

Corporate Responsibility

Corporate Responsibility Review

The Group recognises the benefits of having strong corporate responsibility (CR) policies and takes a positive approach to integrating CR into its businesses. Our staff take pride in the way we work and the impact we have on our customers and communities.

The Group has clear policies that ensure our day-to-day operations meet agreed standards. Annual targets and initiatives ensure we continue to move forward, improving standards and responding to changes in the wider business environment.

Governance and Management

The Corporate Responsibility Committee oversees the management of our CR programme, working to clear objectives, which are reviewed at least annually. The Committee reports to the Executive and gives the Board regular updates on any significant issues. The Board considers a full progress report every year and approves the targets for the following year; issues of particular significance or urgency are considered by the Executive and the Board as they arise.

The Committee is composed of managers with responsibility for our focus areas: community, workplace, marketplace and environment. Its objectives are aligned with those of our day-to-day operation. This approach ensures that CR is an integral part of our business goals rather than 'added on' as an optional extra.

Marketplace

The Group, and Smiths News in particular, has a unique role to play in bringing news and information to communities across the UK. In the majority of our territories we are the sole distributor of newspapers and magazines and this confers responsibilities with social and cultural implications. We are committed to maintaining a diverse and widely available press for consumers, ensuring the route to market meets the needs of small publishers and retailers as well as the large. Our policies ensure we provide a quality service to all our customers, regardless of their size or location.



Jade Ilyas
- youngest trainee on our new apprentice scheme

Jade works on the day-pack and preps for the twilight pack, ensuring round the clock news distribution. Her team processes up to 1m magazines a week for 1,500 retailers in the Borehamwood area. 'It's a buzz working for Smiths News - every day there's a fresh challenge plus it's good being part of such a fast moving business. The teamwork is fantastic - everyone supports each other.'

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has reduced by 20%;
gas by 18.5%.

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Supply of newspapers and magazines

For many years the National Newspaper Code of Practice (the Code of Practice) has governed the supply of newspapers to retailers. The objective of the Code of Practice was to ensure wide availability of newspapers across the UK, underpinned by a fair and transparent process governing applications for supplies. In practice, many aspects of the Code of Practice were also applicable to the supply of magazines.

In February 2009 wholesalers were released from their obligations under the Code of Practice. Nonetheless, the Group continues to support its objectives of ensuring wide availability of supplies and we acted swiftly to reassure our customers. Our revised policy removes many of the previous restrictions on applications for supply and has been welcomed by customers and the OFT. In addition, we have given a commitment to continue supplying all our customers regardless of their size or location, and we will make special provision to ensure small communities are able to take advantage of our services too.

Customer service standards

Smiths News continues to support the improvement of industry-wide standards for newspaper and magazine distribution. Our new contracts commit us to achieving even higher standards of performance and we have parallel service agreements with the majority of major retailers, reporting to both customer groups on a regular basis.

We believe that transparency of performance drives standards, and improves awareness of the impact we have on customers. Over recent years we have led the industry in making available detailed performance measures at all levels of our operation. We measure performance on a daily basis, posting results on our intranet and sharing relevant data with publishers and retailers. Our scanning and tracking processes mean we can analyse issues quickly, pinpointing opportunities for improvement.

With such a large operation there are inevitably occasions when targets are missed. Our priority is to rectify errors immediately and in the vast majority of cases this is achieved on a same-day basis. In the very rare event of a serious service failure we support the industry fast track compensation scheme, ensuring customers are reimbursed for lost sales.

Supporting wide availability of news and information

Wholesalers play a vital role in the supply of news and information, particularly to consumers in remote and rural areas where the local newsagent is often one of the focal points for local communities. Our standards ensure that retailers receive a quality service, regardless of their size or location. Industry surveys show that consumers in over 95% of postcodes have access to newspapers and magazines within five minutes travelling time. We take pride in the contribution we make to this remarkable achievement.

Confidentiality and business best practice.

Our sales and marketing systems hold information that is commercially sensitive to our publishers and retailers. We have strict guidelines to ensure robust compliance to confidentiality and wider competition law; training is provided where appropriate. A Compliance Committee reviews our policies on a regular basis, identifying areas for improvement.

Workplace

Smiths News is an equal opportunities employer and we select staff solely on merit, irrespective of race, sex, sexual orientation, age, disability, disfigurement, marital status or religion. We are committed to the principle that all employees should be treated with respect and dignity, and that our differences should be valued and recognised as a positive aspect of the workplace.

We encourage all employees to improve their skills through training and development, and we are committed to providing career opportunities for those who wish to progress; internal applicants fill the majority of our management vacancies.

This year we expanded our talent management programme, further supporting the development of staff, from young apprentices to experienced managers.

We have an employee forum with representation at local, regional and national level. This forum is supported by training and communication and is used to consult and communicate with staff.

Environment

The Group is committed to responsible environmental practices and recognises that this increasingly requires a leadership approach on the part of large companies. Our staff care about the way we work and there is widespread awareness of the need for environmental initiatives.

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We focus our environmental policies on those areas where we believe we can make most difference, both in our business and the overall supply chains in which we operate. Our key areas of focus are improving energy and fuel efficiency, reducing waste and increasing recycling. For the second year running we made good progress in all these areas.

Energy consumption

Electricity consumption in Smiths News has reduced by 20% this year.

All of the depots in Smiths News were fitted with automatic meter readers for electricity, with the exception of three small locations. In pursuit of our target we undertook modifications and alterations to improve the efficiency and controls of power usage, including better switching and wider use of occupancy detectors.

Gas consumption has reduced by 18.5%. Consumption is monitored closely by our own meter readings and we continue to seek further improvements.

Total energy consumption for 2008-09 was 7,770,009 Kwh of electricity and 13,713,718 Kwh of gas. This equates to an equivalent of 6,709 tonnes of CO₂ emissions, a reduction of just over 24% on the previous year.

Our target for the coming year is to reduce like-for-like energy consumption by a further 5%. We plan to apply a similar focus to the additional sites acquired in August 2009. We will also be investigating ways further to reduce carbon emissions in line with the Carbon Reduction Commitment, which comes into effect in 2011.

Transport

Our distribution operations are heavily influenced by factors beyond our control, such as publisher arrival times and customers' required delivery times.

Smiths News has continued to use planning software to optimise distribution runs, reducing mileage and costs. We now have detailed measures of the mileage covered in our distribution (including by contractors). This has resulted in a further reduction in our vehicle fleet and a reduction in overall distribution costs.

Total fuel used by our own fleet operations for 2008-09 was 1.6m litres, and estimated fuel used by contractors was 4.5m litres. The estimated equivalent CO₂ emissions equates to 16,000 tonnes p.a. This is in line with last

year though the significant changes in our distribution profile makes like for like comparisons difficult.

We plan to continue monitoring this area, particularly optimising operations at the additional sites, targeting a corresponding benefit in emissions performance. We will continue to monitor developments in alternative fuelled vehicles, but these are not currently considered appropriate for our business.

Packaging Waste

In April 2009 we implemented a new process for the collection and recycling of packaging waste. This has significantly improved our recycling rate and reduced the amount of waste sent to landfill. A further benefit of the new arrangement has been a greater density within the containers used for waste, leading to fewer containers and collections.

Smiths News is now recycling circa 70% of its packaging waste and we estimate that the tonnage of waste going to landfill has been reduced by at least 50% this year. Since April 2009 the amount of waste going to landfill is the equivalent of only 700 tonnes p.a.

Our target for 2009-10 is to implement these new procedures at our recently acquired sites, and to achieve a minimum of 70% recycling rate across Smiths News.

Recycling of unsold copies

Newspapers and magazines are supplied to retailers on a sale or return basis. Those copies that retailers do not sell we collect and return to our distribution centres for credit. After checking and crediting, over 99% of the returned copies are sent for recycling, the remainder being high value items that are returned to publishers.

Following the successful implementation at Plymouth of semi automated handling equipment; we have installed this equipment at three more sites: Newport, Peterborough and Nottingham. The use of large storage facilities reduces the number of vehicles needed to collect waste from the depot. It also minimises the use of skips and forklift trucks, improving safety in the workplace.

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Community

The Group encourages involvement at all levels of the business and seeks to support those employees who play an active role in their communities. Many of our staff are actively involved in voluntary activities and charity fundraising; we recognise that this brings indirect benefits to the Company through areas such as the development of their skills, team working and a sense of wellbeing.

Smiths News is an active supporter of NewstrAid Benevolent Society and this year we helped raise in excess of £400,000. The charity provides assistance to those people in the industry who are in personal difficulty and in need of special assistance. A number of our staff volunteer their time to visit NewstrAid beneficiaries and to act as local liaison for the society.

"Smiths News has led the way in the newspaper and magazine industry with their support for NewstrAid. Their involvement is pivotal to NewstrAid, in the last year alone helping us to raise over £400 000."

Alex Van Straubenzee: Chief Executive, NewstrAid Benevolent Fund.

Our staff support a wide range of local and national charities, organising fundraising events and sponsored activities in their own areas. Examples this year include supporting the Walk for Life, charity bike rides, the Great North Run, and a John O Groats to Lands End challenge. We offer facilities for charitable giving through a Give As You Earn Scheme. Our employee forum adopted two charities for particular support: Whizz Kidz (a charity supporting disabled children) and Cancer Research UK.

This year, on a trial basis, Smiths News implemented a policy to help those staff wishing to volunteer time to community causes; with prior agreement an amount of voluntary time is 'donated' by the Company and line managers are asked to accommodate further involvement by taking a flexible approach to working hours where possible. The scheme has proved popular and we will be targeting an increase in take up in the coming year.

The Company made direct charitable donations of £6,594 during the year (2008: £34,826).

Health & Safety

The Group is committed to maintaining high standards of health and safety and actively seeks a continual improvement in its processes. We consult with staff, union representatives and relevant authorities to find ways of reducing risk.

The Operations Director of Smiths News is responsible for advising the Smiths News Executive and the Board on health and safety issues. A national Health and Safety Committee, comprising employees' representatives, management, trade union representatives and officials, supports improvement of health and safety standards. The management teams also monitor key safety performance indicators and updates are prepared for the Smiths News Executive and Board on a monthly basis.

Bertrams' Human Resources director is responsible for Health and Safety issues in Bertrams. The business works with staff, its Employee Council and relevant authorities to find ways of reducing risk. Bertrams' two distribution centres are audited on at least an annual basis to ensure compliance with national guidance and best practice. The directors responsible carry out reviews on a monthly basis.

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The Board receives a summary of health and safety performance on a monthly basis. A detailed report on Health and Safety across the Group, giving trends, performance and recommendations is presented, on at least an annual basis, to the Audit Committee, which then reports to the Board.

Smiths News*	Accidents and Injuries		
	2009	2008	2007
Major injuries	2	1	5
Injuries resulting in over 3 days absence from work/ hospitalisation	34	61	61
All RIDDORS**	36	62	66

Bertrams	Accidents and Injuries		
	2009	2008	2007
Major injuries	0	0	0
Injuries resulting in over 3 days absence from work/ hospitalisation	6	2	1
All RIDDORS**	6	2	1

*Figures for Smiths News exclude those depots acquired from Dawson News in August 2009.

** Reportable under the Reporting of Injuries, Diseases and Dangerous Occurrence Regulations.

We continue to make significant progress in reducing the risk of injury to employees; as a result the number of reportable accidents has reduced again this year. This year we have increased our training to employees as well as managers. We also focused heavily on 'near miss' reporting, encouraging managers and their teams to take appropriate action to every incident and thereby prevent accidents occurring.

Accidents by Type	
(1st September 2008 - 31st August 2009)	
Manual handling	44%
Fractures	28%
Struck by moving / falling object	16%
Slip/Trip/Fall	6%
Other	6%

