. Firstly both of you were meeting James the following day and would wish to discuss them with him directly, and secondly the Working Group would undoubtedly also have a view on whether this was the right way forward or not.

The current draft of the engagement letter makes clear that Second Sight are only engaged to deal with matters under the purview of the Working Group and that it is up to the Working Group to decide how cases under its supervision are handled not Second Sight's in isolation.

I have annexed the relevant clauses of the current draft letter of engagement.

Chris Aujard

6. CONFIDENTIALITY

6.1. Save in the circumstances described in clause 9, Second Sight and the SS Directors shall:

6.1.1. keep secret all Confidential Information (unless prior written consent is given by Post Office, such consent being in Post Office's absolute discretion);

6.1.2. use the Confidential Information only for the Services (unless prior written consent is given by Post Office, such consent being in Post Office's absolute discretion);

6.1.3. not copy, adapt or otherwise reproduce the Confidential Information except as is strictly necessary for the purposes of undertaking the Services or as required by law; and

6.1.4. upon demand procure the destruction and/or return to Post Office of all copies of any documents and material held by Second Sight and/or SS Personnel which incorporate any Confidential Information (except such documents or material that Second Sight is required by law to retain).

6.1.5. Neither Second Sight and/or the SS Directors, employees or persons otherwise engaged by Second Sight to deliver the Services will act, directly or indirectly, in any capacity (whether for any former or current Subpostmaster or a competitor of Post Office or otherwise) against Post Office or any of its officers, directors or employees save as where required by applicable law or by the mandatory rules or requirements of any recognised investment exchange or any regulatory authority, government department or agency to which Second Sight is subject or by order of a court or a competent jurisdiction, or save as where it is otherwise expressly agreed in writing by Post Office that the work proposed to be undertaken does not and is unlikely to have a material adverse effect on Post Office's commercial or financial interests or reputation.

9. ENGAGEMENT THIRD PARTIES

9.1. If any person, other than an applicant or their professional advisor, should seek any Scheme Information or any information relating to Second Sight's services hereunder from Second Sight, Second Sight shall immediately relay such a request to the Working Group.

9.2. Second Sight shall only discuss the Scheme or disclose Scheme Information or any information relating to Second Sight's services hereunder to any third party with the express consent, and in accordance with any directions, of the Working Group but subject always to clause 7.

SCOPE OF SERVICES

1. The Services Second Sight agrees to provide to the Working Group are as follows
 - 1.1. serving as a member of the Working Group and attending Working Group meetings as required, and act in accordance with any directions from the Working Group Chair;
 - 1.2. advising, as requested by Post Office or the Working Group, on the format, style and content of the documents which are submitted by Post Office and/or Subpostmasters during the Scheme;
 - 1.3. investigating the specific complaints raised by each Subpostmaster who has been accepted into the Scheme with the aim of providing:
 - 1.1.1. an assessment of points of common ground between Post Office and that Subpostmaster;
 - 1.1.2. an assessment of points of disagreement between Post Office and that Subpostmaster;
 - 1.1.3. where there is disagreement, a logical and fully evidenced opinion on the merits of that Subpostmaster's complaint where it is possible to do so;
 - 1.1.4. a summary of any points on which it is not possible to offer a fully evidenced opinion due to a lack of evidence / information;
 - 1.1.5. a view on whether a case is suitable for mediation; and
 - 1.4. assisting with any reasonable requests made by the Working Group and/or Post Office;

(together "**the Services**")
2. Second Sight shall at all times conduct the Services solely in furtherance of the objectives of the Scheme as set out by the Working Group.
3. It is recognised that Second Sight is not required to definitively determine every issue raised by a Subpostmaster but rather is required to reasonably investigate and, where appropriate, offer an opinion on the key issues in dispute between a Subpostmaster and Post Office.
4. Although Post Office is engaging Second Sight, Second Sight is to act independently in providing the Services and any assessment or opinion given by Second Sight shall be neutral and without bias and based on the facts and evidence available.
5. In providing the Services, Second Sight shall:
 - 5.1. act with the skill and care expected of qualified and experienced accountants; it is acknowledged that matters relating criminal law and procedure are outside Second Sight's scope of expertise and accordingly shall not be required to give an opinion in relation to such matters;

- 5.2. conduct the Services in an efficient manner and with a view to ensuring that the costs of the Scheme are reasonable;
- 5.3. use its reasonable endeavours to comply with any deadlines or timeframes set by the Working Group; and
- 5.4. not sub-contract any part of the Services without Post Office's prior written consent (not to be unreasonably withheld or delayed).