

NEWS OF THE WORLD

FROM THE
EDITOR

1 VIRGINIA STREET
LONDON E98 1NW

Tim Toulmin
Halton House
20/23 High Holborn
London
EC1N 2JD

February 22 2007

Dear Mr Toulmin,

Thank you for your letter of February 7 2007, which I acknowledged briefly on February 13.

I now write with a substantive response to the matters you raise in your letter.

At the outset, I want to thank the PCC for the opportunity to comment and to contribute to the debate on this important matter.

Accordingly, I hope the information that follows will assist in providing the understanding you seek of the situation which gave rise to the Goodman/Mulcaire case.

So far as your specific questions are concerned, I set out each of these in this letter, followed in each case by my response.

Question 1: Were Mulcaire and any other external contributors aware that when using their material the newspaper had to work within the terms of the Code and the law?

do believe that Mr Mulcaire was operating in a confined environment run by Clive Goodman.

Cont../

[Redacted]

Further, as I detail later in this letter, every single News of the World journalist is conversant with the Code and appreciates fully the necessity of total compliance.

[Redacted]

[Redacted]

It is, I believe, important to draw a distinction between the aberrational Goodman/Mulcaire episode and the day-to-day contractual relationship with Mr Mulcaire for his legitimate services.

On this point, the Judge in the Goodman/Mulcaire trial was satisfied that there was no suggestion of any illegality under News of the World's contractual relationship with Mr Mulcaire.

With regard to your comment that the PCC is "especially concerned whether the employment of Mr Mulcaire represented an attempt to circumvent the Code's provisions..." I believe the following information will be of assistance to the PCC.

Mr Mulcaire worked for the News of the World under two separate arrangements. The first was a long-standing contract ("the retainer") under which he supplied "a research and information service".

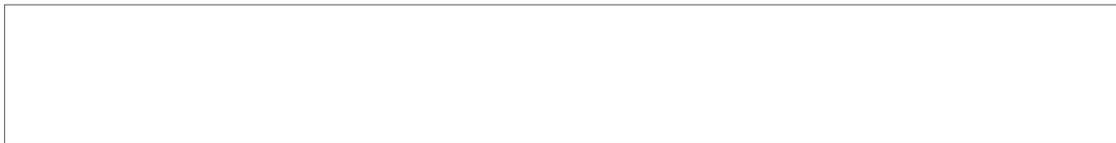
[Redacted]

[Redacted]

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-3-

The Prosecution made it very clear to the Judge that, following the completion of that investigation, they were not suggesting that the retainer agreement involved anything illegal. The Judge accepted that this was the case.



The second arrangement under which Mr Mulcaire worked for the News of the World was a direct and personal arrangement with Clive Goodman. This involved cash payments amounting to [redacted] paid to a contact who Mr Goodman identified as [redacted] between November 2005 and August 2006 (when the arrests took place).

Mr Goodman claimed at the time that these payments were for a confidential source on Royal stories. The identity of that source and the fact that the arrangement involved illegally accessing telephone voice-mails was completely unknown and, indeed, deliberately concealed from all at the News of the World. It was made clear at the sentencing hearing that both the Prosecution and the Judge accepted that.

The News of the World has a standing policy on cash payments and transparency. This was reiterated in written form to editorial departmental heads and senior staff in 2005, and repeated at the start of 2006. [redacted]

Despite this, Mr Goodman deceived in order to obtain cash with which to pay Mr Mulcaire while disguising Mr Mulcaire's identity and hiding the true origin of Mr Mulcaire's information.

The fact is Mr Mulcaire's "regular" employment as a News of the World freelance investigator had nothing to do with any attempt to circumvent PCC or legal obligations.

So far as Mr Mulcaire's formal relationship with the News of the World is concerned, I believe it will help to set out the nature of that, which I do below:

Mr Mulcaire's contract with the News of the World ('the retainer') stipulated that he would provide a "research and information service".

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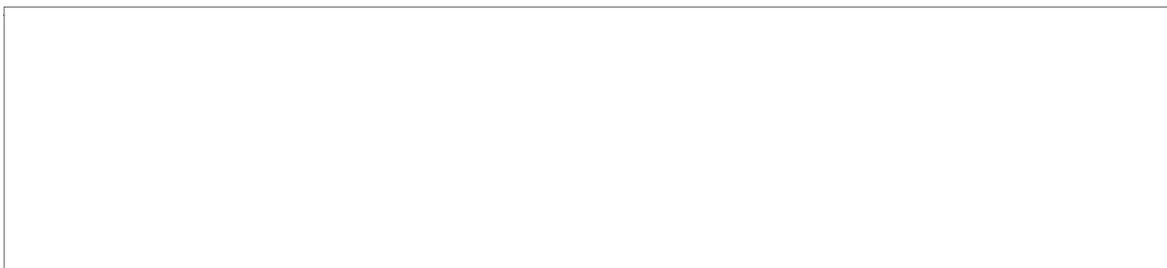
[Redacted]

[Redacted] He conducted the following services:

[Redacted]

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-5-



I now turn to your Question No 2.

Question 2: To avoid a repetition of this episode, what new guidance has been or will be introduced for external contributors? Is it/will it be written into their contracts or otherwise made clear that material must be obtained in a manner consistent with the requirements of the Code of Practice and of the law, and that public interest exceptions may apply? What other steps are being or will be taken to ensure that material supplied by third parties complies with the Code?

Answer: To avoid repetition of this exceptional episode, we are in the process of taking a number of steps.

So far as external contributors are concerned I am currently writing to them to emphasise the absolute requirement that they abide, in any and all work for News of the World, by the Code and with the law.

With this letter I enclose a sample of the letter which has been sent, and which is in the process of being sent, to external contributors. I believe this addresses this issue in a robust and unequivocal fashion.

As you will see, this letter to external contributors forms part of their contracts with News of the World.

Question 3: What steps have been/will be taken to ensure that all staff journalists on the News of the World understand that the use of third parties to circumvent the Code is unacceptable, and may be illegal?

Answer: It has long been the practice of the News of the World to make clear to staff the importance of fundamental observance of the Code, with emphasis on the fact that the use of third parties to circumvent the Code is unacceptable and may be illegal.

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Although I take little comfort from it, and I am certainly not complacent, it is perhaps reassuring that the Goodman case appears to have been a rogue exception.

So far as your second group of questions (numbers 1 to 4) is concerned, I now address these in a similar manner, setting out the questions with my responses in each case:

Question 1: Has the paper's guidance to staff journalists changed in light of Goodman's conviction? If so, what does it say?

Answer: In the light of Goodman's conviction I have taken a number of decisive steps. The first of these was to send an email on Saturday February 3 2007 to every member of staff and all casuals/contract workers at News of the World. This email included the PCC Code in full.

The following week, on February 7, I mirrored that email with a letter sent to all members of staff at their home addresses, once again including the Code in printed form (as provided by the PCC).

Included in these steps has been the re-writing of the standing Clause No. 5.7 in Staff Contracts which, in its original and long-established form, I set out below:

'The Employer endorses the Press Complaints Commission Code of Practice and requires the Employee to observe the terms of the Code as a condition of his employment.'

This, has now been replaced with an emphatically stronger and broader new clause, which I also set out in full below:

'The Employee agrees to comply in full with the News Corporation Standards of Business Conduct (the "Standards") and all other applicable rules, policies and procedures of the Company and its Associated Companies including News Group Newspapers, and the Press Complaints Commission Code of Practice (the "Code of Practice") which are included herewith and are available on the News International intranet and on the PCC website.

'The Employee agrees that it is the Employee's responsibility to review the Standards, details of applicable rules, policies and procedures and the Code of Practice.

Cont../

-7-

'The Employee acknowledges that the Standards, such rules, policies and procedures and the Code of Practice may change or be updated from time to time and further agrees that it is the Employee's absolute responsibility to ensure that he or she is aware of any such changes or updates. The Employer is responsible for notifying the Employee of any such changes and / or updates.

'The Employee agrees that having been notified by the Employer it is the Employee's absolute responsibility to ensure that he or she is conversant with any such changes and updates and undertakes to observe them fully.

'The Employee understands and accepts that failure to comply with the requirements of this clause will lead to Disciplinary Proceedings which may result in summary dismissal.'

You will note the reference to failure to comply with the Clause. This, I make clear, will lead to disciplinary proceedings and may result in summary dismissal.

Second, on 7 February I wrote to every member of staff personally, drawing attention to the requirements, inter alia, to obey the law and Code of Practice.

I enclose a copy of that letter herewith and, as you will note, that letter addresses the issue of "the unacceptability of arm's-length enquiries" which may be deemed improper.

Question 2: Are you satisfied that staff fully understand all clauses of the Code of Practice and the consequences of breaching the Code? There are occasions where exceptions to the rules may be made in the public interest – are these made clear?

Answer: It is my firm belief that staff fully understand all the clauses of the Code and are entirely clear about the consequences of any breach.

They also understand the public interest exceptions set out alongside the Code and I am confident that every member of staff is conversant with the public interest exceptions.

Cont../

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Question 3: Do you need the Commission's assistance to help with internal training or anything else? As you may know, we run regular workshops on the Code and how it is enforced.

Answer: As my email of February 3 and my letter of February 7 made clear, the News of the World conducts an on-going in-house training programme for its journalists, with PCC and legal issues at its core.

The most recent series of such seminars concluded in November last.

In light of the Goodman case, these seminars, which the newspaper has run for many years, recommenced this week on Tuesday February 20 and are scheduled to continue for the foreseeable future.

This time, more than ever before, the emphasis will be yet more strongly focused on legal, PCC and ethical matters applying to journalism at News of the World.

Attendance will be mandatory. The sessions will concentrate largely on how we ensure journalists, or anyone employed to gather information for the newspaper, fully observe the requirements of the Regulation of Investigatory Powers Act, the Data Protection Act, the Computer Misuse Act and the PCC Code of Practice.

The sessions will be led by [redacted] the vastly experienced Editorial Consultant of the News of the World and (as in the past) [redacted] a [redacted] or in his absence his deputy, [redacted] who [redacted] will participate in every session.

In the past and going forward, heavy emphasis was placed on, and with renewed vigour will continue to be placed on:

- (a) the PCC guidelines re privacy, intrusion and use of clandestine devices or subterfuge;
- (b) the criminal and civil law provisions relating to privacy, to interception and eavesdropping (the Regulation of Investigatory Powers Act) and to data protection (the Data Protection Act); and
- (c) the disciplinary consequences for our reporters found to be in breach of these provisions.

Cont../

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Further, as you are already aware, we have in the past enjoyed the active support and involvement of the PCC with these training sessions. Accordingly we have already asked you (Tim Toulmin) to participate in a new series of seminars and we are pleased that you have consented to do so. We have further agreed that in the event of your unavailability, you will provide a replacement from the PCC.

Question 4: The Commission intends to widen its investigation after hearing from you, with a view to establishing whether controls across the industry are adequate. With this in mind, is there anything else that would be helpful to us from the newspaper's experience in this case?

Answer: I believe it is very important to understand the Goodman/Mulcaire case in perspective.

Although, as I said earlier, there can be no question of complacency, this was an exceptional and unhappy event in the 163 years of history of News of the World, involving one journalist.

The gravity of the affair has been recognised: two people are in prison, Clive Goodman has been dismissed, and his Editor has resigned.

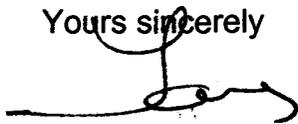
These events have had a profound impact on the News of the World and its staff. And while I clearly accept the significance of the breach of the law and the Code, I also believe that the free press must not be prevented or blunted by the fall-out from this event.

Nor, in my view, must its repercussions be permitted to stifle legitimate public-interest investigative journalism.

As you will see from the above, in the initial weeks I have been here substantial action has been taken. However, with my senior colleagues, a review of further initiatives is actively ongoing.

Finally, please do not hesitate to let me know if I can provide more information or assist you further with your Inquiry.

Yours sincerely



Colin Myler

Editor

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FROM THE
EDITOR

1 VIRGINIA STREET
LONDON E98 1NW



«First_name» «Surname»
«Street_and_House_Number»
«M_2nd_address_line»
«District»
«City»
«County»
«PCdcity»

February 19th 2007

Dear «First_name»

As you will be aware, events over recent weeks have given us cause to restate our unequivocal support for the Press Complaints Commission Code of Practice.

As part of our fundamental commitment to the letter and spirit of the Code, you will already have received a letter detailing exactly what this means in practice.

To further reinforce our obligations in this area we have reviewed all staff contracts, with particular attention to Clause 5.7 which stated:

'The Employer endorses the Press Complaints Commission Code of Practice and requires the Employee to observe the terms of the Code as a condition of employment.'

We have decided it is now right to substitute a broader clause which reads as follows:

'The Employee agrees to comply in full with the News Corporation Standards of Business Conduct (the "Standards") and all other applicable rules, policies and procedures of the Company and its Associated Companies including News Group Newspapers, and the Press Complaints Commission Code of Practice (the "Code of Practice") which are included herewith and are available on the News International intranet and on the PCC website.'

You will already be familiar with the Code's 16 clauses. Nevertheless, a copy of the Code is enclosed so staff are fully au fait with its terms. It is essential that you read and understand it.

Cash Payments

We already have a clear policy on Cash Payments, but to reiterate:

Cash Payments are only permitted in exceptional circumstances. Every such payment requires a compelling justification and must be fully recorded.

Accordingly, the arrangements for Cash Payments have been re-circulated to the relevant Department Heads who will be responsible for strict adherence to the procedure.

In addition, we are also in the process of developing further controls. Once completed, you will be informed.

Training Programme

As you will be aware, the News of the World has conducted an on-going training programme, including legal and PCC issues, for its journalists for several years.

These training seminars are to recommence but with the core focus on legal, PCC, and all other ethical matters applying to journalism at the News of the World.

They will concentrate largely on how we ensure journalists, or anyone employed to gather information for the newspaper, fully observe the requirements of the laws mentioned above - RIPA, DPA and CMA - as well as the PCC Code of Practice.

Individuals will be notified of their training days and attendance is mandatory.

Contracts

All contracts for stories/pictures/information must be clear and unambiguous.

Staff must make sure that Contracts are neither deceptive nor misleading; and financial terms are set out plainly and concisely.

Further, no offer of payment should be made without the prior knowledge and approval of the relevant Department Head and/or a senior executive.

Policy

Every single member of staff - and all who work for the newspaper - has a duty to represent the News of the World in a professional and lawful manner at all times.

Staff must conduct themselves in a dignified fashion; and save for the exposure of crime or wrong-doing, must always act in a straightforward and open manner.

There must be no misrepresentation or deception, either by commission or omission. Nor any breaches whatsoever of the Data Protection Act.

Further, there must be no unwarranted intrusion into personal privacy without the clearest justification, as set out under PCC rules.

Commissioning private investigators or freelances to undertake, at arms-length, inquiries which may be deemed improper is also unacceptable.

In summary, every member of staff (and anyone working on behalf of the News of the World) is an ambassador for this newspaper.

Finally, we rely on your commitment, skill and diligence to ensure these standards are upheld at all times without exception.

Yours sincerely

Colin Myler



FROM THE
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1 VIRGINIA STREET
LONDON E98 1NW



Staff Member
Address
Address
Address
Address

date

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'The Employee understands and accepts that failure to comply with the requirements of this clause will lead to Disciplinary Proceedings which may result in summary dismissal.'

I am sure you will agree this is entirely appropriate and, that being the case, there is no requirement to acknowledge this letter. I would, however, draw your attention once more to a copy of the PCC Code that was enclosed with my previous correspondence to you on this subject.

Finally, if you are in any doubt whatsoever about how you conduct yourself on behalf of the Company within the terms of the Code, please speak either to your immediate desk head, the legal team or the managing editor's office.

Yours sincerely

Colin Myler

NEWS OF THE WORLD

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1 VIRGINIA STREET
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Staff member
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Dear Staff member

As a valued contributor to the News of the World I am sure that, like me, you are keen to maintain the highest standards of journalism. Events over the past weeks have caused us to restate our unequivocal support for the Press Complaints Commission Code of Practice. Accordingly, I feel it is right that contributors' contracts with the News of the World now include a clause robustly reflecting our fundamental commitment to the letter and spirit of the Code.

The clause will read as follows:

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