

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

The Leveson Inquiry into the culture, practices and ethics of the press

**WITNESS STATEMENT OF MURDOCH MACLENNAN
CHIEF EXECUTIVE OFFICER, TELEGRAPH MEDIA GROUP LIMITED
15 SEPTEMBER 2011**

I, Murdoch MacLennan of 111 Buckingham Palace Road, London SW1W 0DT, will say as follows:

1. I make this witness statement in response to the Leveson Inquiry's notice dated 8 August 2011 (the **Notice**), and in particular the questions raised by the Notice. In accordance with the terms of the Notice, and save where I have stated otherwise, this statement addresses my experience at Telegraph Media Group Limited (**TMG**).

Question 1: career history in the media

2. I am Chief Executive Officer of TMG, a position which I have held since I joined TMG in October 2004, shortly after it was acquired by the Barclay family from Hollinger. Since 2010 I have also been the Chairman of the Press Association (having previously sat on the Board of the Press Association when I was Group Managing Director of Associated Newspapers).

Witness name: Murdoch MacLennan
Dated: 15 September 2011
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3. I have spent all my working life in the newspaper industry. I began as a graduate trainee with Thomson Regional Newspapers, working in various junior and middle management roles at their offices in Edinburgh, Newcastle, South Wales and Reading. I joined Mirror Group in 1979, taking senior management roles in Glasgow and London and I was appointed to the Board of the Scottish Daily Record and Sunday Mail as Production Director in 1982. I left to take up senior positions in London with Express Newspapers in 1985 and Associated Newspapers in 1989.

4. In 1993 I returned to Mirror Group as Group Operations Director and Managing Director of the Scottish Daily Record and Sunday Mail and I left in 1995 to become Group Managing Director of Associated Newspapers – publishers of the Daily Mail, Mail on Sunday and, at that time, the Evening Standard. During my time as Group Managing Director of Associated Newspapers I was responsible for the launch into the London market, and later into the remainder of the UK, of Metro, a free newspaper which has had a transformative impact on the media market in this country.

5. I have also played a significant role in the newspaper industry's own institutions both in the UK and abroad. From 2005-2007, I was Chairman of the Newspaper Publishers Association (the trade body for national newspapers). I was President of IFRA (the global technical association for newspapers based in Darmstadt) from 1997-2003, and from 2003 to 2010 I was a Vice President of the World Association of Newspapers, the focus of whose work is the expansion of press freedom across the world. Presently, I sit on the European Publishers Council, whose work centres on press and advertising freedom issues at a European level.

6. I have always believed that as an industry it is right that we do what we can to support our own charities and educational institutions. I am Vice President of the Journalists' Charity and also support NewstrAid (the charity for the Old

Witness name: Murdoch MacLennan
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Ben retirement home). I was also a Visiting Professor at the Business School at Glasgow University, a position I held for twelve years, and now sit on the Court of the University, where I try to bring a media perspective to the University's work.

Questions 2 to 6: corporate governance

7. Although TMG, as a private company, is not subject to the same statutory corporate governance obligations as public companies, our owners expect me to ensure high professional and ethical standards throughout the business, and that is what I have always sought to do.

8. In addition to myself and the Finance Director, Finbarr Ronayne, the Board is comprised of Howard Barclay, Rigel Mowatt, Philip Peters, Michael Seal, Lorraine Twohill and Aidan Barclay (Chairman). In addition to the Barclay family members, Rigel, Philip and Michael are employed by fellow Barclay family undertakings. Lorraine is Vice President of Global Marketing at Google and advises the Board on digital strategy. The core role of the Board encompasses strategic planning, corporate governance (in the broader sense of the term, including the Board's overview of the direction and control of the company), annual budgeting, financing, investment appraisal, executive remuneration, appointment of auditors and so on. Rigel Mowatt is our senior point of contact, Finbarr Ronayne and I meet with Rigel on a weekly and monthly basis to review financial performance.

9. As CEO, I am responsible for day to day leadership, and I have all the main lines of the business, both on the editorial and commercial side, reporting into me. In addition I hold weekly senior management meetings, which include both the editors and the senior commercial directors, to review the performance of the business and to discuss key strategic issues.

Witness name: Murdoch MacLennan
Dated: 15 September 2011
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10. The Inquiry has asked for an explanation of how the Telegraph's system of corporate governance works to ensure lawful, professional and ethical conduct by the Telegraph and its employees. Given the Inquiry's terms of reference, I understand this question to be particularly focused on the editorial side of the newspaper, the sourcing of information for stories, and the decision to publish, or not to publish, particular articles.
11. As a preliminary point, it is important to understand the division between the newspaper's commercial and editorial teams. It is a "church and state" relationship, at the heart of which lies editorial independence. Whilst the editorial team are all aware of, and engaged with, the strategic development of the business, for example the development and performance of the Telegraph's multi-media platforms, the editor decides what is published even though that decision is taken in compliance with the letter and spirit of the Editors' Code of Practice (the **Code**),
12. There are, nevertheless, actions which the commercial side of the business, under the direction of the senior executive team, can and do take to ensure the lawful, professional and ethical conduct of the Telegraph is maintained. The Finance Director, Finbarr Ronayne, will provide the Inquiry with a detailed explanation of the Telegraph's financial governance systems, including the setting of appropriate authority levels, in his statement.
13. The Telegraph are strong supporters of the Code, which as the preamble states "*sets the benchmark for those ethical standards, protecting both the rights of the individual and the public's right to know. It is the cornerstone of the system of self-regulation to which the industry has made a binding commitment*". As far as our journalists are concerned, adherence to the Code has been written into all journalists' contracts of employment since March 1998. All new editorial recruits are given a copy of the Code on arrival, and

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

our editorial graduate trainees are given extensive training on the Code, as well as featuring in the ongoing training which is made available to all staff.

14. The Telegraph is a firm believer in advertising self regulation as the key to the commercial health of the advertising market on which our business depends. We live within the letter and spirit of the Code of the Committee of Advertising Practice, and submit to the jurisdiction of the Advertising Standards Authority.
15. The editorial legal team operate seven days a week, 364 days a year (we do not publish on Christmas Day), to advise journalists and editors on relevant legal issues, including compliance with the Code. I understand that the Editorial Legal Director, Adam Cannon, will address his department's role in greater detail in his statement.
16. On the rare occasions a complaint against the Telegraph is upheld either by the PCC or the ASA, or if the Telegraph ever loses a legal action for example, for defamation, then senior management would receive a report explaining what had happened, and assessing how a repetition could be avoided. Staff are also expected to work with the relevant regulatory bodies, for example having an informal discussion with the PCC regarding the planned coverage of particularly sensitive issues.
17. Our employees are trained and informed of developments and changes in the law which specifically relate to our business area. Recent examples of such developments include data protection legislation and the recent introduction of the Bribery Act.
18. Telegraph staff are provided with the Staff Handbook, which provides guidance, and puts in place procedures, which are designed to ensure potential issues are identified and dealt with. For example, any complaints received by a member of staff must be reported to their line manager, and

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

copied to the legal department. Similarly, the Staff Handbook stresses to employees that they are encouraged to raise any concerns they might have regarding the conduct of others in the business and the way the business is run, and puts in place 'whistleblowing' procedures.

19. In addition to the implementation of corporate governance systems, the senior executive team, in conjunction with the senior editorial team, have also sought to inculcate within the Company a culture of accuracy and professionalism. Where an error has occurred, as will on occasion happen, I expect it to be put right swiftly and courteously. Where there is a dispute of fact, I would expect us to carry a letter putting a different point of view. That is the culture which we seek to achieve.

20. While I and the senior executive team can and must do what we can to ensure that high standards are maintained and enhanced, it is absolutely right and an inviolable characteristic of a free press that editors are responsible for the content of the newspaper or digital offering. It is for the editors, guided by the Code, relevant legal principles, and their own sense of ethics and standards to exercise their judgement regarding what stories to publish, how to structure those stories, and to ensure that the stories are sourced in an ethical and professional manner. If their judgment is subsequently criticised by the PCC or a story is the subject of a successful libel action, it is for the editor to explain to me, and through me to the Board why that has occurred. However, the original decision must be the editor's.

21. Of course, from time to time an editor might want to discuss certain stories, particularly if they involve a significant ethical issue, and if they do I operate an open door policy. An example of this is practice relates to the Telegraph's exposure of the scandal of MPs' expenses in May 2009. I had been away on holiday when the initial offer of the disc containing the expenses information

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

had been received, and as such I had not been involved with the decision to pay £10,000 to secure the exclusive rights to the disc for the initial 10 day review period. I was first advised of the transaction by my Finance Director, Finbarr Ronayne, on the evening of Friday 1 May during a telephone conversation update on weekly trading and business issues. However, on my return from holiday the then Editor-in-Chief, Will Lewis, did approach me to discuss the purchase of the disc during the 10 day review period, and the story he was proposing to run. This was in part because the financial commitment required to trigger the option to purchase the disc for £100,000 could only be authorised by me or the Finance Director. However, given the significance of the story, and given the ethical and moral issues involved, Will Lewis also wanted to make sure I was properly briefed on the story he was planning to run. I met with Will Lewis on Wednesday 6 May 2009, with the first stories regarding the cabinet's expenses going to press on the evening of Thursday 7 May. My concern was to ensure that sufficient thought had been given to all aspects of the case, including issues of public interest and unbiased reporting of all political parties. I also received assurances on data protection, privacy and compliance with the Code. However, although I was involved with a discussion about the story, the ultimate decision to publish the story and the presentation of the material was the editor's.

22. None of our practices have changed as a result of the phone hacking media interest. However, we have thought it prudent to bring together all our policies and protocols, the vast majority of which are already in our Staff Handbook, into one short and accessible document. This has been distributed to all staff and it, together with the covering letter to all staff, is attached for information.

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

Questions 7 and 8: sources of information

23. The question of where responsibility for checking sources of information lies, and how this is done in practice, can be addressed in more by the editorial team, in particular in the statements of Tony Gallagher and Ian MacGregor. On the editorial side of the business, journalists will report into their desk head who may report into, for example, the news editor, who will report into the editor. Journalists will always be responsible for checking the sources of information, and ultimate responsibility for the checks conducted will rest with an editor. However, I understand that in practice, checks might be conducted at various stages of the reporting line, depending on the nature of the story and the source. The operation of the “church and state” division between the management and editorial teams means that members of the Board are virtually never aware of the sources of information which make up the central stories in the newspaper, and nor should they be.

24. In fact, more often than not the Board will not even be aware of what stories are going to be printed in the newspaper. For example, TMG's Chairman, Aidan Barclay, did not know that the Daily Telegraph was going to break the MP's expenses story before the paper went to print. The only Board members who were aware of the story were myself and Finbarr Ronayne by virtue of our involvement in approving the financial transaction. On a more routine level, it is not unusual for me to go for a number of days without speaking to Tony Gallagher, in which case I will usually be hearing about stories for the first time when I read them in the Daily Telegraph.

Question 9: the role of ethics in print media

25. I am confident that all members of the senior executive team, and the newspaper's senior editors, recognise that ownership and publication of a

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

newspaper brings great power, which must be balanced by great responsibility.

26. For me, ethics means that the newspaper abides by the law and the Code.

The newspaper should own up when something has gone wrong and seek to put it right. It must respect individual privacy in the news and the photographs it publishes. And the newspaper must take special notice of the rights of vulnerable groups in society, in particular children.

27. However, in a free society, I believe that the key to ethics is the issue of the public interest. A newspaper performs a watchdog role in society, and from time to time we have to push hard at the boundaries where we are in pursuit of the public interest: exposing a crime or serious misdemeanour as we did in the case of MPs' expenses.

28. Ethics, in short, require a balance, and I believe the Telegraph generally gets that balance right. Again, the case of MPs' expenses is a good example. During nearly two months of day to day coverage of this issue involving thousands of stories, no successful libel actions were brought against the Telegraph, and only one PCC complaint was upheld. This related to the breach of Clause 1 (Accuracy) of the Code by references to Brian Binley MP being a "millionaire". I believe that the Telegraph were serving the public interest, and protecting individual rights at the same time.

Questions 10 and 11: financial and/or commercial pressure

29. The Inquiry has asked about the extent to which I feel, or have felt, any financial and/or commercial pressure from others, and whether this has affected the decisions which I have made.

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

30. Newspaper publishing is a commercial business, and the long term survival of TMG requires that the Daily Telegraph and Sunday Telegraph are commercially successful and generate profit. Commercial success comes from a combination of sources: a healthy advertising market, growing digital revenue and sponsorship, and robust circulation of the printed paper. In recognition of the former, my main aim since joining TMG has been to turn it into a multi-media publisher, and I have led a programme of structural and technological change to make TMG fit for purpose in a digital age. In this task we have, thanks to the commitment of our owners and the energy of our staff, scored considerable successes, though there is always more to do. TMG is one of the few commercially successful newspaper publishers, and in 2010 recorded a profit after taxation of £50 million on a turnover of £324 million. We currently employ 1,000 plus people, and have offices in London, Manchester and Chatham.

31. So of course there is pressure on me to structure and run the business in a way which ensures it is profitable, and produces resources to reinvest in the digital transformation of our business. However, I have never felt under any financial or commercial pressure from others.

32. I can confirm that I am not involved in determining which stories, including "exclusive" ones, go into the paper or are published on the website, and I receive no financial incentive for the newspapers publishing "exclusive" stories.

Questions 12 to 18: private investigators and other external providers of information

33. Since joining TMG in October 2004, my only personal involvement in payment by the Telegraph for information was in relation to the MP's expenses story, where I authorised payment for the disc.

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

34. I have never been aware of any direct payments being made to police, public officials, mobile phone companies or intermediaries, other than for example, payments to Boris Johnson in respect of his column. Payments in kind might be considered to be made in so far as staff of the newspaper will, for example, have a lunch or dinner with a politician, but I never recall having been aware of, or concerned about any disproportionate or extravagant entertaining.

35. It follows from my answers in this statement that I am not aware of any policies or protocols governing the payment of private investigators or other external providers of information. The Company's Procurement Policy and Expenses & Business Travel Policy have been provided to the Inquiry Team as part of our submission of relevant documents.

36. As far as other sources of information are concerned, newspapers do of course from time to time pay for material, for example pictures. There is nothing illegal or unethical about that. Nonetheless, expenditure will always have to be approved in line with procurement and expense policies, and authorised in accordance with our Authority Level structures. And in the case of published articles and photographs, lawyers check whether they comply with the PCC Code and the privacy law developing under the Human Rights Act.

Question 19: oversight of editorial decisions

37. As I have set out in this statement, the decision whether or not to publish a story rests with the editor. He might take soundings of, and receive advice from, various quarters, ranging from the editorial legal department to other editors. However, the ultimate decision of whether to publish, in what format and with what information, rests with the editor, and the editor alone.

Witness name: Murdoch MacLennan
Dated: 15 September 2011
Filed in response to a notice dated 8 August 2011

38. If an editor exercised poor judgement a complaint might be referred to the PCC, or the newspaper might be faced with a claim for libel, breach of privacy or similar. If such complaints or claims are proved to be well founded, an editor would be expected to explain through me to the Board the judgement he made to publish the story. Similarly, I would expect the newspaper's readers to express their displeasure directly to an editor if they did not like his decision to publish a story. However, there is no formal management system in place within the Telegraph to review, and provide oversight of, an editor's decision to publish a story.

Question 20: use of 'computer hacking'

39. To the best of my knowledge, I have not, and the Daily Telegraph and Sunday Telegraph have not, employed anyone to use 'computer hacking' in order to source stories.

Question 21: inquiry into phone hacking, computer hacking, blagging, bribery or corruption

40. In the course of responding to the document requests made by the Leveson Inquiry, the Telegraph has undertaken an exercise of reviewing and searching certain financial records and emails according to the extensive parameters agreed with the Inquiry. Full details of the methodology employed, and the results of that exercise, will be provided to the Inquiry in due course.

41. Although I do not believe it necessarily falls within the Inquiry's terms of reference or area of interest, I note for completeness that an internal inquiry was undertaken into how material relating to a story in December 2010 about the Secretary of State for Business and other Liberal Democrat MPs found its way into the public domain before it was published by the Telegraph.

Witness name: Murdoch MacLennan
Dated: 15 September 2011
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42. I am happy to provide any further information which would be of use to the Inquiry.

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



15th September 2011

Murdoch MacLennan