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GLO COMMUNICATIONS

**PRE JUDGMENT SPEAKING BRIEF FOR CLIENTS/ COMMERCIAL PARTNERS/ POL COLLEAGUES –
VERBAL ONLY – NOT FOR EMAIL**

POST OFFICE GROUP LITIGATION

Background

- The Group litigation involving Post Office is part of a long running dispute between Post Office and a group of mostly former Postmasters who have made serious allegations about technical, operational and contractual matters. It covers a long period of time, dating back to 2000 in some cases – much of which relates to a period before we became an independent business.
- It is complex and the case is being heard in stages, with a series of trials. The first trial was about determining the legal construction of the contract between Post Office and Postmasters and the second trial was about technical matters concerning Post Office's Horizon computer system. The second trial concluded on 2 July and the Judge has retired to consider his judgment.
- Neither of these trials will determine liability or the individual claimants' cases. Further trials are scheduled into 2020.

First Trial (Common Issues Trial)

- The focus of the first phase of the legal action was to establish the correct meaning and interpretation of the contract between the Post Office and Postmasters.
- The principal finding was that the contract between Post Office and the Postmasters is a relational contract which includes numerous additional obligations that have been implied into the contract.
- Beyond the legal finding, the judgment also made criticisms of Post Office behaviours, and we've taken these extremely seriously.
- It's really important to underline that the Court's findings do not affect the products and services we provide for our millions of customers through our UK network of 11,500 Post Office branches
- We have also made huge improvements in the culture and practices of the business in recent years, but the Judge's comments remind us that we must always continue to do better. We have taken the criticisms on board and we're taking action throughout our organisation
- Our first priority is to improve the management of our relationships with Postmasters. This work is already underway with every Postmaster now being supported by an Area Manager, further improvements are being made to training (14 new training centers), ongoing support and a full review of Postmaster remuneration which is expected to be completed by the autumn.
- Our Postmasters are the backbone of our business, their involvement is key to the changes we're making and we've established forums and workshops enabling ideas and concerns to be more easily shared

- Were also making operational changes which enable faster investigations and responses to enable better prevention and resolution of any problems.

Second Trial (Horizon Trial)

- The second trial, about technical matters concerning Post Office's Horizon computer system concluded on 2 July. The judge has retired to consider his judgment. This is not expected to be handed down until the Autumn
- We don't know what the outcome of the judgment will be and we do not expect to be notified by the Court of the date it will be made public until very close to that time.
- It is important to underline that all the indications are that Horizon is robust, comparing well with similar systems across retail and financial service sectors which have to be highly reliable - this is the view of both independent expert witnesses who have given evidence in the litigation and is further supported by the fact that the system has been used successfully by 500,000 postmasters and colleagues since its introduction and around 47 million transactions every week are successfully processed for customers.
- These transactions are undertaken on behalf of other large-scale organisations, including high street banks, Royal Mail, Government Depts and major utility companies. The accuracy of transactions is subject to numerous checks, including reconciliation with their systems
- In recent years we have improved and invested in technology and this remains a priority -we've installed new IT equipment in every branch and transformed our back office systems which handle £60 billion a year in financial transactions.
- But no large IT system is perfect and we accept we need to do more work with postmasters when problems do arise. Changes we're making include measures to further reduce human errors in branches (such as mis-keying) and to respond more quickly and transparently to concerns raised by our postmasters. Our improved training will also focus on Horizon and back office processes.
- When the judgment is handed down we will contact you with our response.
- You might see media coverage about the trial around this time which may cause concern, please be assured we will have plans in place to respond.

For Clients and Commercial Partners with PR Teams

- We can work with you/your PR/Media colleagues to support you with information you might want to share within your company or when responding to media enquiries.

Appeal (reactive only)

- Post Office sought permission to appeal the Common Issues judgment at a hearing on 23 May 2019 where the Managing Judge refused permission. On 18 June we made an application to the Court of Appeal for permission. We haven't yet received a response.