

# Corporate social responsibility

## Principal issues

The principal Corporate Social Responsibility (CSR) issues relating to GUS remain as set out on pages 38 and 39 of the Corporate Governance statement.

## CSR principles

Each of GUS' businesses has a strong independent management team. Each business has also developed its own culture appropriate to its business objectives. Therefore the majority of policies relating to CSR issues are developed and applied within the individual businesses, because in this way they have local ownership and are tailored to the business needs.

To help set a standard and a direction for these local policies, the Group has developed a set of *CSR Principles* – broad statements of intent encapsulating our own philosophy on CSR, and spanning all the material CSR issues for the Group. These principles are:

### Communication

We are determined to stay abreast of society's expectations in social responsibility and to implement change enthusiastically. We will listen hard to our stakeholders and report honestly on our actions and progress.

### Benchmarking

We know that we can learn from other companies, as well as from the many examples of good practice within our own organisation. We will benchmark our performance, both externally and internally, using quantifiable performance indicators.

### Employment practices

We are committed to high standards of employment practice and wish to be recognised as a good employer. We aim to reward people fairly and to provide equality of opportunity, personal development and training, and a safe and healthy workplace.

### Community relations

We value our relationships with the community around us and believe that thriving businesses depend upon thriving communities. Our community programmes are therefore rooted in our business strategy and are an important management responsibility.

### Environment

In GUS, we do not handle toxic substances or manage industrial processes. Nevertheless, GUS is one of the largest companies in the UK and it has a responsibility to consider its impact upon the environment. We are committed to continuous improvement in our environmental performance, particularly through minimising waste, increasing energy efficiency and reducing our consumption of materials.

### Human rights

We care about human rights in our own workplace and want to be sure that our suppliers and business partners demonstrate similar concern. We make these organisations aware of our requirements and take all reasonable steps to ensure they are met.

### Customers

We believe we can serve the best interests of our customers by recognising them as individuals. We are committed to responding to their needs, respecting their privacy and making every effort to earn their trust.

### Culture

We believe that good corporate citizenship ultimately resides in the hearts and minds of our people. Our aim is to ensure that these wider social responsibilities influence the way we manage, reward and develop our people in order to become part of our culture.

## Responsibilities

Overall responsibility for CSR lies with David Morris, the Company Secretary, who ensures that it features regularly on the Board agenda, through the role and responsibilities of the Corporate Governance Committee.

In his management of CSR, David chairs a CSR Committee which draws on staff with relevant expertise from across all of the Group's businesses. The CSR Group's terms of reference are as follows:

- 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 recommendations 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 ('KPIs') by which GUS measures its progress and to bring together the relevant data from across the Group, as well as confirming its accuracy and reliability.
- To act as the focal point for external communications on CSR issues, including preparation of the CSR report and meetings with institutional shareholders and other interested parties.

## Governance and risk

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 in which they invest. Specifically they refer to disclosures relating to Board responsibilities and to policies, procedures and verification relating to social, ethical and environmental matters (SEE). The GUS disclosures are to be found in the Corporate Governance statement on pages 38 and 39.

# Corporate social responsibility continued

## Community

GUS takes an active role in community activities, supporting charities and working directly with local projects:

- Taking part in these activities is popular with our staff – they feel that they are contributing to their communities and that the Company is supporting them in this. They are also able to learn new skills when working together.
- Developing stronger communities, either locally or nationally, has knock-on benefits for the business: it can make customers feel more predisposed towards GUS, it can create a better environment for commerce and trade and it can increase awareness of the Company, attracting a wider pool of high quality recruits.
- The resources of the Group can have a profound impact on charitable and community projects, through both direct giving and also through the in-kind contribution of the Group businesses.
- There are two interlaced elements to our community engagement programme: the work of the GUS Charitable Trust and the activities planned and delivered through the Group businesses. These often overlap. The Charitable Trust welcomes projects that are 'sponsored' from within the Group businesses since the direct effect of the cash donation is often amplified by the in-kind support from the business itself resulting in a gearing effect that doubles or triples the impact of the project.

## 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.
- Charities that focus on the needs of children.

The Trust's income from the Company in respect of the year ended 31 March 2004 was £1,240,000. In that year the Trust made awards totalling £797,000. Major awards were as follows:

	£'000
Whizz-Kidz	103
Nottingham Forest Study Support Centre	75
National Centre for Volunteering	70
Rushcliffe Borough Council – Ruddington Fields Project	70
Charter for Action – Prostate Cancer Project	57
Nottingham City Council – Blue Bell School Environmental Project	54
Fernwood Comprehensive School	28
National Kidney Research Fund	20
Nottinghamshire Police – Life Skills Education Project	20
National Association of Toy Libraries	20
Men's Health Forum	15
	532

## Socially Responsible Investment

Much of GUS' dialogue with shareholders on CSR matters is in support of those organisations' *Socially Responsible Investment* (SRI) policies. SRI policies divide broadly into three categories:

- Screening: Investors develop funds which avoid companies based on involvement in pre-defined unethical activities, for example sales of tobacco, alcohol or arms.
- Best in class: Investors employ proprietary method to rank companies based on their environmental, social, and ethical performance criteria, then select the best for investment. This is often via intermediaries: rating agencies that undertake the evaluation and supply the information to investors.
- Engagement: Investors develop a programme of discussion and involvement with management on CSR matters.

GUS' activities are such that it is typically included in screened funds. The Group is also listed in a number of 'best in class' indices, the two most notable of which are the Dow Jones Global Sustainability Index (DJGSI) and FTSE4Good.

## Reporting

We have adopted the same approach as last year by publishing the CSR 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.