

## The Leveson Inquiry

### Witness statement of Lord Rothermere

#### My role as Chairman of DMGT

1. I have been Executive Chairman of Daily Mail & General Trust, ("DMGT"), since 1998, when my father – the third Viscount Rothermere – passed away.
2. I am the Executive Chairman of DMGT. My role is not to operationally manage the company. I have a Chief Executive and wider executive team within DMGT in each of the individual businesses. I and the Board have complete trust and respect for those executives to run the Group professionally and effectively.
3. I chair the main Board of DMGT. It is my responsibility to ensure that the Board fulfills its corporate governance requirements, and helps to shape and guide the long-term strategic direction of the business.
4. My role as Chairman of DMGT is to take a broad, long-term perspective on where we sit today, and how we need to be positioning ourselves for the future. This is particularly critical given the significant changes that are occurring in the world around us, ranging from the rapid pace of technological change, the challenging economic conditions, and the shift in global power to emerging economies.
5. I represent the fourth generation of my family involved in running DMGT. Our newspapers have always been built on a tradition of professional journalism. I have the same passion for news, and its impact on the wider world, held by all our journalists. I continue to see news provision as an important part of DMGT's vision for the future.
6. The pressures facing the newspaper industry are well known. One of the most important issues facing DMGT as a Group, is how we embrace the potential of digital media across our news activities. I am very proud of what has already been achieved, with Mail Online in particular. But I am also very aware that there is much work still to be done to respond to the significant transformation in how news is created, distributed and monetised.
7. Alongside thinking about the future of our newspaper interests, I am also committed to DMGT continuing the process of diversification into other markets and

geographies that has been part of our strategy for over two decades. We have been successful in building a truly global, diversified growth company with interests and activities across multiple sectors, far beyond the company's origins in newspapers.

8. My vision for DMGT is to continue this strategy for growth as a diversified group, through a set of core principles in how we operate:
  - 8.1 Pride in our products and services;
  - 8.2 Belief in the people who work within the Group;
  - 8.3 And the courage to think innovatively and entrepreneurially.
9. I believe my personal role in achieving this vision is to promote these principles which are built on my own personal and family values. I also see that a major part of my role is to spend time looking at external trends in the markets in which we operate, considering how they are changing and evolving, and what this means for our growth and development.
10. I am also committed to providing the support and guidance to executives at all levels of the Group. A critical part of my role is to help to nurture and shape a culture across DMGT that enables innovation, entrepreneurialism and professionalism.
11. DMGT is perhaps unusual – at least in the UK – in being a family firm that has grown into a global, publicly listed enterprise. However, I believe our success to date, and in the future, is based on our corporate structure and values, which allow us to take a long-term perspective.

#### **Corporate overview and history**

12. DMGT is a publicly listed, international media and information business – headquartered in London – bringing together companies in both the consumer and business to business sectors. The Group employs more than 12,000 people in over 40 countries.
13. The company was started by two brothers over a century ago. They saw the opportunity created by modern printing techniques and that more education would lead to the rise of mass printed media. By the time they were 30 they had created the largest newspaper company in Britain.

14. The rest of the story for the next two generations was one of war and decline that resounded with our country's history. And then during the Thatcher revolution our main national newspaper the Mail and the company as a whole made a strong resurgence. The Group invested our surplus cash into new ventures.
15. DMGT has never raised money from the equity markets. The company floated because one of the founding brothers left his holding to the staff and we went public so that they could sell their shares. The family retain control through a dual listing structure.
16. This corporate structure allows DMGT to take a long-term view, so we can invest in people and ideas that take time to germinate. This is very unusual for a public company. This latitude together with the ethos of our own entrepreneurial genius means we favour a decentralised structure. This allows us to retain and encourage founders to stay content within our corporate structure. It also means that our companies can stay close to their customers, respond quickly and motivate staff.

#### **The vision and strategy of the Group**

17. The overall vision for DMGT is to be a global growth company, through empowering people through information, and a culture of innovation, efficient management, and supporting talented entrepreneurial individuals.
18. DMGT is a diversified portfolio, with a range of business interests across multiple territories, sectors and business models. DMGT itself is the corporate centre that takes responsibility for the overall strategy for the portfolio of the Group – including actively managing acquisition and disposal decisions, and for Group financial management and for investor and city relations.
19. In the last full financial year, DMGT's turnover was £1,990m and the Group made an operating profit of £286m. In terms of the diversified portfolio:
  - 19.1 45% of Group revenues and 74% of the operating profits come from DMGT's business to business (B2B) activities.
  - 19.2 60% of the operating profits are generated outside the UK.
  - 19.3 32% of revenue comes from digital activities.
20. The strategic priorities for the Group are as follows:

- 20.1 To continue to actively manage the portfolio of businesses and actively invest in growth opportunities.
- 20.2 To grow our presence in international markets, particularly emerging markets.
- 20.3 To ensure we act proactively with regard to the challenges and opportunities brought about by technological innovation.
- 20.4 To focus on and develop business to business (B2B) subscription led digital businesses that rely on either specialist data or specialist proprietary informed opinion.
- 20.5 To continue to find, support and encourage the best entrepreneurial talent.

**Group structure**

- 21. DMGT has grown into a global enterprise with activities and interests across multiple sectors around the world, including publishing, events, digital media and business information services.
- 22. DMGT own a large number of individual businesses based around the world. These are currently organized into four wholly owned business divisions, plus a majority stake in Euromoney, which is separately listed from DMGT plc:
  - 22.1 A&N Media
  - 22.2 Risk Management Solutions
  - 22.3 DMG Information
  - 22.4 DMG Events
  - 22.5 Euromoney Institutional Investor
- 23. Each of these divisions is described in more detail below.

**A&N Media**

- 24. Associated & Northcliffe Media (A&N Media) was formed through bringing together DMGT's interests in both national and regional newspapers in 2009, as well as its other consumer facing business interests.
- 25. A&N Media wholly owns the following businesses:

- 25.1 National print newspapers - the Daily Mail, the Mail on Sunday and Metro.
  - 25.2 A portfolio of regional newspaper interests through Northcliffe Media.
  - 25.3 A number of digital businesses, including Mail Online, the Digital Property Group, and Evenbase.
26. A&N Media remains a significant player in the print newspaper market, with the Daily Mail recently voted Newspaper of the Year at the British Press Awards, and the Metro widely regarded as an innovative model of city based newspaper publishing.
27. However, the wider pressures on traditional print journalism are well known, and therefore A&N has a clear vision to transform itself into an increasingly digitally focused business, through:
- 27.1 Digital media - the development of the newspapers' presence online and on mobile devices, most notably through Mail Online, which has become the world's leading English language online newspaper.
  - 27.2 Recruitment - building A&N's presence in the global online recruitment market, through Evenbase which brings together a number of online recruitment services.
  - 27.3 Property – DMGT has a leading position in online property services, through the Digital Property Group, which has recently announced a planned (and OFT cleared) merger with Zoopla – another major online property provider.

**Risk Management Solutions (RMS)**

28. RMS was acquired by DMGT in 1998, and has become the world's leading producer of risk models, services, expertise and data solutions to quantify and manage catastrophe risk for insurers, reinsurers and brokers. The company specializes in providing the analytics required to enable the insurance sector and associated companies to assess the likelihood and impact of catastrophic risks.
29. RMS is based in Silicon Valley, with offices throughout North America, Europe, and Asia. RMS models risk in over 100 countries, and models include earthquakes, tropical cyclones, storm surge, floods and terrorism.

30. RMS's strategic focus is on developing increasingly sophisticated modeling solutions for its customers, and better allowing them to integrate RMS's analytical modeling into their own business processes.

**DMG: Information**

31. dmg: information ("dmgi") comprises a portfolio of information media businesses in sectors including property, education, energy and commodity and structured finance sectors. The business continually seeks to identify, invest in and organically develop strong and differentiated B2B information businesses.
32. dmgi is headquartered in Stamford, Connecticut and has an international focus with significant operations through our businesses in the United States, UK, Australia and Continental Europe. These businesses employ over 1,600 employees globally.
33. dmgi owns a number of individual businesses active across a range of different business sectors, including:
  - 33.1 Property - through our EDR and Landmark subsidiaries and our investments in Real Capital Analytics (RCA) and BuildeRadius.
  - 33.2 Education - through our Hobsons subsidiary.
  - 33.3 Energy and commodities - through our Genscape subsidiary.
  - 33.4 Finance – through Trepp and Lewtan

**DMG: Events**

34. dmg: events (dmge) is a leading supplier of exhibitions, conferences and training across a number of sectors, including oil and gas, digital marketing events, construction, and hospitality.
35. The company was founded in 1989 and manages over 80 events in up to 25 countries each year. It is headquartered in Stamford, Connecticut and is active in North America, the Middle-East, North Africa, Europe, Asia and Australia.
36. The vision of the company is to bring together the communities we serve and enrich them with industry leading conferences, exhibitions and content.

## **Euromoney**

37. Euromoney Institutional Investor PLC is one of Europe's largest business and financial magazine publishers which has interests in financial publishing and event organization.
38. The company was founded in 1969 as an international business-to-business media group focused primarily on the international finance sector. As well as its flagship title Euromoney Magazine, it publishes more than 70 magazines, newsletters and journals. It also runs an extensive portfolio of conferences, seminars and training courses and is a leading provider of electronic information and data covering international finance and emerging markets.
39. Euromoney is based in London but has offices and activities around the world, and more than a third of its revenues are derived from emerging markets.
40. DMGT is a 68% shareholder in Euromoney Institutional Investor, which is a separately listed company to DMGT.
41. The newspaper division of DMGT, A&N Media, the consumer media operation of DMGT Plc is therefore only a part, although a very important part, of our business.

## **Governance Structures**

42. The corporate governance structures of DMGT are referred to in the witness statement of the Chief Executive of A&N Media, Kevin Beatty. I have read and fully endorse the contents of that statement. The Editors have complete editorial independence but, as that statement makes clear, the Editors are subject to the same corporate governance structures as everyone else and they and our journalists are expected to comply with the law and the Editors' Code of Practice. Corporate risk arising from editorial activities is considered by the risk committee, which will review and manage risk from our newspaper division and recommend any changes it considers should be made.
43. The financial and legal controls are set out in the witness statements of James Welsh and Liz Hartley. Complaints are dealt with by the managing editors of the newspapers and the editorial legal department. Mr Beatty and the finance directors of the newspapers receive regular reports on claims. The editorial legal processes are also audited on a periodic basis by the internal audit committee which reports to the risk committee.

44. I meet with the Editor in Chief, as with my senior executives, on a regular basis. Although I have a wide range of responsibilities as Chairman of DMGT and therefore expect and trust the senior executives of divisions within the group to manage our day to day operations, I care deeply about my family business, its reputation and our newspapers. As previous witnesses have explained, our Editors have complete editorial independence. However, this does not mean that I am not concerned about the newspapers or interested in their content. I believe passionately in freedom of speech, as I will explain below in relation to self regulation, but I will of course discuss issues of concern with our Editors. I do not influence the editorial content of our titles, nor would I seek to do so.
45. Our newspapers have a long tradition of holding politicians, the police, the media, officials and public servants in all walks of life to account in the public interest. The Daily Mail's campaign for justice for Stephen Lawrence, for which the paper received the Campaign of the Year Award, and which contributed to the paper winning Newspaper of the Year this year, is one example, but there are many others. We allow our Editors to make editorial decisions without reference to commercial considerations. Our newspapers do not have political allegiances but support or criticize government policies according to the editorial assessment of their merits.
46. I appoint the Editor in Chief and I am consulted about and retain the right to veto other appointments of the editors of our national titles, as did my father, grandfather and great grandfather. Recently, in recognition of his distinguished career as Editor of the Mail on Sunday for nearly 14 years, I was delighted to appoint Peter Wright as our first Editor Emeritus in charge of standards for our newspapers and I accepted Paul Dacre's proposal for the appointment of Geordie Greig as the new Editor of the Mail on Sunday. Mr Grieg had made a great success of his previous role as Editor of the Evening Standard.

**Personal relationships with politicians**

47. I attach a list of my meetings with successive prime ministers and senior politicians. I indicate, where appropriate, the purpose of any business meeting. This list is accurate to the best of my knowledge.
48. I was a cross bench peer in the House of Lords before the constitutional changes made by the last Government to that House. I was informally approached on behalf of each political party to take the whip, but I refused because I thought it would impugn my ability to be objective and impartial. I try to maintain a professional



relationship with politicians, but I strongly believe, as did my father, that I should keep a distance so that my personal relationships do not conflict with my role as the proprietor of a newspaper group.

49. It is appropriate in a democratic society for any business to engage in discussions with politicians in relation to matters which are of interest to Parliamentarians and to the business community. I would not discuss the position of our newspapers in relation to support for any political policy or party.
50. Discussion ought to be able to take place on an informal and confidential basis, as it should with any part of the community. However, I support the decision to record the occurrence of meetings. Greater transparency would not make any difference to my conduct or to our business interests.

#### **Concerns about the culture, practices and ethics of the press**

51. I am asked to comment on the Daily Mail's coverage of the McCann story and the conduct of the subsequent libel complaint. I did not, and I would not, expect the Editor to report to me on individual libel complaints. We have highly developed systems in place to deal with complaints and litigation and I am satisfied that these were adhered to in this case.
52. However, I have great sympathy for the Drs McCann and the terrible ordeal they continue to face. Mistakes are made from time to time in the coverage of crime and our legal and editorial systems are designed to minimize these risks. In this instance the McCanns complained about articles in the Daily Mail and the Evening Standard. I understand that we entered into discussions with them and that the complaints were resolved quickly and amicably. At the time, the foreign edition of the Daily Mail was carrying advertisements to support the continued campaign to find Madeleine and it was agreed as part of the settlement that we would continue to do so. The Evening Standard agreed to carry a statement.
53. The Editor in Chief has given evidence to the Inquiry explaining our position on Operation Motorman, the subsequent conviction of Mr Whittamore, and the two ICO reports issued by the previous Information Commissioner, Mr Thomas, to Parliament. Mr Dacre mentioned the reports to me and informed me that he had taken action to prohibit the use of enquiry agents by any of our journalists. I cannot recall the details of what Mr Dacre conveyed to me as to the steps he and his executives were taking but I recall that I was (and am) satisfied that the action taken was taken at the right

level and was appropriate. As to the steps taken by the Group following the ICO's reports in 2006 (and the prosecution of Clive Goodman and Glen Mulcaire) I refer the Inquiry to paragraphs 42-47 and Schedule 1 of the witness statement of Mr Dacre.

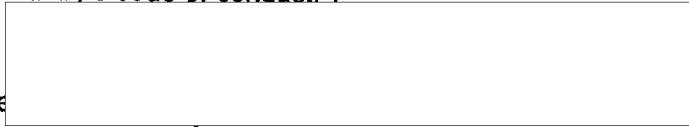
54. I am asked to explain how and when I first became aware of the convictions of Glenn Mulcaire and Clive Goodman, my reaction to this and what steps, if any, were taken by me at the time in relation to our own titles. I am also asked for my reaction to the Guardian reports in 2009 and whether these and the events of 2011 caused me to reflect further. I was aware of the arrests and convictions of Glenn Mulcaire and Clive Goodman from news reports. I spoke to Mr Dacre around that time and he gave me his assurance as Editor in Chief of our titles that to the best of his knowledge voicemail messages had not been intercepted by our journalists. He also gave these assurances to the Board of DMGT. In 2011 the Risk Committee and Paul Dacre tasked Liz Hartley, Head of Editorial Legal Services, with leading an internal review of our editorial policies and procedures. It concluded that there was no evidence to suggest that any phone hacking had taken place within our newspaper division.

#### **Views of any changes to regulation**

55. I passionately believe that self-regulation protects the press from political interference. The press is a vital guardian of our constitutional freedoms. It must be free to operate in a way which protects it from political and government interference.
56. The perception is that self-regulation has not worked. In my view, it is imperative to the credibility of our industry that the industry and Lord Hunt devise a more effective regulatory framework to encompass standards as well as to adjudicate on complaints.
57. I agree that membership of the PCC should be comprehensive and that it lacks legitimacy if it is not. However, the legal and regulatory responsibility for adhering to standards should remain at the appropriate corporate level within each organization. I believe that the regulator should define best practice and that those news organisations and journalists that have signed up to an ethical code should carry some form of identification mark. The public would therefore be able to differentiate between those companies and individuals who have signed up to a set of proper ethical standards and those that have not.

58. I believe that the Editors' Code of Practice is respected and that it should continue to be updated by serving editors, with some lay input, and continue to form the basis of our industry's code of conduct.

Signe



Dated ..... 03.05.12 .....