



POST OFFICE LIMITED BOARD MEETING

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MINUTES OF AN ADDITIONAL MEETING VIA TELEPHONE OF THE BOARD OF DIRECTORS OF POST OFFICE LIMITED HELD ON THURSDAY 3 OCTOBER 2019 AT 20 FINSBURY STREET, LONDON EC2Y 9AQ AT 4.00 PM REGARDING DISCLOSURES RELATED TO THE GROUP LITIGATION HORIZON TRIAL

Present:	Tim Parker	Chairman (TP)
	Nick Read	Chief Executive Officer (NR)
	Alisdair Cameron	Chief Finance & Operations Officer (AC)
	Tom Cooper	Non-Executive Director (TC)
	Tim Franklin	Non-Executive Director (TF)
	Carla Stent	Non-Executive Director (CS)
In attendance:	Ben Foat	General Counsel (BF)
	Kenneth Garvey	Head of Legal - IT & Procurement (KG)
	Rodric Williams	Head of Legal - DR & Brand (RW)
	Alan Watts	Partner, Herbert Smith Freehills (AW)
	Catherine Emanuel	Associate, Herbert Smith Freehills (CE)
	Richard Watson	General Counsel, UKGI
	Tom Aldred	Executive Director, UKGI
	David Parry	Senior Assistant Company Secretary (DP)
Apologies:	Ken McCall	Senior Independent Director

Action

1. Welcome and Conflicts of Interest

A quorum being present, the Chairman opened the meeting. The Directors declared that they had no conflicts of interest in the matters to be considered at the meeting in accordance with the requirements of section 177 of the Companies Act 2006 and the Company's Articles of Association.

2. Purpose of the meeting

BF advised the meeting was convened to discuss recent developments regarding a disclosure incident that had arisen in respect of the GLO proceedings and to advise the Board of the mitigating actions in place.

The Board was asked to note the incident and approve the approach in the next steps.

3. The Disclosure Incident

3.1 BF explained that as part of the GLO Horizon trial, Fujitsu (FJ) had previously provided "Known Error Logs", which list known issues in Horizon and provide work arounds and fixes for helpline staff, and that previous versions had been overwritten and no longer existed. POL had relied upon this information when completing the Electronic Statement and had subsequently disclosed this information to the Claimants in December 2017.

3.2 Recently however, FJ had advised POL that the overwritten versions did exist. Consequently POL's scope of disclosure provided was inaccurate which raised two issues:

- Concealment and Procedural Breach – POL's creditability and approach to managing litigation is likely to be criticised – POL had previously been accused of concealment.
- Potential Impact to the Court's findings – whether the volume of KELs (unknown at present) could cause experts to change their evidence and/or impact of the case before the Court. The Claimants had previously advanced a case theory of "tip of the iceberg" i.e. that POL was unaware of all errors and that more existed.

It was noted that alternatively, the release of the previous KELs may not impact the evidence or substance of the matter before Court. However BF was unable to advise further on this until the KELs had been disclosed by FJ and reviewed accordingly.

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4. **Next Steps**

4.1 BF requested the Board to note and approve the following steps:

- 4.2
- To notify the claimants solicitors and the Court of the error advising that this was due to incorrect information provided by FJ. This has been completed.
 - To request an ETA from FJ regarding receipt of the KELs now located and to request POL's CEO to escalate this on a reserved rights basis. POL would remind FJ of their ongoing obligation in respect of Court Case Support Services and a follow-up letter would be sent to FJ reserving POL's legal rights in respect of this incident.
 - To analyse the KELs and understand whether they will affect the evidence previously presented at Court.
 - Court may be reconvened to seek further evidence from the experts as to whether the previous KELs could affect the evidence previously provided. POL may be liable for both sides' costs in that event.
 - [REDACTED]
 - The Horizon Contingency team would review and factor into their contingency plans any potential adverse comments that may be made by Fraser J following this issue.
 - UKGI and the Board would be regularly updated. The Communications team had been alerted to the issue and a statement would be prepared as appropriate.
 - To ascertain any lessons learned particularly around the controls in place to provide assurance of information provided by FJ.

4.3 The following comments were noted:

- TF – considering the volume of potential errors, was the material impact known and what was the position with regards to POL's insurance? [REDACTED]
- [REDACTED] The Board's confidence was low in FJ, consideration should be given to POL's outsourced relationship with FJ and other providers including a review of the management and controls in place with outsourced partners. [REDACTED]
- TC – did the newly found KELs contain bugs/errors not previously known about? RW and BF advised this was possible, but was unknown at present until a review of the KELs had been completed.
- TC – could court be reconvened and what was the ETA for receiving the KELs from FJ? Yes Court could be reconvened which may delay the Horizon judgment. There was no ETA at present from FJ for receipt of the KELs, but we would escalate to NR/ CEO if disclosure was not made in a reasonable time (previously noting that it is not as simple as lift and dropping a file into an email).
- NR thought it odd that FJ had suddenly found the KELs but would chase accordingly for these.
- RWA sought assurance that the claimants had been made aware that previous versions of the KELs had been overwritten and of Herbert Smith Freehills opinion on how this matter was being dealt with. BF advised that the claimants were aware that previous versions of the KELs had been overwritten as that was set out in the Electronic Disclosure Questionnaire (because FJ had previously confirmed that as being the case) and that the team (consisting of Womble Bond Dickinson, Herbert Smith Freehills, POL's CIO and Internal Lawyers) were working together to

[REDACTED]

[REDACTED]

[REDACTED]

Action:
BF

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- [REDACTED]
- AW advised that whilst it was difficult to hear, the team had been transparent in their dealings surrounding this issue and had followed all the correct legal procedures required.
 - AC advised that he believed it was appropriate for an audit to be completed of FJ's disclosures. The Board **AGREED** this was entirely appropriate.
 - TP – he recognised that these issues can and do occur. He fully agreed with the next steps proposed but reminded the Board/Legal team of managing these issues in the right way and of being transparent. Whilst not happy with the current circumstances, he was happy with the mitigating actions taken to date.

4.4 The Board **AGREED** the proposed next steps and thanked BF and the legal team/Executive for their prompt actions. The Board and UKGI would be continually updated.

4.5 **ACTIONS:**

- To review Insurance position.
- [REDACTED]
- To consider management controls in place with FJ.
- To audit FJ's disclosures.
- The Board and UKGI to be continually updated and to be advised of ETA for the KELs.
- To consider broader outsourcing arrangements at a later date.

5. **Date of next meeting**

29 October 2019.

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