

M S Ellice
16 September 2011
1st
Exhibit: "MSE1"

IN THE MATTER OF THE LEVESON INQUIRY

WITNESS STATEMENT OF MARTIN STEPHEN ELLICE

I, **MARTIN STEPHEN ELLICE**, of Express Newspapers, The Northern & Shell Building, Number 10 Lower Thames Street, London, EC3R 6EN, **WILL SAY AS FOLLOWS:**

- A. I am the Group Joint Managing Director of the Northern & Shell Group of Companies ["Northern & Shell"]. I make this statement in response to a request for documents 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 "MSE1".
- 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. There is now produced and shown to me a paginated bundle of documents marked as Exhibit "MSE1". References to documents in this witness statement are references to documents in that exhibit.

My background and my role

1. I joined the company now called Northern & Shell in 1980 as a deputy credit controller. Since that time, I have worked my way up the organization. In the late 1990's, I became the Group Joint Managing Director, a role I still hold today.
2. Throughout that period I have not been directly in charge of the editorial side of the business. An annual budget for the editorial costs is agreed upon with the Group Editorial Director and the rest of the board of directors. Each month a board meeting takes place at which the overall editorial costs are reviewed against the budget.

The 8 August letter

3. The 8 August letter addressed to me asked me to identify and produce a variety of documents, past and present, in my custody or under my control relating to such things including the use of sources, the use of private detectives and editorial policy. I have considered the lists identified in the 8 August letter .
4. Express Newspapers both has a staff handbook which, I believe, the Human Resources department provides to its employees on request. Prior to 2001, all editorial staff would have been given a copy of the handbook together with a copy of the contractual section. A copy of the contractual section of the handbook is at pages 5 to 33 of my exhibit. The handbook has been amended since 2001 but the contractual section provided with the previous handbook was not changed.
5. Express Newspapers' legal team, headed by Nicole Patterson, vet the newspapers to ensure that the company complies with its legal obligations. However, I do not believe there is a compliance manual *per se*.
6. Other than the documents described above, I do not believe that the company has any of its own written training materials, guidance, practice, codes of practice, codes of conduct, handbooks or policies bearing upon any of the items listed in paragraphs (a) and (b) of the 8 August letter.

7. In relation to the request for documents relating to disciplinary action between 1 January 2005 and 8 August 2011 to enforce company's ethical standards and/or professional standards in relation to journalism and/or editing and/or use of sources of information, Naomi Hirons, In-house Lawyer, Ian Parrot, Group Managing Editor, and Maria Bache have, at my request, carried out a review of the company's disciplinary files for this period. There have been two relevant cases. I exhibit at pages 34-40 copies of the documents which they have provided to me.
8. At pages 41-79, are copies of some sample expenses claim forms submitted by one of the reporters. During the time available it has not been possible to collate every expense claim form submitted by the editorial team over the years. I have therefore produced these sample forms, from the chief crime reporters of The Daily Express, The Sunday Express and The Daily Star respectively, which cover a period of a month for each of the last five years, to show the Inquiry the type of expenses which a reporter might incur during the course of his work.
9. In relation to documents relating to payments by the company to private investigators, Nicole Patterson, Express Newspapers' Head of Legal, is in the process of carrying out an internal inquiry following the News of the World phone hacking scandal. I refer to Ms Patterson's witness statement in relation to her findings to date and in relation to any documents which she is able to produce to the Inquiry on behalf of Express Newspapers.

Payments made by Express Newspapers - general

10. The procedure regarding payments is that the Group Editorial Director is in charge of the editorial budget as set by the board. In respect of costs for editorial content, I receive a full detailed list of all payments processed through our computerised self-billing system from which I select a sample to review and for Editorial to produce full back-up. I then approve each item depending on Editorial's response. The report is then returned to accounts to update the system. Robert Sanderson, the Group Finance Director, then receives a full report for his approval. With regard to Editorial employee expenses, these are usually approved in the first instance by the Group Managing Editor and the

Group Editorial Director. The expenses will then come to me for my approval and, subject to any queries I may have, I sign each claim before Robert Sanderson approves.

11. The company takes pride in its management of costs control and the necessary back up with all expenditure. Accordingly, if there were any potentially suspicious payments being requested, either by way of invoice or by repayment of employees' expenses, the group editorial director and the board would know about it and it would be raised with the department head. I do not recall ever seeing any such suspicious payments being requested nor have I authorised any such payment.
12. The only bank signatories for Express Newspapers are myself, Rob Sanderson and the Chairman, Richard Desmond. Once per month, at the payments approval meeting, Mr Desmond, Mr Sanderson and I, along with the other directors, review the list of payments to be made. At any time during the meeting, the Chairman will check payments at random to see the supporting invoice and backup. If, we are not satisfied, we will not sign off the payment.
13. As far as I am aware, the above practice ensures financial governance. I ensure that this practice is carried out at all times and I take my role seriously. These practices have not changed as a result of the recent developments the subject of the Inquiry.
14. I have never been asked or been pressured into authorising any payments including, but not limited to, payments relating to new editorial stories.

Payments to public officials, police or other suspicious third parties

15. As far as I am aware, the only public officials who are paid by Express Newspapers are those who, on occasions or as part of a regular contract, write a column or one off articles in one of our publications. For example, I believe that we have paid Ann Widdecombe in the past for such services.
16. To the best of my knowledge and as far as I can recall, I have never seen any evidence of payments to the Police or mobile phone companies for any information.