

Letter from the editor

A new chapter

For only the second time in our history the ownership of The Economist changes

Aug 15th 2015

THIS newspaper does not like to dwell on itself. We are proud of our heritage of editorial and commercial independence, serving no master save the liberal credo of open markets and individual freedom. But we publish no masthead listing our staff, no bylines for our journalists—and in our weekly edition no letter from the editor.

This week's issue is an exception, because it is an exceptional moment in *The Economist's* history. On August 12th we announced the most important change to our shareholding structure in almost 90 years. Pearson, the owner of the *Financial Times*, which has had a non-controlling 50% stake in us since 1928, is selling. Three-fifths of those shares will go to an existing shareholder—Exor, the holding company of the Agnelli family. The rest will be bought back by our parent company, The Economist Group.

A change in ownership is an important event for any newspaper, even *The Economist*, whose editorial independence is absolute and is fiercely guarded by four independent trustees. We are confident that this transaction, which is subject to the approval of our shareholders and is only the second significant change of ownership in our 172-year history, will serve this newspaper and its readers well. A responsible and engaged minority shareholder will increase its stake; The Economist Group has used its strong balance-sheet to reinforce the company's commercial independence. New safeguards are being drawn up to place extra limits on the influence of any individual shareholder and to allow us to raise more equity capital should we wish to do so. At a time when truly independent journalism is all too rare and often under threat, we are strengthening

ours—and, in doing so, are improving our ability to serve our readers in the future.

The background against which this change of ownership takes place is the digital transformation of the newspaper industry. Mobile technology and the rise of social media offer unprecedented opportunities to reach new audiences in new ways. But they are disrupting business models and spawning new digital competitors.

We are well placed to prosper. More people are educated and curious about the world. Millions share the liberal values we champion, seek the bold ideas and rigorous analysis we strive for—and read English with ease. We have a circulation of 1.6m, and 75% of new and renewing subscribers pay for digital access. We have almost 10m Twitter followers and 5.6m Facebook fans. In the past year we have launched Espresso, which provides a daily shot of *Economist* analysis; Global Business Review, an app that offers a selection of our articles in English and Chinese; and Economist Films, which recasts our journalism in the form of short video documentaries.

The severe contest in the 21st century

It is a strong start, but we have much more to do. Success in the coming decades demands not just editorial excellence, but a commitment to invest and innovate. Pearson, our stalwart partner for decades, has chosen to move away from media and towards the education industry. Exor, which will become our biggest shareholder, wholeheartedly supports the project of modernisation. Meanwhile our share buy-back cements our commercial independence and will be paid for by the sale of an asset—our building in St James's Street in central London—that is a treasured landmark, but hardly the ideal premises for a growing 21st-century media business.

All this puts *The Economist* in a position to flourish. Our trustees, whose assent is required for the sale of part of the FT's shareholding, have approved the transaction unanimously, subject to our shareholders

agreeing to the new safeguards that further strengthen our independence. All four of our living former editors have welcomed the change: it provides a platform for future generations to continue their work as a liberal voice in a world that needs to hear liberal arguments. Since 1843 this newspaper has engaged in what James Wilson, our founding editor, called “a severe contest between intelligence, which presses forward, and an unworthy, timid ignorance obstructing our progress”. We look forward to the next instalment of that contest.

Sobre os trustees

The trust shares of the company are held by trustees, whose consent is needed for certain corporate activities, such as the appointments of the editor of *The Economist* and of the chairman of the Group.

Baroness Bottomley of Nettlestone PC, DL

Trustee since October 2005. Heads the board practice of Odgers Berndtson. Member of the House of Commons (1984- 2005). Member of the Cabinet (1992-97), serving as Secretary of State, first for Health and then for National Heritage. Chancellor of the University of Hull, pro-chancellor of the University of Surrey and governor of the London School of Economics. Member of the UK Advisory Council of the International Chamber of Commerce and of the International Advisory Panel of Chugai Pharmaceutical. Non-executive director of BUPA and of Smith & Nephew.

Tim Clark

Trustee since December 2009. Deputy chairman of G3 and a non-executive director of Big Yellow Group. Board member of the National Theatre, senior adviser to Chatham House, vice-chair of Business for New Europe and a member of the International Chamber of Commerce UK Governing Body, the Development Committee of the National

Gallery, the International Advisory Board of Uria Menendez and the Advisory Board of the Centre for European Reform. Former senior partner of Slaughter and May.

Lord O'Donnell CB, KCB, GCB

Trustee since 2012. Press secretary to Prime Minister John Major (1990-94). UK executive director on the boards of the IMF and the World Bank (1997-98). At the UK Treasury, appointed Managing Director of Macroeconomic Policy and International Finance in 1999, serving as Permanent Secretary from 2002 to 2005. Appointed to the House of Lords in 2012, having served three British prime ministers as Cabinet Secretary and Head of Civil Service from 2005 to 2011.

Bryan Sanderson

Trustee since May 2006. Non-executive chairman of Cella Energy, chairman of the Florence Nightingale Foundation and of Home Renaissance Foundation, an emeritus governor of the London School of Economics and a director of Durham CCC.

THE ECONOMIST – EDITORIAL PHILOSOPHY

The Economist's philosophy informs the editorial approach adopted across the Group.

The Economist Group

"Our vision of the world, our style and our whole philosophy are different from other publications.

"We are international, we stress the links between politics and business, we are irreverent and we are independent."

John Micklethwait, editor-in-chief

The Economist

Founded in 1843 to support the cause of free trade, The Economist is and always has been a publication of sometimes radical opinion with a reverence for facts. It is firmly established as one of the world's most authoritative and influential publications.

Independence

Editorial independence lies at the heart of The Economist. The constitution of the company does not permit any individual or organisation to gain a majority shareholding. The Editor is appointed by Trustees, who are independent of commercial, political and proprietorial influences. The respect accorded to The Economist's journalists because of their independence is such that they enjoy access to political and business leaders who make the news and whose views can illuminate what is happening, or is about to happen.

Fonte: http://www.economistgroup.com/what_we_do/editorial_philosophy.html

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Objectivity

The Economist is different from other publications because it has no by-lines. It is written anonymously because it is a paper whose collective voice and personality matter more than the identities of individual journalists. This ensures a continuity of tradition and consistency of view which few other publications can match.

Topicality

Although The Economist is published weekly in a magazine format, it is called a newspaper because it covers news as well as opinion and works to a newspaper deadline. Great care is taken to ensure its topicality, so much of its editorial is rewritten up to the moment of going to press late on Thursday in Europe, Asia and the USA.

THE ECONOMIST - GUIDING PRINCIPLES

The Economist Group's guiding principles

The Group operates in a clear and ethical context, and the Board has therefore approved the following guiding principles:

We aim to offer insight and analysis and services that are valued by our customers.

Underpinning our ability to fulfil this objective is our commitment to independence, integrity and delivering high quality in everything we do. These values govern our relationships with readers, customers and clients, shareholders, staff, suppliers and the community at large.

We believe in conducting business with common decency. We are opposed to bribery and do not engage in corrupt practices. We abide by strict guidelines governing the acceptance of gifts and the disclosure of potential conflicts of interest.

As an international company, we conduct business in many different markets around the world. In the countries in which we operate, we abide by local laws and regulations. We make an active contribution to local charities by charitable giving. We encourage our people to participate in charitable and community activities and we permit them to take time off for this purpose. We match employee donations of time and money to charities.

We respect environmental standards and comply with relevant local laws. We take environmental issues seriously. We review the environmental impact of our operations, specifically carbon emissions, annually. Plans to reduce or mitigate those emissions are ongoing.

The Economist and its sister publications, Intelligent Life and The World In series, account for the majority of our annual spend on paper and printing. All suppliers of paper and print services used in producing these publications adhere to one or more of the following internationally recognised environmental standards: ISO 14001, FSC and PEFC.

We value our colleagues and treat each other fairly. The Group is committed to equality of opportunity in all employment practices and policies. We do not discriminate against employees or job applicants based on the grounds of age, sex, sexual orientation, marital status, race, colour, religion, national origin or disability. We support staff who through disability or illness are unable to perform their duties, by

Fonte: http://www.economistgroup.com/results_and_governance/governance/guiding_principles.html

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adapting the work environment and hours of work to suit the employee where it is reasonable for the business.

The Group is committed to increasing staff diversity. We particularly focus on ensuring that we recruit from the widest possible pool of talent. We are also keen that people feel comfortable and valued at work, regardless of their background.

We recognise that it is essential to keep employees informed of the progress of the Group. We regularly provide employees with information on the Group's activities and its financial performance through staff meetings and communication through our intranet. We have a strong consultative culture and we follow legal and regulatory requirements to consult with staff on major issues affecting the company.