

Appendix A

Summary of Whistleblowing reports received 2018-19

The whistleblowing reports have not identified any root cause which may indicate a systemic problem. However, some investigations have led to further issues being identified at branches and appropriate corrective action has been taken. This includes temporary suspensions of Postmasters.

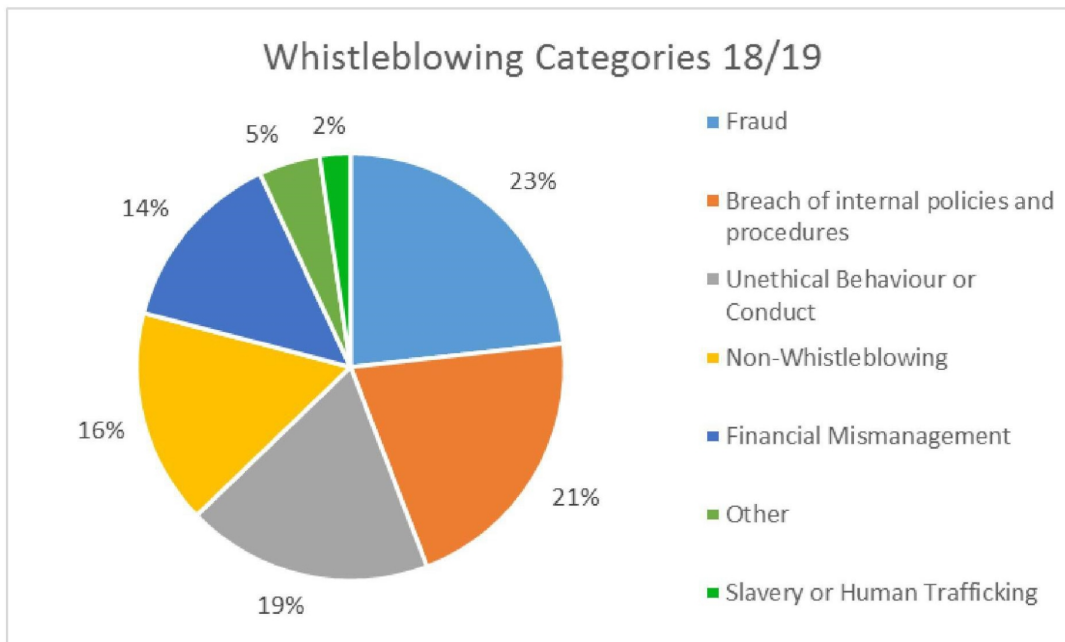
There have been numerous reports submitted by and about employees at a specific non-customer facing location, and each report has been investigated independently. This trend has been raised with the appropriate HR representative to investigate if there are any underlying root causes or issues at this location.

- 43 whistleblowing reports were received and 31 cases were closed.
- The majority of the allegations were about Postmasters or Agent Assistants (22 reports). There were 10 reports made about Post Office employees.
- There has been an increase in anonymous reports being submitted, with most anonymous reports being about employees (8) or postmasters (9). There has also been an increase Agent Assistants submitting reports about their Postmaster.

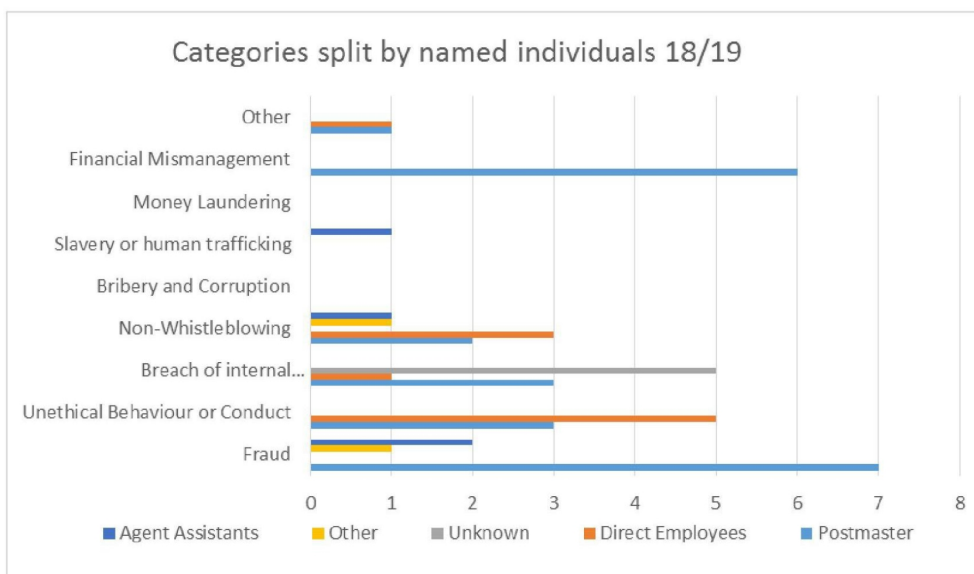
Allegations reported by	Volume 17/18	Volume 18/19	Percentage Increase/Decrease
Anonymous	14	21	50%
Agent Assistant	6	11	84%
Postmaster	9	4	-56%
Employee	3	3	0%
Member of the public	2	2	0%
Third Party*	3	2	-34%

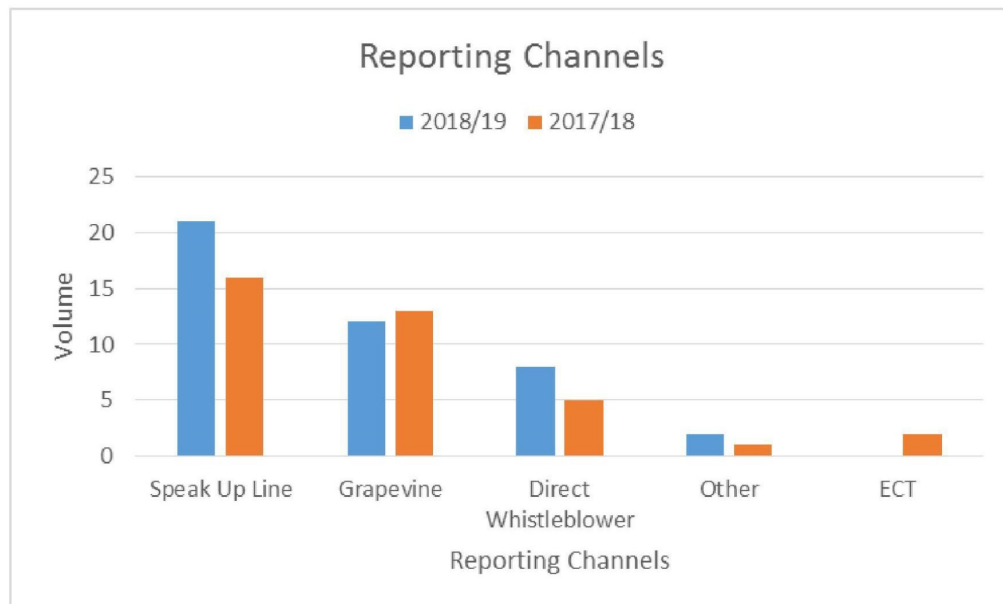
*This includes the Police, Royal Mail and Bank of Ireland

Who the allegations was about	Volume 17/18	Volume 18/19	Percentage Increase/Decrease
Postmaster	12	22	84%
Employee	7	10	43%
Unknown	6	5	-16%
Agent Assistant	10	4	-60%
Branch	1	2	100%
Post Office Ltd	1	0	-100%



- In comparison to 2017/18, unethical behaviour or conduct increased from 13% to 19% and breach of internal policies and procedures increased from 14% to 21%.
- There were no reports of Money Laundering, Bribery or Corruption in 2018/19
- Majority of reports made about a Postmaster were allegations of fraud or financial mismanagement.
- Majority of allegations of unethical behaviour or conduct were made against Post Office employees.





- In the last 2 years, the most popular channels used to report concerns were the Speak Up line and Grapevine.

Appendix B

Summary of EU Whistleblowing Directive April 2019

Background:

Following a number of global corporate scandals such as the Panama Papers and Volkswagen's infamous 'diesel-gate', uncovered by whistle-blowers, the European Commission (the Commission) ratified new EU laws on 16th April 2019 to strengthen the protection of whistle-blowers. The directive will be implemented across the 28 countries by May 2021.

Key Elements

- Defines a whistleblower in Article 3(9) as 'a natural or legal person who reports or discloses information on breaches acquired in the context of his or her work-related activities'. This definition is deliberately broad to encompass not only employees but also shareholders, volunteers, job applicants, non-executive directors, self-employed workers and contractors.
- Introduces a whistleblower regulator in member countries
- Requires a tiered reporting mechanism across all industry sectors and within both private companies and public institutions with 3 or 6 month response timeframes.
- Sets out the framework for protection against dismissal and other forms of retaliation from an employer against a whistleblowing employee.
- Sets out protection afforded to whistle-blowers against retaliatory behaviour from their employers, such as demotion, transfers of duties or location, reduction of salary or hours, disciplinary or financial penalties, discrimination and termination of contract.
- Introduces the concept of the 'reverse burden of proof', which places the burden upon an employer to demonstrate that they did not act in retaliation where retaliatory behaviour is alleged. In cases of retaliation, the whistle-blower will be entitled to remedies in order to prevent workplace harassment or dismissal, in addition to access to free advice.
- Whistle-blowers will be afforded the right to an effective remedy and fair trial, the presumption of innocence, and the right of defence. If the whistle-blower made the report in good faith to public authorities or media in a lawful way, they will be exempt from liability for breach of any restriction on disclosure of information imposed by contract, such as employment agreement, or by law.

The Whistleblowing Directive ensures protection for whistleblowers reporting breaching of EU legislation in the fields of:

- public procurement
- financial services
- money laundering and terrorist financing
- product, transport, food and nuclear safety
- environmental protection
- animal health and welfare
- public health
- consumer protection
- protection privacy, data protection and security of network and information systems

The three-tier reporting process:

- Tier One: Internal reporting within organisation—the first stage of the reporting process is for an employee to make a whistleblowing report to their employers using internal reporting channels and the Directive imposes a three- or six-month response timeframe, dependent upon the complexity of the issue. The first line of reporting may be omitted, however, if the whistle-blower has grounds to believe that an internal report could jeopardise any subsequent investigation.
- Tier Two: External reporting to the competent national authorities—this second stage of reporting is to be utilised where internal reporting processes are not available or in the absence of a satisfactory response to an internal report. In such circumstances, whistle-blowing employees should report to the central state authorities and, where relevant, EU bodies.
- Tier Three: Public/media reporting—as a final resort, the whistle-blower can disclose the information directly to the media if the employer or the public authorities have taken no timely action, or if the breach must be disclosed immediately due to an imminent danger to the public interest.

UK impact

The current legislative framework governing whistle-blowing in the UK was introduced by the Public Interest Disclosure Act 1998 (PIDA 1998), which came into force in 1999. PIDA 1998 amended the Employment Rights Act 1996 (ERA 1996) to protect workers who blow the whistle not only for personal gain, but also in the public interest.

The new EU Directive is expected to be transposed into UK law and will plug some gaps in ERA 1996:

- the definition of 'worker' under the Directive extends to a wider group of people, even including individuals who have not yet commenced employment or those that are going through the recruitment process.
- widens the scope of reporting and offers protections to those who make reports directly to the media, something not guaranteed under ERA 1996.
- imposes obligations on organisations to have a whistle-blowing policy in place and to respond to whistleblowing issues in a timely manner, which is not a requirement under ERA 1996.

Appendix C

Whistleblowing Policy Minimum Control Standards Assurance

The below table shows the residual risk rating from a first and second line of defence perspective for each control type within the currently approved policy as at the Q1 2019/20 review

Risk Description	Control Type	Description of control	Residual risk rating			Control Strength		Q1 Assurance Comments
			L	I	S	1st LoD	2nd LoD	
Failing to investigate the whistleblowing report and take necessary action	Directive	(a) Nomination of a Whistleblowing Officer; (b) Regular reports to R&CC/ ARC; (c) Escalation process to the Audit and Risk Committee	1	2	2	Effective	Effective	FCT are still working through the recommendations following the internal audit during Q3. WB Report Management Process has been documented.
Failing to investigate the whistleblowing report and take necessary action	Preventative	(a) WB Policy; (b) training; (c) Escalation of WB reports; (d) comms	1	2	2	Effective	Effective	FCT are working with HR to promote the WB service as well as incorporating it with the Post Office Values and Ethics. Annual Comm plan is in place and ongoing intranet articles are being published.
Failure to ensure confidentiality for the whistleblower	Preventative	(a) WB policy; (b) Speak Up line reporting; (c) designated WB email inbox; (d) WB confidentiality arrangements	1	2	2	Effective	Effective	All WB reports are protected through restricted access. There have been no breaches of confidentiality during Q1
Failure to ensure confidentiality for the whistleblower	Corrective	(a) WB breach escalation process	1	2	2	Effective	Effective	All WB reports are protected through restricted access. There have been no breaches of confidentiality during Q1

Risk Description	Control Type	Description of control	Residual risk rating			Control Strength		Q1 Assurance Comments
			L	I	S	1st LoD	2nd LoD	
An individual may raise a whistleblowing report with other individuals in the Group. Details may then be shared with various stakeholders before being passed onto the Whistleblowing Officer	Preventative	(a) WB policy; (b) training; (c) comms.	1	2	2	Effective	Effective	Comms produced in Q3 to promote the correct reporting process. There have been no breaches during Q1.
An individual may raise a whistleblowing report with other individuals in the Group. Details may then be shared with various stakeholders before being passed onto the Whistleblowing Officer	Corrective	(a) WB breach escalation process	1	2	2	Effective	Effective	Comms produced in Q3 to promote the correct reporting process. There have been no breaches during Q1.
Failure to capture/report sufficient information about the issue may mean that the underlying issue cannot be properly investigated and resolved	Directive	(a) WB policy; (b) training.	2	2	4	Effective	Effective	Q4 survey results reviewed during Q1 and comms planned to encourage individuals to provide more information. Where possible, Whistleblowers are contacted to provide more information.
Failure to capture/report sufficient information about the issue may mean that the underlying issue cannot be properly investigated and resolved	Corrective	(a) Review of WB report database	2	2	4	Effective	Effective	Q4 survey results reviewed during Q1 and comms planned to encourage individuals to provide more information. Where possible, Whistleblowers are contacted to provide more information.

Risk Description	Control Type	Description of control	Residual risk rating			Control Strength		Q1 Assurance Comments
			L	I	S	1st LoD	2nd LoD	
Failure to effectively record whistleblowing reports and pass onto the Whistleblowing Officer, due to factors such as resource or IT failure	Preventative	(a) Review of service and processes; (b) WB policy	1	2	2	Effective	Effective	Process was last reviewed as part of internal audit in Q3 18/19 and was satisfactory
Breach of whistleblowing guidelines such that a whistleblower suffers prejudice as a result of making a report	Preventative	(a) WB policy; (b) training; (c) comms.	1	2	2	Effective	Effective	WB content within ABC training currently being reviewed. No Known breaches regarding mistreatment of Whistleblowers.