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Third Letter

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Dear Sirs

### Post Office Group Litigation Audit Reports

We write further to our conversation this morning in relation to the disclosure of pre-2011 audit reports of Horizon produced by Ernst & Young (E&Y). We wish to confirm in writing that our letter of 27 February 2019 on this matter was incorrect and that we apologise for our error.

Post Office disclosed the E&Y audit reports that it had located in August 2018. These consisted of the post-2011 E&Y audit reports that it had been able to locate from its searches and it believes that it does not hold the E&Y audit reports before this time.

We informed you on 27 February 2019 that the pre-2011 reports are in the possession of Royal Mail and that a request for them had been made. This was incorrect. We set out below the correct position.

In early November 2018, Post Office was investigating Mr Coyne's comments in his first Report about the E&Y audits. Post Office did not have any pre-2011 E&Y audit reports and believed that these were held by Royal Mail. It was looking through its Audit, Risk and Compliance (ARC) Committee minutes to see if they shed any light on relevant matters raised in the E&Y audit reports.

At that time, a request was made by Post Office's Internal Audit team, via its Company Secretarial team, to Royal Mail for the ARC minutes and associated documents in around 2010/2011. We understand that it was standard practice for audit reports to be attached to the relevant minutes.

This led to conversations and exchanges of emails between Post Office in-house legal and Royal Mail in-house legal. In the course of those communications, the request was refined into a request for "*the 2010 Ernst & Young management letter and/or Royal Mail Group Audit Committee or Audit, Risk & Compliance Committee minutes for 2010/2011*". As part of these exchanges, we understand that Royal Mail located the relevant documents, confirmed their content orally to Post Office, who concluded that that they did not provide information relevant to the lines of enquiry it was pursuing. Royal Mail also indicated to Post Office that it was concerned about providing the requested documents without a Court Order.

Following further correspondence about the pre-2011 E&Y earlier this year, there were discussions about these matters between Post Office and lawyers at WBD. In the course of these discussions, the WBD Partner with conduct of this matter (Mr Andrew Parsons) misunderstood the nature of the request that

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Post Office had made to Royal Mail. He thought the request was much wider than it actually was and that it included a request for the pre-2011 E&Y audit reports.

That remained his belief when the point was raised by your counsel with ours yesterday. As a result of raising the point, in the early afternoon, a letter was sent by WBD to Royal Mail asking for these documents again. This resulted in a telephone conversation between Mr Parsons and Royal Mail's in-house lawyer this morning where it was confirmed that these particular documents had not been asked for previously.

It was incorrect for us to say in our letter of 27 February 2019 that (i) a request had been made for the E&Y audit reports prior to 2011, (ii) that these documents were definitely held by Royal Mail and (iii) that Royal Mail was concerned about providing the pre-2011 Audit reports without a Court order.

This error was ours and we sincerely apologise for it.

Yours faithfully

**GRO**

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