

R Sanderson
16 September 2011
1st
Exhibit: "RS1"

IN THE MATTER OF THE LEVESON INQUIRY

WITNESS STATEMENT OF ROBERT SANDERSON

I, **ROBERT SANDERSON**, Director and Chartered Certified Accountant of The Northern & Shell Building, Number 10 Lower Thames Street, London EC3R 6EN, **WILL SAY AS FOLLOWS:**

- A. I am the Group Finance Director of the Northern & Shell Group of Companies ("Northern & Shell") which includes Express Newspapers. I make this statement in response to a request of the Leveson Inquiry (the "Inquiry") pursuant to a letter dated 8 August 2011. A copy of this letter can be found at pages 1-4 of Exhibit "RS1".
- B. I confirm that all matters in this statement are true and, unless I specify to the contrary, are based upon my own knowledge and a review of the relevant documents. Where matters are not within my own knowledge, I state the source and believe the same to be true.
- C. For convenience, I have reproduced as subheadings the questions asked of me in the 8 August letter.

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

1. I am a qualified accountant FCCA (Chartered Certified Accountant). I started work in the finance industry at Grant Thornton, subsequently working for Shandwick, an

International PR firm, and then a Reuters company before moving to Northern & Shell approximately 16 and a half years ago.

Question 2: How you understand the system of financial governance to work in principle and in practice at the newspapers owned by your company with particular emphasis on systems to ensure that the newspapers funds are not used to pay bribes or to fund the gathering of information by illegal methods.

2. I have been asked to comment on the system of financial governance which we employ at the newspapers owned by Express Newspapers. For a company of our size, we have a stringent approval process whereby any expense above £5,000 has to be approved by a main Board Director. There are many types of different payments made to outside parties.
3. In relation to newspapers, there is a contributor system covering external editorial costs. This is a self-billing system which is computerised and into which a cost controller or journalist will directly input items of editorial expenditure. Each head of department or commissioning editor receives a full list of payments from the accounts department to review and sign off (monthly approval reports). These monthly approval reports are signed by Paul Ashford, Group Editorial Director and Ian Parrot, Group Managing Editor. They are then returned to the accounts department. The accounts department then produces a detailed list of all payments from which Martin Ellice, Group Joint Managing Director, will select a sample to check. I also receive the detailed report of all the payments, together with a summary report signed by Paul Ashford and Ian Parrott, and the sample sheets signed by Martin Ellice following his sample check. This report lists for each contributor every item of expense with a brief description of what it relates to and which particular day's publication it relates to, where applicable. I review this information and if a particular entry looks high or for some other reason attracts my attention I will query it and obtain further details. On occasion, an urgent payment request may arise. This will not go through the usual monthly process but the approvals required are still the same.
4. The company does not as a matter of course make cash payments. However, any cash payments made by journalists for the purpose of obtaining information would be

reclaimed through the staff expenses system having been reviewed and approved in accordance with the company's procedures.

5. If a person wants to use company funds the payment has to go through the expenses system. This would involve obtaining approval from the relevant editor and the Managing Editors' Office with a report summary approved by the Group Editorial Director. Payments are then reviewed by myself and/or Martin Ellice. Anything that appears to be odd or unusual would be queried.

Question 3: What is your role in ensuring that financial governance and all the 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 and why.

6. There are a limited number of authorised bank signatories at Express Newspapers, namely, Richard Desmond, Martin Ellice and me. When Northern & Shell purchased Express Newspapers in November 2000 we implemented a system whereby all expenses and invoices have to go through a Director. This is a well known procedure and it is understood by everyone at the company that if this procedure is not followed the employee will not get reimbursed nor will the invoice get paid.

Question 4: Whether the financial governance policies and practice (to the extent that they relate to anti-bribery measures and the prevention of funding illegal information gathering activities) are adhered to in practice, to the best of your knowledge.

7. I believe that our policies and practices are properly adhered to. I am not aware of any occasion when they have not been. There are no documents setting out specific policies on anti-bribery or information gathering but we have tried and tested systems that work. We are however in the process of issuing an anti-bribery and corruption policy following the coming into force of the Bribery Act 2010.

Question 5: Whether these practices or policies have changed, either recently as a result of anti-bribery laws, phone hacking media interest, or prior to that point, and if so, what the changes were and the reasons for them.

8. Since the phone hacking media interest, or even prior to that point, our practices have not changed. We are however in the process of issuing an anti-bribery and corruption policy following the coming into force of the Bribery Act 2010.

Question 6: The extent to which you, as a Finance Director, felt any financial and/or commercial pressure from the proprietors of your newspapers, the editors or anyone else, and whether any such pressure affected any of the decisions you made in relation to the use of newspaper's funds to secure information for news stories.

9. As Group Finance Director of Express Newspapers I have never felt any financial and/or commercial pressure from the proprietor of the newspapers, the editors or anyone else, affecting any of the decisions made in relation to the use of the newspapers' funds to secure information for news stories.

Question 7: Whether, to the best of your knowledge, the newspapers owned by your company 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 the newspapers owned by your Company or otherwise).

10. I am not aware of any person within the newspapers owned by our company having paid or having any connection with private investigators in order to source stories or information and/or paying for or receiving payment in kind for such information from the police, public officials, mobile phone companies or others with access to the same. However, following the News of the World phone hacking scandal, the company is conducting an internal inquiry, which is being led by Nicole Patterson, Express Newspapers' Head of Legal. I refer to Ms Patterson's witness statement in relation to

her findings but I understand that payments have been made from time to time by the newspapers to search agencies.

Question 8: What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information.

11. Save as I have set out above, I confirm that I have neither instructed nor am I aware of any payments to private investigators and/or other external information providers for the purpose of editorial content. For completeness, I am aware of some payments being made to informants for 'tips' but these are very small amounts.

Question 9: 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).

12. There is no written policy/protocol in place for use of such investigators or other external providers of information used by our newspapers but we do have the financial controls I refer to above and our editorial practices.

Question 10: If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters.

13. There is no written policy/protocol in place for use of such investigators or other external providers of information used by our newspapers but, again, we do have the financial controls I refer to above and our editorial practices. I am not aware of any disciplinary action in relation to any breaches but that would be a matter for Paul Ashford, Group Editorial Director.

Question 11: 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.

14. Please see my answer to Question 10 above.

Question 12: The extent to which you are aware of protocols or policies operating at your newspaper in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by the newspapers owned by your company or not). There is no need for you to cover 'official' sources, such as the Press Association.

15. I am not aware of the newspapers using non 'official' sources of information save for the occasions when a member of the public is paid for a story, but this is only occasional.

Question 13: The practice of the newspapers owned by your company in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by the newspapers owned by your Company or not). There is no need to cover 'official' sources such as the Press Association.

16. I am not aware of the newspapers using non 'official' sources of information save for the occasions when a member of the public is paid for a story, but this is only occasional.

Question 14: If you cannot answer these questions, or take the view that they could be more fully answered by someone else, you must nonetheless provide answers to the extent that you can, and to the extent that you cannot you must provide the Inquiry as soon as possible with names of those who would be able to assist us further.

17. The only names that I can think of that may be able to provide some assistance to the Inquiry are Greg Swift, the News Editor of the Daily Express, and Ian Parrott, the Group Managing Editor of Express Newspapers. The News Editor and the Managing Editor approve the expenses before I am given the computerised expenses list for which I have final approval.

STATEMENT OF TRUTH

I believe that the facts stated in this Witness Statement are true.

Dated: 16 September 2011

R Sanderson
16 September 2011
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WITNESS STATEMENT OF
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