

Corporate social responsibility

Principal issues

The principal CSR issues relating to GUS' operations are:

- Labour, environmental and social practices in the Group's supply chain.
- Providing a working environment conducive to the recruitment and retention of the widest possible range of talented staff.
- The protection of consumer privacy and the proper handling and use of customer information.
- The provision of a safe and healthy place of work.
- The need to provide products of the appropriate quality, including matters such as responsible product sourcing, product safety and reliability.
- Ensuring that GUS serves its customers to their complete satisfaction.
- A small range of significant environmental issues, principal among which are our use of energy, the impact of our transport fleet and our use of bulk materials such as paper and packaging.
- The opportunity to develop strong community relationships in support of our business objectives.

Management approach

Each of these issues applies to a varying extent in the different GUS divisions. Each GUS division has therefore over time developed its own approaches to different aspects of CSR. Generally we see this as healthy practice in that it ensures that these approaches suit the particular needs of the division. However to unify and direct our efforts the GUS Board has adopted a set of CSR Principles (published annually in our CSR Report and available online at www.gusplc.com). Each division can compare their own approach with the Principles, redirecting and strengthening activity where required.

The overall responsibility for CSR at GUS rests with David Morris, the Company Secretary. David ensures that the Board is regularly updated on CSR matters, and brings major items to the Board for decision and approval.

In his management of CSR, David chairs a Steering Group comprising the relevant individuals from the Group functions, plus a representative from each of the major divisions. This Group meets approximately every two months with the following terms of reference:

- To remain abreast of external developments and emerging best practice in the CSR agenda and to highlight risks and opportunities for the attention of the Board.
- To make recommendation to the Board for the formal approval of Group CSR policies.
- To monitor implementation of approved CSR policies across the Group.
- To set the Key Performance Indicators ("KPI's") by which GUS will measure its progress and to collect the related divisional data seeking to confirm its accuracy and reliability.
- To act as the focal point for external communications on CSR issues including the preparation of the CSR report and engagement meetings with institutional shareholders and other interested parties.

The Group is supported by a secretary and by external advisers.

Reporting

Last year, we published our first CSR Report and were encouraged by the feedback we received from shareholders and interested parties. This year we have adopted a different approach, and will be publishing the report on the GUS website instead of in hard copy form. A briefer, printed alternative is available, on request, from the Company Secretary's Office.

The key performance indicators used by GUS to measure and report its CSR activity are set by the CSR Group. Data is collected from each division to produce these indicators using a proforma report supplied in advance.

The reported data comes from a number of sources:

- embedded business systems (for example human resources databases in the divisions or customer management systems).
- smaller-scale systems in place in particular functional departments (e.g. pc-based systems for collating and recording energy use, files on the progress of supplier audits etc).
- that collected specifically for the purpose of CSR Reporting, often from source data within the division (e.g. total volumes of solid waste collected from principal sites).

All reported data is signed off by the division in question and is subject to a verification process as described in the online CSR Report.

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Governance and risk

GUS has adopted a CSR strategy which recognises that responsible business practice will in the long term benefit our shareholders. We see the increasing interest and involvement of non-financial stakeholders and their changing expectations of GUS as presenting new risks and opportunities. It is the responsibility of the Company to understand these expectations (through dialogue and discussion) to assess, and to implement change where necessary to minimise risk and maximise opportunity.

Risks and opportunities relating to CSR are managed in three ways:

- Through the work of the CSR Group, whose terms of reference include monitoring external developments which present risks and opportunities;
- Through the use of external advisers (in the fields of Investor Relations, Communications and CSR) part of whose remit is to highlight and identify risks; and
- As part of an annual exercise undertaken by each division whereby risks to the achievement of business objectives from all sources (including CSR) are identified and appropriate control measures are proposed. The results of this exercise are reviewed by the Audit Committee.

The Association of British Insurers (ABI) has responded to pressure from its members by developing a set of guidelines, in the form of disclosures which institutions expect to see included in the annual reports of listed companies. Specifically they refer to disclosures relating to Board responsibilities and to policies, procedures and verification concerning social, ethical and environmental matters (SEE). The GUS disclosures are found in the Corporate Governance Statement on pages 34 to 39.

The GUS Charitable Trust

The GUS Charitable Trust ("The Trust") is the principal vehicle for the Group's direct financial support to community projects. These donations are often supplemented by in-kind contributions from the Group divisions such as the donation of goods, the supply of staff time or the provision of facilities. This additional giving more than doubles the level of GUS' donations.

The Trust is managed by three Trustees: Sir Victor Blank (Chairman), Lady Patten and David Morris. It focuses on three areas:

- Links with universities and educational establishments in localities in which GUS has a significant presence;
- Charities in the field of medical research; and
- Charities that focus on the needs of children.

In the year ended 31 March 2003, the Trust's income from GUS was £963,000. In that year the Trust made awards totalling £967,000. Major awards were as follows:

	£'000
Christie Hospital	200
Prostate Cancer – Charter for Action	102
Whizz Kidz	100
Habitat for Humanity	64
Nottingham Trent University – <i>in connection with the Experian Online Statistics Portal</i>	50
The Healing Foundation	46
NCH Action for Children	30
Galleries of Justice – <i>in connection with the Excellence in Citizenship Education Project</i>	30
Special Education Awards – Experian North America	25
Schools project – <i>in connection with the recycling of catalogues</i>	21
Down's Syndrome Association	20
Nottinghamshire Police – <i>in connection with a Life Skills Education Project</i>	20
	708

Socially Responsible Investment

The Group continues to be listed in a number of Socially Responsible Investment indices, including the Dow Jones STOXX index and FTSE4Good. We have a policy of active engagement with financial stakeholders, which has seen us in dialogue with over thirty SRI analysts in the last twelve months.

The Group participated in the new Business in the Community Index of Corporate Responsibility, being placed roughly in the middle of the companies taking part. We also continued to participate in the Business in the Environment Index of Corporate Environmental Engagement with our score again improving and satisfactorily reflecting another year of significant progress.