

Sat - Post Office Chair Call

26 January 2024 15:22

Time	15:45 - 16:00
Purpose	To inform Henry he is being removed as Chair.
Agenda	NA
Attendees	SoS Henry Staunton - Post Office Chair
Private Secretary	Annie Megan
SpAd steers	
Subtabs	1. Script 2. Confidential - background 3. Confidential - grounds for termination

Script

27 January 2024 11:06

Note: Bits in bold indicate messages you must give in line with legal advice

- I'm sorry to be speaking to you under these circumstances. I understand that given the increased media scrutiny at the moment, these are difficult times for the Post Office.
- **I'm speaking to you today, to tell that you that the government, as sole shareholder, is exercising our power, under the company's Articles to remove you as Chair of the Post Office Board.**
- Now more than ever the Post Office is rightfully under a heightened level of scrutiny. Culture in an organisation is set right at the top, and we, as Shareholder, have a duty to make sure the culture in today's Post Office is nothing like the Post Office of the past. This includes full investigation of whistleblowing allegations and fostering an environment of respect and openness, so colleagues feel able to speak up.
- **Unfortunately, we understand that your behaviour regarding open whistleblowing investigations in Post Office has not met that standard. We understand that you have repeatedly put pressure on executive team members and other board members to stop whistleblowing investigations. We have heard this from multiple different parties who have expressed their concerns to us.**
- This unacceptable in any circumstance, but particularly egregious in a Post Office context, of historic failings in respect of whistleblowing.
- **We understand your behaviour in the workplace has been disruptive to the Executive and not in keeping with standards expected of your position.**
- Finally, we understand **you have displayed a disrespect for due process on governance matters such as the appointment process for the SID and other matters requiring approval by the Shareholder or HMT.** Again a matter than is of particular concern in the sensitive operating environment of the Post Office, and its public subsidy.
- When you were appointed as Chair of the Post Office your Letter of Appointment set out the expectations of your role, and frankly the behaviour above does not meet those expectations.
- We will notify the Post Office of our decision immediately.

Confidential Background

27 January 2024 11:37

Background (not part of script)

1. On Monday 22 Jan, the Senior Independent Director (**SID**) of the Post Office Board telephoned DBT to express serious concerns about Mr Staunton's behaviour, and recommended to the Department that you remove him as Chair of the Post Office Board. UKGI and DBT officials share this view and agree with this recommendation.
2. The concerns raised by the SID include:
 - a. Repeated attempts by Mr Staunton to close down a whistleblowing investigation into his (and, the CEO's) conduct¹. This has included attempting to pressure both POL staff and Board members into ending the investigation, which the SID notes reflects a pattern of behaviour on Mr Staunton's behalf.
 - b. Aggressive, intimidating and disrespectful behaviour to other Board members and members of the Executive Team. This has resulted in written complaints from Executives to the CEO about the Chair's conduct and multiple verbal complaints to the Chief People Officer from different parties.
 - c. Continued poor understanding of the public sector operating environment and poor judgement of appropriate actions given the particular scrutiny that Post Office operates under. This has not improved over time despite senior UKGI and DBT staff seeking to assist him with this.
 - d. Disregard for due process on governance matters, including most recently announcing a new SID to the Board and seeking to close the ongoing public appointment process, without formal consultation with the Board, following Board processes, or seeking Shareholder approval.
 - e. Lack of constructive support to the CEO, who is under considerable pressure.
3. These concerns come before, and aside from, the conclusion of a whistleblowing investigation concerning his conduct (allegations of misogyny and racism). We expect the initial findings of that investigation this week. However, regardless of those findings, the view of the SID, RemCo Chair, UKGI and DBT officials is that we should require him to step down given the concerns set out above.
4. The concerns that have been raised would indicate conduct that is not in keeping with Mr Staunton's obligations under his Letter of Appointment (between POL and Mr Staunton dated September 2022, **LoA**) or POL's Articles of Association (**AoA**) (see below for further detail).

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Confidential Grounds for Termination

27 January 2024 11:40

1. The Secretary of State for the Department Of Business And Trade has enhanced rights under the Articles of Association (AoA) as the Special Shareholder of POL including in relation to the appointment and removal of directors.
2. Article 42(A) of the AoA states "*The Special Shareholder shall be entitled from time to time to appoint and/or remove any person as chair of the company by notice in writing delivered to the company and signed on behalf of the Special Shareholder.*" Under this provision there is no requirement to provide grounds for the removal of the chair.
3. The Chair has entered into in a Letter of Appointment (LoA) when he became chair which sets out the terms of the appointment. Paragraph 1 of the LoA sets out the terms of the appointment are subject to the AoA and therefore including Article 42(A) above. On removal by the SoS the Appointment terminates automatically with immediate effect.
4. Article 3 sets out the roles and responsibilities of the Chair. These include, *inter alia*, requirements to:
 1. Article 3.7(i): "*uphold the highest standards of integrity and probity and support the executive directors in instilling the appropriate values, behaviours and culture in the boardroom and beyond;*"
 2. Article 3.7(o): "*immediately report your own wrongdoing or the wrongdoing or proposed wrongdoing of any employee or other director of the Company of which you become aware to the Senior Independent Director*";
 3. 3.8(h): "*Develop productive working relationships with all executive directors and the Chief Executive Officer*";
 4. 3.8(j): "*Demonstrate ethical leadership and promote and highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level*";
 5. 3.8(m): "*Promote a culture of mutual respect, openness, and debate, by facilitating the effective contribution of non-executive directors in particular and ensuring constructive relations between executive and non-executive directors*"
5. Under the LoA Mr Staunton is required to have regard to:
 1. 3.4: The general duties of directors in Part 10 of the Companies Act 2006, including the duty to have regard to the interests of the Company's employees.
 2. 3.3: The relevant obligations of the UK Corporate Governance Code, which states that the Chair should facilitate constructive Board relations and promote a culture of openness and debate ("Principle F"), with appointments to the board subject to a "formal, rigorous and transparent procedure" ("Principle J").
 3. 3.7(i): uphold the highest standards of integrity and probity, supporting the

executive directors in instilling the appropriate values, behaviours and culture in the boardroom and beyond.

4. The Whistleblowing Code of Practice, which requires an employer to “make a commitment that all disclosures raised will be dealt with appropriately, consistently, fairly, and professionally” and “create an organisational culture where workers feel safe to raise a disclosure”.
6. Mr Staunton is also required, under paragraph 3.8 of the LoA to:
 1. 3.8(h): *“Develop productive working relationships with all executive directors and the Chief Executive Officer;”*
 2. 3.8(i): *“Consult the Senior Independent Director on Board matters in accordance with relevant obligations of the UK Corporate Governance Code;”*
 3. 3.8(j): *“Demonstrate ethical leadership and promote and highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level;”*.