

THE LEVESON INQUIRY INTO THE CULTURE, PRACTICES
AND ETHICS OF THE PRESS

WITNESS STATEMENT OF ANDREW OLIVER MULLINS

I, ANDREW OLIVER MULLINS of Independent Print Limited, 2 Derry Street, London W8 5HF,
WILL SAY:

1. I am the Managing Director of Independent Print Limited ("IPL"). I confirm that the contents of this witness statement are true insofar as they are matters of my own knowledge, observation and impression. Insofar as this statement covers matters not within my own knowledge, I believe them to be true.
2. I make this witness statement in response to the letter to the Chief Executive Officer of IPL dated 8 August 2011 from Kim Brudenell, Solicitor to the Leveson Inquiry into the culture, practices and ethics of the press (the "Inquiry"). For ease, I have set out the questions in Ms Brudenell's letter below and respond to each question in turn. The questions broadly relate to corporate governance, board awareness, editorial independence, private investigators and other external providers of information, phone hacking, computer hacking and "blagging".
3. Nothing in this witness statement amounts to, or shall be taken to amount to, a waiver of privilege in any legal advice given.
4. I note that Lord Justice Leveson has asked IPL to waive legal privilege in relation to our General Counsel, Louise Hayman's, evidence and the documents requested from her. IPL is not willing to do that. IPL is willing to assist the Inquiry as fully as possible, save where by doing so would result in a waiver of privilege. This is primarily because privilege is fundamental to any lawyer's ability to advise their clients and therefore should not be waived. IPL as Ms Hayman's client, and its employees as internal clients, must feel confident that everything they say to her is confidential and will not be disclosed to anyone. If confidential and privileged information were to be disclosed to the Inquiry, Ms Hayman's internal clients might be unwilling to fully engage with her in the future which would have a catastrophic impact on her ability to do her job properly and would - categorically - be against IPL's interests. For the avoidance of doubt, compliance with the PCC Code has legal implications, so advice on Code issues is given under legal privilege by the legal team. IPL's best interests are to have legal advice readily and permanently available to ensure that it stays within the law and does

not infringe others' rights. IPL's view is reinforced by the fact that the Inquiry has not even tried to ask newspaper companies to waive privilege on legal advice from external lawyers. IPL chooses to have an in-house legal function because it believes that that delivers the 24/7 legal advice it needs in the most efficient and readily available way and this helps the company stay within its legal and compliance obligations: it does not see why it should be penalised for making this choice rather than outsource all its legal services provision. The Inquiry has been set up to examine to what extent newspapers comply with the law: in IPL's view it is in the public interest not to undermine the key process by which this can be achieved, that is the ability to obtain advice under privilege.

Summary

5. I was appointed Managing Director shortly after IPL purchased The Independent and the Independent on Sunday from Independent News and Media Limited ("INML") on 30 April 2010 (the "Purchase Date"). My answers are therefore limited to events, information and procedures after the Purchase Date and my appointment as Managing Director.
6. At the outset, I would like to emphasise that it is not the policy, nor the intention of the newspapers published by IPL (The Independent, the Independent on Sunday and the "Titles") to publish articles that use information collected illegally. The Titles do not seek to breach individuals' privacy nor pay for information from sources such as the police, politicians or private investigators. Everybody at IPL, from the proprietors to the Editorial staff to the commercial team, understands what IPL stands for, namely it is free from political bias and free from proprietorial influence. These principles are core to IPL.
7. When the owners of IPL (the Lebedev family) purchased The Independent and the Independent on Sunday, they did so knowing that they were purchasing publications with this ethos. I understand that extracts from IPL's Staff Handbook are being disclosed to the Inquiry by Manish Malhotra. On the opening page of the Staff Handbook it refers to the Independent's brand value when it was purchased by INML:

"Our values remain identical to those of the paper when it launched in 1986: beholden to no one political party, economically and socially liberal".

That value still stands.
8. The Lebedev family have spoken publicly on several occasions about their views on press freedom and the responsibility borne by the press not to abuse such freedom. In particular, our Chairman, Evgeny Lebedev, gave a speech on the subject of press

freedom on 5 July 2011 at the Royal Institution in London as part of the Independent Voices 5x15 event in which he said:

"Milton wrote, "Give me the liberty to know, to utter, and to argue freely according to conscience, above all liberties." But alongside the obvious advantages of press freedom we must surely also address its abuses. I say this because if we do not safeguard our own press freedom we risk losing it.

I am shocked by the sheer extent of the phone hacking, under car tracking and rubbish sifting of celebrities in this country. I am equally disturbed by the alleged phone tapping, bank account blagging and email hacking of high level terrorist informers, intelligence officers, members of the Royal Family, the Governor of the Bank of England, the Commissioner of the Metropolitan Police, a Deputy Prime Minister, a Home Secretary, a Trade Secretary, a Culture Secretary and perhaps even a sitting Prime Minister.

The phone hacking of a murdered schoolgirl is quite simply disgusting.

The response to all this criminal activity, this theft of privacy, has, in my view, been manifestly inadequate. This does not represent a failure of legislation but a failure of enforcement of that legislation.

So at what point will the Government acknowledge that the illegal surveillance of individuals has long since moved on from the fantasy realm of a lone, rogue reporter working for a single newspaper and that a Public Enquiry, at the very least, is now required? At what point will we admit that, this represents one of the biggest scandals in public life in post-war Britain?"

9. This sums up the attitude of everyone at IPL: the Titles do not seek to get involved in activities such as phone-hacking, computer-hacking and bribery of public officials. The Titles operate to a very high ethical standard. IPL's policy is to publish serious news stories rather than celebrity "kiss and tells" and our ethical and moral stance is core to the company's values. As a result, some of the questions below are not relevant to IPL. Notwithstanding this, I have answered all of the questions below to the best of my knowledge.

Question (1): Who you are and a brief summary of your career history in finance and in the media.

10. My full name is Andrew Oliver Mullins and I am the Managing Director of IPL. I was appointed to this role following the purchase of the Independent and the Independent on Sunday by IPL, a company controlled by the Lebedev family, on 30 April 2010.

11. Prior to taking the role at IPL, I was Managing Director of the Evening Standard from 2007 when it was owned by Daily Mail General Trust Limited to 2009 when it was purchased by the Lebedev family. Prior to that I worked for News International as General Manager of Times Newspapers (2005 to 2007) and Marketing Director of Times Newspapers (2001 to 2005). At the present time, I am also the Managing Director of Evening Standard Limited, which is also owned by the Lebedev family, although the companies' operations are legally, editorially and financially independent from each other.

Question (2): How the system of corporate governance is supposed to work at The Independent, the Independent on Sunday and i, and Independent Print Ltd of which you are a proper officer, with particular emphasis on systems to ensure lawful, professional and ethical conduct and by reference to any relevant documents.

12. We have a Board structure in place which consists of a Chairman, Deputy Chairman, myself and the Non-Executive Directors. The Board is supported by Manish Malhotra (our Company Secretary and Finance Director), who also attends Board meetings and takes minutes and so forth, although he is not a Board Member.
13. Board governance covers a number of elements but is primarily about the financial management of the business of producing, printing and distributing newspapers. As mentioned above, the philosophy of the Titles is that the editorial staff are not subject to proprietorial control or influence. As such, whilst there is an editorial and legal clearance procedure, it is generally kept separate from the financial and commercial side of the business.
14. Board governance at IPL can be summarised as follows – there is a company strategy for which I am responsible. It is approved and endorsed by the Board and then implemented by the commercial side of the business. We have annual financial planning and budgeting and we publish audited accounts annually. The budgeting and strategy is monitored through monthly Board meetings, where we review IPL's progress against the strategy. Any corrective decisions that need to be taken are taken at Board level and minuted and noted. We do also have discussions outside of the Board meetings, which are formally recorded through email. We also have some established (and partly inherited) processes: there are a large number of financial controls, authorisations and approvals and we have weekly and monthly financial reporting which is reviewed on a weekly basis so we know exactly how the business is doing. In terms of editorial staff, they have budgets that they have to meet and we look at variance reports for the editorial departments on a weekly basis.

Question (3): How you understand the system of corporate governance to work in practice at the Independent, The Independent on Sunday and i and Independent Print Ltd, of which you are a proper officer with particular emphasis on systems to ensure lawful, professional and ethical conduct.

15. I think that IPL's system of corporate governance (the Board structure, the strategy, the financial sign offs, the Board accounting and so forth) absolutely happens in practice. All of the financial controls are incredibly rigorous.
16. I believe that the editorial and legal processes also happen as they should, although these continue in their normal course and are only referred up to the Board if something happens which affects IPL's finances or a serious reputational issue in which case the Board would become much more involved.
17. Documents exist which cover some of the relevant issues (for example, employment contracts, contributor agreements, terms for freelancers, the PCC Code and the staff handbook) and we have just introduced a formal Code of Conduct as well, which covers policy matters in one document. The trigger for the review which has led to evolution of the Code of Conduct has been the Bribery Act and it covers anti-bribery measures, business relationships, social media, data protection and so on. I understand that a copy of the Code of Conduct is exhibited to the Witness Statement of Manish Malhotra.

Question (4): What your role is in ensuring that the corporate governance documents referred to above and all relevant policies are adhered to in practice. If you do not consider yourself to have been/be responsible for this, please tell us who you consider to hold that responsibility.

18. I consider my role to be absolutely fundamental and critical to all of the business strategy, Board management, reporting, financial progress and so forth. I am central to corporate governance and think that I am pretty much aware of everything that happens in that respect.
19. As mentioned above, when it comes to the editorial and legal functions, it is more a case of that the Board would only intervene when they deviate from the approved budgets. Their budgets are approved by the Board at the beginning of the year and we monitor their spending on a monthly basis to check how they are managing their costs compared to budget. It is when they vary from the budgets that we ask significant questions of them. For example, if there were significant legal costs being incurred then it is certainly something that would be escalated to Board level. But when the editorial and legal systems are working as they should, we observe from afar because of the editorial independence which is so important to the Titles. I believe that the

system works so well because the legal department is not distanced from the editorial teams – they sit in close proximity to one another. I am aware of things such as legal warnings that are circulated, but I do not have any day-to-day input on editorial issues.

Question (5): Whether the documents and policies referred to above are adhered to in practice, to the best of your knowledge.

20. As I mentioned at question (3) above, to the best of my knowledge, the documents and policies are absolutely adhered to in practice.

Question (6): Whether these practices have changed, either recently as a result of the phone hacking media interest or prior to that point, and if so, what the reasons for the change were.

21. My initial reaction to this question is that they have not changed really at all. It has been very interesting reviewing the processes recently and realising that. I think that the only things that are changing are as a result of the Bribery Act which has given us the impetus to ensure that we have got all of the right documentation in place.
22. The fact that we have introduced the Code of Conduct as a result of the anti-bribery legislation has given us an opportunity to restate a lot of other well-established practices that already exist (such as our insistence on compliance with the PCC Code). As far as I am concerned, it is as a result of the Bribery Act that we are changing things, as it places a greater requirement to put documents and processes in place that previously might not have existed. I do not think that the media interest in phone hacking has necessitated any impact on our practices.

Question (7): Where the responsibility for checking sources of information (including the method by which the information was obtained) lies: from reporter to news editor/showbiz editor/royal editor to editor, and how this is done in practice (with some representative examples to add clarity).

23. As far as I am concerned, the responsibility lies with the editorial teams, with the assistance as necessary of legal. It is a very well understood process: they have the PCC Code which they have to adhere to. There is an ongoing dialogue between the journalists, desk heads and the Managing Editor and, ultimately, the Editor, which addresses issues such as whether the sources are correct and whether people have gone through the right processes. It is a system which all proper journalists understand and it is something that the Board would not get involved in, unless there was a failure in the system which had an impact on the financial performance of IPL.

Question (8): To what extent board members are aware, and should be aware, of the sources of the information which make up the central stories featured in your newspapers each day (including the method by which the information was obtained).

24. As I have mentioned above, editorial independence is critical to the Titles and so, on a day-to-day basis, it is important that the Board and the commercial side of the business do not get involved in these types of issues. Otherwise there would be a real challenge to the independence of the Titles and that would go against IPL's ethos.
25. Having said that, if information was being obtained illegally through phone hacking or bribery of public officials, that is absolutely something that the Board should know about, as it would have the potential to put the brand and the Titles at risk. Were errors to be made, we would dig deeply into the situation and try to resolve any issues. However, it has never been the policy of the Titles to obtain information illegally or breach individual's privacy and so on – it is just not what the Titles stand for. We are very clear about what we expect from our editorial team and this is apparent from our Chairman's strong stance on the illegal acts that have been happening at other publications over the past few years. If such behaviour did occur at the Titles I would certainly expect it to be escalated to Board level and there would be consequences for those involved.

Question (9): The extent to which you consider that ethics can and should play a role in the print media, and what you consider 'ethics' to mean in this context.

26. I think ethics are very important in every context and I believe that IPL is an ethical company. Having said that, ethical considerations fall more on the editorial side whereas my viewpoint of the company is a financial one. I have seen the witness statements of the editors of the Titles (Chris Blackhurst, Stefano Hatfield and John Mullin) and I agree with their interpretations.

Question (10): The extent to which you, as a proper officer of the company, feel or have felt any financial and/or commercial pressure from others, and if so from whom, and whether any such pressure affected any of the decisions you made as a proper officer of the company (such evidence to be limited to matters covered by the Terms of Reference).

27. There are obviously financial pressures involved in running a business which publishes newspapers. However, for me, those pressures do not relate to matters covered by the Terms of Reference for the Inquiry. They relate to things like the performance of IPL, how to build the brand and what strategy to implement going forward. I certainly do not feel any financial and/or commercial pressures from others in relation to any of the matters covered by the Terms of Reference.

Question (11): The extent to which you, as a proper officer, had a financial incentive for your newspapers to print exclusive stories (NB. It is not necessary to state your precise earnings).

28. There is no financial incentive for me whatsoever for the Titles to print exclusive stories. I have an annual bonus which is based on the financial performance of IPL, which depends on factors such as getting print and distribution costs right, selling more copies of the Titles and so forth. One single exclusive story on one single day makes absolutely no difference to the financial performance of IPL and therefore has no impact on me or my annual bonus.

Question (12): Whether, to the best of your knowledge, your newspapers used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials, mobile phone companies or others with access to the same: if so, please provide details of the numbers of occasions on which such investigators or other external providers of information were used and of the amounts paid to them (NB. You are not required to identify individuals, either within your newspapers or otherwise).

29. To the best of my knowledge, the Titles have not used, paid or had any connection with private investigators in order to source stories or information and/or paid or received payments in kind for such information from the police, public officials or mobile phone companies. As mentioned above, it is neither the policy nor the intention of the Titles to publish stories where the methods of obtaining information that fall within the scope of the Inquiry are required: we do not involve private investigators or other third party sources of information and therefore I have no involvement in approving any processes concerning them.
30. If this question covers payments to freelancers, then yes, IPL does make payments to freelancers. However, to my knowledge IPL would not use a freelancer who paid for information from private investigators or public officials. We do not run those kind of stories and if a freelancer tried to claim expenses for fees for such methods of obtaining information it would be picked up by our finance team and scrutinised. To my knowledge, this has never happened.

Question (13): What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information.

31. In light of my answer to question 12 above, this question is not applicable in relation to private investigators and other external providers of information.
32. With regard to payments to freelancers, I am aware of the money that we allocate for using freelancers in the budget. My only role beyond that is when decisions are made

as to whether it is more cost effective to employ someone, rather than use them on a freelance basis – it is a cost decision. That is the only way I get involved.

Question (14): If such investigators or other external providers of information were used, what policy/protocol, if any, was used to facilitate the use of such investigators or other external providers of information (for example, in relation to how they were identified, how they were chosen, how they were paid, their remit, how they were told to check sources, what methods they were told to or permitted to employ in order to obtain the information and so on).

33. In light of my answer to question 12 above, this question is not applicable.

Question (15): If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters.

34. In light of my answer to question 12 above, this question is not applicable.

Question (16): Whether there are any situations in which neither the existing protocol/policy nor the practice were followed and what precisely happened/failed to happen in those situations. What factors were in play in deciding to depart from the protocol or practice?

35. In light of my answer to question 12 above, this question is not applicable.

Question (17): The extent to which you are aware of protocols or policies operating at the Independent, The Independent on Sunday and i in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by your newspapers or not). There is no need for you to cover 'official' sources, such as the Press Association.

36. Subject to what I say in paragraph 37 below, IPL does not pay expenses or remuneration to 'non-official' external sources of information. As such, there aren't any protocols or policies operating at the Titles in relation to such payments.

37. I myself have no direct experience of this, but I see mentioned in the witness statements of Manish Malhotra, John Mullin and Chris Blackhurst that IPL does sometimes make payments for tips for stories for the diary columns (for example who has been seen at what events). However, I believe that this type of information is not private information and is therefore not of the sort envisaged by the Terms of Reference. I understand that Manish Malhotra has explained how such payments are dealt with.

Question (18): The practice of your newspapers in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by the Independent, The Independent on Sunday and i or not). There is no need to cover 'official' sources such as the Press Association.

38. In light of my answer to question 17 above, this question is not applicable.

Question (19): In respect of editorial decisions the editor has made to publish stories, what system of oversight, if any, there is and examples of how that has worked in practice.

39. In terms of the editor's accountability, then that ultimately falls to the Board. However, a system of editorial independence means that the editor is in control of his own domain and so the Board is not involved in editorial decisions on a regular basis. If, for example, an Editor made a poor decision (such as condoning illegal behaviour) then this is likely to have an impact on the performance of the Newspaper in question and they would be challenged and held to account by the Board.
40. We are not a company which receives a vast number of PCC complaints or claims for defamation or infringement of privacy. If we were and they were caused by bad editorial judgment then the Board would scrutinise those editorial decisions. Fortunately for us, and a proof of our systems of control, is that has not been the case to date.

Question (20): Whether you, or the Independent, The Independent on Sunday and i (to the best of your knowledge) ever used or commissioned anyone who used 'computer hacking' in order to source stories, or for any other reason.

41. To the best of my knowledge, none of the Titles have ever used or commissioned anyone who has used computer hacking in order to source stories or for any other reason.

Question (21): Whether the company has conducted any inquiry into phone hacking or computer hacking or "blagging" or bribery or corruption and, if so, your role in the inquiry and the outcome.

42. Andreas Whittam-Smith (who was a founder and former editor of the Independent) has carried out a general internal audit in relation to IPL's practices which covered these types of practices. Following the audit, Mr Whittam-Smith was satisfied that the types of improper journalistic practices covered by the Terms of Reference have not been, and are not, employed by the Titles.

STATEMENT OF TRUTH

43. I believe that the facts stated in this witness statement are true.

Signed 

ANDREW OLIVER MULLINS

Dated 15 September 2011

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