

# Report of the Directors – Ethical, Social, Health, Safety and Environmental Report

## Principles

The policy of the Board is to enhance shareholder value, recognising the importance, in achieving that, of operating in an ethical and socially responsible manner which helps to preserve health, safety and the environment. The Board believes that operating in an ethical and socially aware manner which helps to preserve health, safety and the environment is an integral part of efficient and profitable business management and recognises that success in these areas depends on the involvement and commitment of everyone in the organisation.

As a minimum, the Group operations around the world must meet their legal and regulatory obligations. This policy is reviewed annually for validity and is revised and reissued as necessary.

## Goals

### a) Ethical Operations

Applications for employment by disabled people are encouraged, bearing in mind the respective aptitudes, skills and abilities of the applicant concerned and the requirements of the position. In the event of employees becoming disabled, the Group's aim is to ensure continued employment where possible and that appropriate training is arranged. It is the policy of the Group to maintain, wherever feasible, the training, career development and promotion of disabled persons.

Employment-related decisions are based on relevant aptitudes, skills and abilities and promotes a policy of equal opportunity in employment, without unlawful consideration of sex, race, nationality, age, disability, religion or any other category protected by law.

The Group promotes the dissemination of relevant information so that employees are kept regularly advised of Group and operating company developments. Where practical, local briefing sessions are held concerning such matters as health and safety, performance-related incentive plans, the Group's Sharesave Plan (which operates wherever practical in the larger companies within the Group), pension plans, etc.

There is a formal Code of Business Conduct in place for the Group, which promotes a commitment to maintaining the highest standard of ethics and integrity in the conduct of the Group's business throughout the world. This Code includes requirements for the personal conduct of Group employees, including specifically conflict of interests, business gifts, and bribery and corruption. The Code does not permit employees to make contributions to political parties or organisations or candidates for public office.

The Company has a Whistle Blowing policy that is communicated throughout the Group. M Clark is the Company's Senior Independent Director, so providing shareholders with an alternative channel of communication if they have concerns that the Chairman, Chief Executive or Finance Director has failed to resolve or for which such contact is inappropriate.

### b) Socially Aware Operations

The management of each operation in the Group is aware of the importance of being a good neighbour in its community and is encouraged to build a relationship with local organisations.

Each operation within the Group strives to offer a competitive remuneration package to its employees.

Each Group operation aims to recognise and respond constructively to any community concerns about the health, safety and environmental aspects of its operations.

### c) Preserving Health and Safety

The Group seeks to maximise employees' involvement in health, safety and environmental matters by open communication and encouragement of active participation.

Each operation aims to provide sufficient resources in terms of people, training, plant and equipment to meet applicable health and safety obligations.

The Group's operations strive to improve health and safety at work through, among other things, the use of internal assessments and regular reports on performance.

The Board as a whole takes an active interest in ensuring that its operations provide a safe working environment for its employees.

The Board undertakes a quarterly review of the health and safety performance of all the Group's operations. The type, frequency, severity and cause of injury are monitored. The number of recorded injuries and the number of days lost through injury was lower in 2004 compared to 2003. The executive Directors together with the CEOs of the local operations are responsible for delivering improved health and safety performance.

### d) Preserving the Environment

While already subject to various laws and regulations governing the emission of substances which could affect human health or the environment, each operation examines different means by which to reduce further such emissions.

The Group strives both to reduce waste at source by careful use of materials, energy and other resources and to take advantage of recycling opportunities.

Each operation considers, early in the development stage, the possible environmental impact of new products and processes and the Group carefully considers environmental issues during acquisitions and divestments.

Each operation aims to provide resources in terms of people, training, plant and equipment to meet applicable environmental obligations.

The Group's operations strive to improve environmental protection through, among other things, the use of internal assessments and regular reports on performance. A number of operations undertake continual monitoring of emissions and waste arising from their manufacturing processes.

Four of the Group's operations, which represent approximately a third of the Group's turnover, have successfully obtained ISO14001, the international environmental accreditation. During 2004, a number of other operations commenced work on achieving ISO14001.

#### **Organisation and Responsibilities**

Operating in an ethical and socially aware manner which preserves health, safety and the environment is a mainstream management responsibility.

Executive and line managers at all levels within the Group are directly responsible through the normal management structure for these matters in the specific operations under their control.

All the Group's employees have a responsibility to act in an ethical and socially aware manner; to take reasonable care of themselves and others while at work and to participate positively in the task of preserving workplace health and safety and the environment.

Each operation is expected to adopt policies in keeping with these principles and goals which also describe the local organisation and arrangements for putting them into practice. Each operation also has a person appointed to this task who is responsible to the CEO of the operation for the implementation of these principles and goals.

Ethical, social, health, safety and environmental factors can represent risks to the Group's short and long-term value, as well as opportunities to enhance value that may arise from an appropriate response. The Board has established reporting structures to provide it with information on such risks and opportunities:

- Ethical, social, health, safety and environmental issues that represent significant business risk or opportunity are monitored and reported as part of the risk management process initiated following the Turnbull Report on corporate risk management, as described in the Report of the Directors – Corporate Governance. The risk management process adopted includes procedures for monitoring and verification of matters reported.
- Other important ethical, social, health, safety and environmental matters are reported to the Group Executive Committee and the Board by the Group's Divisional directors on a regular basis as part of their reports on operational matters.

The Chief Executive heads the ethical, social, health, safety and environmental function of the Board and is responsible for external stakeholder issues.

The Group continues to work closely with its employees, local works councils, and trade unions, where applicable. It values its employees and encourages long-term commitment by promoting job security and appropriate training packages for employees at all levels.

#### **Customers and Suppliers**

The nature of the businesses in which the Group operates, relies heavily on forming close and long-term relationships with both its customers and suppliers. Generally, these relationships are managed at a local level, with Divisional support.