

John Ridding, First
Financial Times Limited
September 2011
Exhibits: JR1 – JR3

IN THE MATTER OF AN INQUIRY UNDER THE INQUIRIES ACT 2005
INTO THE CULTURE, PRACTICES AND ETHICS OF THE PRESS

**WITNESS STATEMENT OF
JOHN RIDDING**

I, **JOHN RIDDING**, newspaper executive, of 1 Southwark Bridge, London SE1 9HL **WILL SAY
AS FOLLOWS:**

1. I am employed by The Financial Times Limited ("FTL") as its Chief Executive Officer.
2. I make this statement in compliance with a Notice sent to me on 8 August 2011 pursuant to section 21(2) of the Inquiries Act 2005.
3. I have answered the questions raised in the Notice in good faith and to the best of my recollection. I believe my answers to be true. I am happy to expand on any answer if required to do so.

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

4. I have been Chief Executive of FTL since June 2006, having been with the company for 24 years in both editorial and executive positions. Before taking up my current role, I was the Editor and Publisher of the Financial Times, Asia, as well as Chairman of Pearson in Asia. I led the launch of the Asia edition of the FT in 2003.

5. In my role as Chairman of Pearson in Asia, I established a series of collaborative ventures between group companies.
6. Prior to my role in Asia, I held the posts of Deputy Editor of the Financial Times and also Managing Editor. I have also held several other editorial posts at the FT since I joined in 1987, including Hong Kong bureau chief, Paris correspondent, deputy features editor, Korea correspondent, UK companies reporter and foreign desk correspondent.
7. Prior to answering the specific questions asked of me in the Notice, I would like to make a brief opening statement.
8. Ethical journalism is central to the FT's strategy and success and has been for 120 years. A founding and current principle of the newspaper is that it would report "Without Fear and Without Favour". It is because the integrity of the FT is a central and recognised asset of the company that as an organisation we are not complacent about it.
9. We are confident that the rules and processes we have in place relating to issues of governance, ethics and legality are best in class and very robust. However, rules and codes can only get an organisation so far. What is also important is the culture of an organisation, and such culture derives from tradition, education, training and the day-to-day behaviour of an editorial function. Length of tenure is also important in understanding and embedding a culture and many of the staff in senior editorial positions at the FT are long-standing employees.
10. Editorial independence is fundamentally important to the FT as an organisation and therefore all decisions about sourcing of stories or the validity of news reporting are within the remit of the Editor. Editorial independence means that the editorial operation and coverage is independent of the commercial side of FT's business. My editorial background, including 15 years spent working as a journalist and editor at the Financial Times, means that in my capacity as Chief Executive Officer I understand the importance of editorial independence within a news organisation.

Question 2: How the system of corporate governance is supposed to work at the Financial Times and Financial Times Ltd of which you are a proper officer, with particular emphasis on systems to ensure lawful, professional and ethical conduct and by reference to any relevant documents.

Question 3: How you understand the system of corporate governance to work in practice at the Financial Times and Financial Times Ltd, of which you are a proper

officer with particular emphasis on systems to ensure lawful, professional and ethical conduct.

Question 4: What your role is in ensuring that the corporate governance documents referred to above and all 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.

11. The Financial Times management board is ultimately responsible for the governance of the business. As Chief Executive of the Financial Times I report to the Chief Executive of Pearson plc, which is the ultimate parent company of FTL, and that reporting line provides a further layer of governance. The Editor of the Financial Times sits on the FT's board and is independent with regard to all editorial issues.
12. Pearson plc publishes a Code of Conduct. A copy is attached at Exhibit "JR1". which requires all Pearson employees, including therefore FT employees, to conduct themselves not only in accordance with the law, but also in accordance with the ethical principles set out in the Code. The Code of Conduct is made available on the FT's Intranet and is referred to in all "new starter" packs for FT employees. Pearson circulates an email annually to all Pearson employees reminding them of their obligations under the Code and asking them to confirm either compliance with it or to notify instances of non-compliance they are aware of. Pearson also operates a whistleblowing hotline called Ethicspoint which allows employees to report breaches of the Code on an anonymous basis. Employees can also report breaches of the Code locally, for example to their line manager or in-house legal team.
13. The Financial Times newspaper department publishes and operates in accordance with an Editorial Code of Practice ("FT Code"). The FT Code is contractual in nature since it is incorporated by reference into the FT's employment contracts. The FT Code is based on and incorporates best practice as set out in the Press Complaints Commission's own Editorial Code of Practice. In fact, although the FT's Code actually goes further by imposing requirements which we believe are important to the FT as a specialist financial publication – for example, we hold a share register which is designed to ensure that no conflict of interest arises as a result of a journalist holding shares in a company which they may be writing about. I understand that Lisa MacLeod, the FT's Managing Editor, will provide a witness statement referring in more detail to the implementation of the FT Code and the operation of the share register.

14. On the commercial side of the business, as Chief Executive Officer I have ultimate responsibility for ensuring that the business conducts itself lawfully and ethically. For example, in light of the commencement of the Bribery Act 2010, Pearson has assisted the FT in devising and implementing an Anti-Bribery and Corruption Policy (a copy of which is exhibited to this statement as "JR2") which I communicated to all staff in an email dated 1 July 2011 (a copy of which is exhibited to this statement as "JR3"). Although I designate responsibility where appropriate, for example the Chief Financial Officer is responsible for the implementation of policies and procedures designed to ensure adequate financial governance and the Director of HR is responsible for ensuring that the company operates legal and reasonable practices with regard to our employees, ultimately the responsibility for the company's practices and policies rests with me.

Question 5: Whether the documents and policies referred to above are adhered to in practice, to the best of your knowledge.

15. Yes. I am satisfied that in practice they are. Although in any large organisation occasional breaches of policies occur, I ask to be made aware of them and we then deal with them as appropriate and through disciplinary action if necessary. I assume that Inquiry's focus is the editorial side of our business and I can categorically say that since I have been Chief Executive I am not aware of any breaches of codes or policies by the newspaper's editorial staff which I consider serious.

Question 6: Whether these practices have changed, either recently as a result of the phone hacking media interest or prior to that point, and if so, what the reasons for the change were.

16. Our practices have not changed, although our policies evolve as necessary. For example, although the company's zero tolerance to bribery has not changed as a result of the Bribery Act, our policies have evolved to ensure compliance with the Act. As a result of the phone hacking scandal, it is my understanding that the Editorial department intends to require all staff to sign-up to the FT Code on an annual basis – again, this is not reflective of a change in practice, but of a change in policy so that our current policy of incorporating the FT Code in our contracts and ensuring general awareness of the FT Code, will be supplemented with an annual sign-up process as well.

Question 7: Where the responsibility for checking sources of information (including the method by which the information was obtained) lies: from reporter to news editor to editor, and how this is done in practice (with some representative examples to add clarity).

17. In light of our policy on editorial independence – i.e. that the editorial arm of the newspaper is independent of the commercial arm – this is a question for the Editor. It is however my view that every link in the editorial chain should take responsibility for the issues highlighted by the question.

Question 8: To what extent board members are aware, and should be aware, of the sources of the information which make up the central stories featured in your newspaper each day (including the method by which the information was obtained).

18. They should not be aware at all, with the exception of the Editor, both due to our policy on editorial independence and also in order to ensure that source confidentiality is maintained.

Question 9: The extent to which you consider that ethics can and should play a role in the print media, and what you consider 'ethics' to mean in this context.

19. Sound ethics in the way that journalism is conducted is essential to the quality sector of the newspaper industry whose role is to provide trusted comment and criticism of public affairs, both of business and of government, and to provide analysis and commentary on other social issues. This trust requires that stories and the information underpinning them are written and researched legally, fairly and reasonably, and that articles are accurate and balanced. With the accelerating fragmentation of media and information resulting from emerging digital technologies, the volume of information and news has expanded exponentially. Whilst this has posed a serious threat to traditional news media, it has also highlighted the value and need for well researched and well reasoned news and analysis. The role of ethics is important for both long term commercial survival as well as fulfilling the essential public service role of quality media.

Question 10: The extent to which you, as a proper officer of the company, feel or have felt any financial and/or commercial pressure from others, and if so from whom, and whether any such pressure affected any of the decisions you made as a proper officer of the company (such evidence to be limited to matters covered by the Terms of Reference).

20. Obviously I have pressure as CEO to meet and hit financial targets and budgets, as does any other business leader. I have however never felt any pressure to bend or break rules or breach any standards of best practice in achieving those financial targets. In addition, due to the FT's principle of editorial independence, the Editorial department is free to publish any story or analysis which it deems newsworthy, subject to it being

consistent with the standards and practices we seek to apply at the Financial Times and which I have referred to above.

Question 11: The extent to which you, as a proper officer, had a financial incentive for your newspaper to print exclusive stories (NB. It is not necessary to state your precise earnings).

21. There is no direct link between the publication of an exclusive story and any financial incentive I am entitled to. Any indirectly related financial incentives apply only to the extent that increased circulation and readership support the broader profitability of the business, to which bonuses are linked.

Question 12: Whether, to the best of your knowledge, your newspaper 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 your newspaper or otherwise).

22. No.

Question 13: What your role was in instructing, paying or having any other contact with such private investigators and/or other external providers of information.

23. None

Question 14: 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).

24. Not applicable.

Question 15: If there was such a policy/protocol, whether it was followed, and if not, what practice was followed in respect of all these matters.

25. Not applicable.

Question 16: 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?

26. No.

Question 17: The extent to which you are aware of protocols or policies operating at the Financial Times in relation to expenses or remuneration paid to other external sources of information (whether actually commissioned by your newspaper or not). There is no need for you to cover 'official' sources, such as the Press Association.

Question 18: The practice of your newspaper in relation to payment of expenses and/or remuneration paid to other external sources of information (whether actually commissioned by the Financial Times or not). There is no need to cover 'official' sources such as the Press Association.

27. In my experience, the Financial Times pays for information and stories only from its journalists (whether employees or freelancers). Further details are provided in the Editor's witness statement.

Question 19: In respect of editorial decisions the editor has made to publish stories, what system of oversight, if any, there is and examples of how that has worked in practice.

28. The Editor has ultimate responsibility for the stories which are published in the Financial Times.

Question 20: Whether you, or the Financial Times (to the best of your knowledge) ever used or commissioned anyone who used 'computer hacking' in order to source stories, or for any other reason.

29. No.

Question 21: Whether the company has conducted any inquiry into phone hacking or computer hacking or "blagging" or bribery or corruption and, if so, your role in the inquiry and the outcome.

30. No.

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John Ridding

CEO

15 September 2011