

21ST CENTURY FOX/SKY MERGER INQUIRY

Summary of hearing with Rebekah Brooks (CEO, News UK) and Angus McBride (General Counsel, News UK) on 31 October 2017

Introduction

1. Rebekah Brooks (RB) stated that she oversees five divisions of News UK comprising News Group Newspapers Ltd (owner of The Sun and The Sun on Sunday), The Times Newspapers Holdings Ltd (owner of The Times and The Sunday Times), Newsprinters, Unruly and Wireless Group.
2. RB stated she is a director of Wireless, Unruly and The Times Newspapers Holdings Ltd (TNH). There are twenty directors on the board of The Times Newspapers Holdings Ltd, six of whom are independent.

Views on media influence

3. RB stated that newspapers in general do have influence. RB put forward the campaigns by The Sun on issues such as Help For Heroes rather than on pure political issues as examples of influential ways that changes in policy can be initiated when working together with readers. But newspapers' influence has diminished due to the changing nature of the media landscape.
4. RB stated that in order to have an impact, newspaper campaigns need to be aligned to a great extent to the interests of the newspaper's readership. She stated there was a symbiotic relationship between a newspaper and its readers.
5. RB stated that The Sun has always been more interesting for politicians than The Times or The Sunday Times as a route to getting their message out through the media in that it has a relatively mixed and big voting readership. However politicians want to cover all the bases including for example radio broadcasts which are filmed and broadcast, the BBC and Facebook live. There are many avenues for them now.
6. RB stated that politicians invest more in social media now than in newspapers to communicate with the public, given the reach of platforms such as Google

and Facebook. She cited the last election where most campaign money was spent with Google and Facebook rather than print advertising.

News UK

7. RB stated that she reports to Robert Thomson (RT), CEO of News Corp.
8. RB explained that as CEO of News UK she attends all quarterly board meetings of Times Newspapers Holdings Ltd to present a commercial update.
9. RB stated that her six commercial reports are the Chief Operating Officer, Chief Financial Officer, Chief Strategy Officer, Chief Technology Officer, General Counsel and Head of Corporate Affairs of News UK.
10. RB said that she has regular contact with Rupert Murdoch (RM). RB said that her discussions with RM usually begin with advertising matters. They also discuss subscription numbers, the ABCs, comScore results, pricing strategy, and what is in the news and the papers.
11. RB stated that RM generally has little contact with commercial executives at News UK though he will speak fairly regularly with individual editors of News UK titles, and very occasionally staff at other levels within the organisation.
12. RB confirmed that RM and Lachlan Murdoch (LM) both co-chair News Corp, and that James Murdoch (JM) is a director of News Corp.
13. RB stated that RM and LM have distinct responsibilities. RM tends to be more involved in the operational day-to-day business of News UK than LM.

Editorial appointment and decision-making at News UK

14. RB stated that she has been involved in the appointment of two editors while CEO. Prior to the appointment of the current editor of The Sun, Tony Gallagher (TG), RB, RT and RM had had informal chats with him.
15. RB stated one of the reasons she supported the appointment of the current editor of The Sun was his experience in online news with the Mail online. This was important as The Sun Online had not been as successful as hoped and it was felt they could use Tony Gallagher's' experience with online to its advantage.
16. RB explained that if the editor of The Times decided to leave his position, she would initially look internally for candidates and then externally. She would then put the name forward to the independent directors for their approval.

17. RB explained that her editorial reports are the editors of The Times, The Sunday Times, The Sun and The Sun on Sunday.
18. RB stated that she usually has one-to-one meetings with all editors on a fortnightly basis during which various matters would be discussed including marketing and title subscription levels.
19. RB stated that although she discusses the content of the papers with the editors and will give praise where it is due, she does not set the editorial tone of the newspapers she oversees. She is not a 'backseat driver' and editorial decisions are left to the editors. She does not have any advance visibility of the editorial lines that may be taken either daily or weekly on the titles.
20. RB stated that RM's views and those of News UK editors may vary considerably. RM is very supportive of the titles but his own views and those in particular of The Times and The Sunday Times often differ greatly. He is closer to The Sun.
21. RB stated that she believed RM holds a genuine belief that good journalism is necessary for a democratic society. His love and passion for newspapers is well known.
22. RB stated that she cannot remember the last time she spoke to JM about newspapers since the time when he was Executive Chairman of News International.
23. RB stated that editorial lines are decided by the editors who in turn decide those lines based on their readership.

Compliance and corporate governance processes

24. RB stated that there have been changes in News Corp as a result of the past phone hacking scandal. A new General and Deputy-General Counsel had been appointed as well a Compliance Officer.
25. RB stated that every new employee at News Corp goes through a rigorous compliance training exercise.
26. Angus McBride (AM) stated that all newspapers under News UK take the Independent Press Standard Organisation's (IPSO) Editors' code (which includes rules on newsgathering) very seriously.
27. AM explained that journalists operate in a culture where legal advice on obtaining information from sources is sought regularly and every step of the way.

28. AM stated that there are tight restrictions in the policy on payments to sources for stories and advice from Queen's Counsel is sought before they can be authorised.
29. AM stated that all employees are given information and training on policies from induction.
30. RB stated that IPSO is a strong regulator and the current training provided at News UK is of the highest quality.
31. RB stated that she discusses serious IPSO complaints with RM. RM wants to be updated on the actions taken to deal with any IPSO complaints.
32. RB explained that prior to the new policies and the phone hacking scandal, interpretation of codes relevant to editors was often left to individuals.
33. RB explained that now every editor is required to report on news gathering methods at meetings in relation to the company.
34. RB stated that JM is very keen on prioritising compliance and RM has been supportive of the compliance policies put around News UK. They are both also keen to make sure that any compliance issues are reacted to immediately.
35. RB stated that she occasionally discusses compliance and regulation with RT. AM discusses these on a weekly basis with David Pitofsky (DP), Chief Compliance Officer of New Corp, who reports directly to RT.
36. AM confirmed that he speaks with DP about two to three times a week. DP speaks to RT regularly on compliance matters.
37. AM stated that he also inputs into RB's CEO report on compliance and regulatory matters.
38. AM stated that executives at News UK are made aware of legal issues. AM is on the executive board and is in weekly meetings where all members are made aware of compliance issues.
39. AM explained that there is also an audit committee in the US to which representatives in News UK report.
40. AM stated that he had spoken to both RT and RM about UK regulatory issues and problems from the past.
41. AM stated that employees are constantly trained on compliance issues. AM put forward the company's whistleblowing policy as an example of how

employees can become active in helping to enforce compliance and gave an example of its recent use.

42. RB stated that she takes building a supportive environment for women working in News UK very seriously and has taken steps to create such an environment. Bullying and sexual harassment would not be tolerated.
43. AM stated that the culture in News UK does not project an impression that employees can breach policies or commit wrongdoing and get away with it. Journalists are given and take legal guidance on the difficult decisions they have to take and are supported in this. If they do not take guidance then it will not be tolerated.
44. RB stated that nowadays a key focus for News UK when hiring journalists is digital experience.
45. RB estimated that only a small proportion of journalists that were working for The Sun back in 2011 are currently employed within News UK. The journalists arrested in 2011 were all acquitted, bar one, and the majority chose not to return. Exact figures could be provided.

Views on Fox News

46. RB opined that that there is no market for a channel styled after Fox News in the UK, and that such a channel would not be successful. The UK regulatory environment would also prevent such a channel from coming into existence.