

The changes we face

We encourage our writers to use the word “unprecedented” sparingly because it can so easily be devalued. But we feel it is an appropriate description of the past year in the life of Guardian Newspapers Limited (GNL) and the media industry in general.

We were faced with two major events: the decision by two of our competitors to change to a tabloid format; and the repercussions of the Hutton report, which investigated a BBC journalist’s claim that the government had sexed up its dossier on Iraq before the war.

In our response to both situations, the core values that were embedded in our organisation many decades ago have shown themselves to be enduring and crucial, not only to our editorial credibility, but also to our commercial success.

The process by which we agreed to change within the next two years from a broadsheet to a mid-size “European” format, the most significant change since the Guardian moved to London in the 1960s, is a testament to the strength and effectiveness of our ownership structure.

Because we are owned by the Scott Trust we were able to take the long-term view on format and to make a decision that was entirely right for the Guardian and the Observer.

The editorial and commercial departments worked together throughout the planning process and the decision in favour of the mid-size was

strongly supported across the business as a whole. However, as this change represents the most significant editorial development of the past 30 years, the Guardian editor’s strong preference for the mid-size was a critical element in the final decision.

Alongside the format change there will also be a close examination of the paper’s journalism, with the purpose of reinforcing and expressing more clearly and reliably the mission of the Scott Trust to publish quality newspapers, free from party affiliation, remaining faithful to liberal tradition.

This examination has been spurred on by controversy on both sides of the Atlantic. The Hutton report and the Mirror’s use of fake pictures of British troops abusing Iraqi prisoners has caused soul searching about journalistic standards in this country. In the US, the story has been similar. The respected New York Times was engulfed by two scandals: the Jayson Blair case, in which a junior reporter plagiarised and fabricated dozens of stories; and the publication of a 1,200-word note in which the editors admitted the paper’s coverage of the prelude to the Iraq war had not been as “rigorous” as it should have been.

Like other institutions before it, the “fourth estate” is under attack and facing pressure to change. Politicians, City fund managers, pressure groups, as well as some journalists, are starting to question media groups about how they are living up to their corporate social responsibilities. The Guardian’s

‘Honesty, cleanness, courage, fairness, a sense of duty to the reader and the community’
CP Scott
on the values of the Manchester Guardian,
May 5 1921

senior leader writer, Martin Kettle, crystallised the importance of this debate when he wrote: “What do we really mean by freedom of the press? That anyone can say anything about anyone, however untrue? Or that a society needs trustworthy and reliable information in order to make its decisions? Surely we deserve something better than what we’ve got.”

It is at this crossroads that GNL publishes its second social, ethical and environmental audit. At a time when readers are being overwhelmed by a torrent of real-time information, it has become increasingly important that our publications maintain and improve their reputation as trusted navigators. If quality journalism is to survive and prosper, then above all we must maintain our credibility.

It is equally vital that our founding values, created in the furnace of the political reform movement 183 years ago, are reinvigorated and breathe their fiery spirit throughout our organisation.

CP Scott, the Manchester Guardian’s editor for nearly 57 years, was the first to hone down these values to the core essence in his leading article celebrating the paper’s centenary on May 5 1921: “Honesty, cleanness [integrity], courage, fairness, a sense of duty to the reader and the community.”

These are extremely demanding, especially in the context of the daily pressure to bring out the papers and constantly update the websites, but must form

the backbone of everything we do. These values are not there to inform our journalism alone but also all our business practices. There is nothing that rankles more than exhorting our readers to take one course of action if we, as a company, are doing something completely different.

This is why this audit measures our impacts on all our stakeholders — employees, readers, customers, suppliers — as well as the environment, against our values. By having the report independently audited we are ensuring it is a fair and balanced reflection of where we stand (see auditor’s statement on page 56).

We started our social auditing journey last year. We wanted our first report to act as an agent for change and in this it has succeeded. Where we found gaps between our values and our actions, we set ourselves targets for improvement. Many of these we achieved ahead of schedule but there is still a way to go with others. A summary of our progress can be seen on page 54, alongside our new targets for 2004-05.

The scale of change we are facing in the next two years is momentous but through this period we will seek to ensure that our values remain at the forefront of both our hearts and minds.

Carolyn McCall, chief executive
Alan Rusbridger, Guardian editor
Roger Alton, Observer editor

The Scott Trust

Free thinkers

Most newspapers are better at giving advice than taking it. We owe a good deal of our living to shedding light on the failings of others and urging governments, organisations and individuals to be better. We see it as our duty in a healthy democracy.

But who guards the guards? There is a practical — though not very glorious — tradition that dog doesn't eat dog and newspapers don't seriously dish it to each other. The tradition breaks down every so often, to the general entertainment of the population, but for the most part the press knows it never has much to fear from the searchlight of publicity being turned on its own internal workings.

Seven years ago the Guardian broke a lance for editorial accountability by appointing Britain's first readers' editor to deal with complaints about the content of the paper. He is independent, uneditable and free to assign blame, extract apology or just delve publicly into the finer points of an oversimplified argument. The Observer followed suit, as did the Independent on Sunday.

But the newspapers and websites of GNL, like all the businesses of the Guardian Media Group, have a wider duty, too, which derives from the terms of their ownership by the Scott Trust.

The trust is the owner of the Guardian Media Group and therefore also the proprietor of its publications. Unlike a commercial shareholder, it exists primarily to protect the independence and integrity of the journalism — initially that of the Guardian and the Manchester Evening News, subsequently extended to the Observer and Guardian Unlimited. It appoints the editor of the Guardian and then does all it can to protect the journalism from unwarranted interference from any quarter.



Liz Forgan, who chairs the Scott Trust. She was appointed by the trustees on the death last September of Hugo Young. Opposite page: a bust of CP Scott in front of bound copies of the Manchester Guardian

It must hold the businesses — including the newspapers — accountable but it must do so at a broad strategic level, never interfering in the day-to-day management. It has neither the right nor the competence to usurp the group board's responsibilities but it must keep a clear eye on the big strategic moves on which it will expect to be consulted. If it gets all this right it will also be a resource for managers, editors and executives who need a candid friend or a trustworthy sounding board at times of stress

or important decision making.

For instance, as the Guardian began to consider whether a change from the broadsheet format would be right for its readers, the editor took the trust through his thinking in detail, and was later joined by the chief executive laying out the business aspects of every option. The trust's position was to say from the outset that, whatever the outcome, the primary driver of the decision should be editorial rather than financial considerations. Ultimately, of course, the business case had to be made but the order of events was not the one most newspaper groups would expect to follow.

Only under the most extreme of circumstances, if the trust were to reach the view that the editor's proposed course of action would be seriously damaging to the paper or financially unsustainable by GMG, would the trust have contemplated challenging GNL's properly made case, backed by the group. In the event it offered solid support from a basis of complete knowledge and understanding.

Having the trust as sole shareholder means that, for GMG, shareholder value resides in the quality, courage, and integrity of the newspapers at least as much as in the bottom line. It removes the need always to maximise profits and so allows us to take the long view when times get tough, to run commercial risks when there is a clear editorial justification and to go about our business without being prey to the extreme and immediate pressures of cut-throat commercial competition.

With that freedom, however, goes a list of values originally considered essential to the character of the Manchester Guardian and which the modern-day trust also needs to safeguard. They were set out by the paper's great editor, CP Scott, in his centenary leader



DAVID SILLITOE

published in 1921. They include “honesty, cleanness, courage, fairness, a sense of duty to the reader and the community”.

He went on: “A newspaper has two sides to it. It is a business, like any other, and has to pay in the material sense in order to live. But it is much more than a business; it is an institution; it reflects and influences the life of a whole community; it may affect even wider destinies ... It has, therefore a moral as well as a material existence.”

CP himself acknowledged that the virtues he lists constitute an ideal which may prove impossible to live up to. “We can but try, ask pardon for shortcomings and there leave the matter,” he wrote.

It is not often that the Scott Trust dares to challenge one of the small and precious store of sayings attributable directly to our great mentor. But that last sentence has called for some updating after 83 years: “and there leave the matter” won’t do any more for a business that enjoys the freedoms that trust ownership brings.

It was not the trust that ordained the first social audit of Guardian Newspapers last year. For it to have done so would be to exercise a level of interference which it specifically exists to prevent. But Guardian Newspapers Ltd itself decided to pick the matter up from where CP left it and began the long, difficult and delicate process of opening every bit of the company and its practices up to the sort of continuous scrutiny that never does “leave the matter” but keeps on trying to improve.

It was certainly not the first big company to do so. But it was the first newspaper organisation to throw off the protective cloak that covers our industry and it has the full support of the trust for its continued determination to

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be accountable to its readers and to all who deal with it.

Over the years that original shortlist of Edwardian virtues will be reinterpreted for a 21st-century business which must consider things that probably never troubled CP Scott and his contemporaries — environmental sustainability, work/life balance, diversity. Spelling out “Scott Trust values” too prescriptively would be to freeze them in a particular context and risk seeing them dwindle into irrelevance as life changes around them. But they must not be too loosely described or they are reduced to toothless platitudes.

It is not the trust’s job to lay down the ways in which the founding values should be applied in day-to-day practice. That is a decision for each of the divisions of the Guardian Media Group to reach for itself. The divisions, among them the national and regional press, Trader Media Group and the radio stations, are different in their character, culture and focus though they are all integral parts of the group and the trust. We share our values but we interpret them differently according to our particular markets, competitive circumstances or business priorities.

Some parts of the group are clearly under a greater pressure than others to contribute to the group cash flow, and take the occasional opportunity to point out that they bring home the Guardian’s bacon. But just as the Guardian takes pride in making budget and winning esteem, so the big cash generators of the group are proud of their contribution to that esteem as well as of their commercial success. There is a basic standard that is expected of and by all, but there is also freedom to reflect different priorities as the divisional boards decide.

The social audit is a powerful tool for turning broad generalities into practical action to

Feedback

Ahead of the game

Scores for CSR reports of media and entertainment companies based on SustainAbility's benchmark (% , 2004)

GNL	32	Time Warner	10
BSkyB	31.5	Walt Disney	8
BBC	24	Viacom	0
Pearson	24	Mediaset	0
Vivendi Universal	22	News Corporation	0
Reuters	13		

'What an extraordinary and interesting document this is. The dedication to standards and responsibility reflected in the audit of values sets a high standard that needs wide distribution'

Bill Kovach
chairman of the Committee of Concerned Journalists, Washington

'As fine an example of media accountability as I can recall'

Geneva Overholser
former ombudsman of the Washington Post

We were heartened by the response to our first Living our Values audit. Nearly 5,000 copies were sent to staff and readers as well as media organisations and research institutions in countries ranging from the US and Canada to India and the Philippines.

SustainAbility, a leading consultancy on corporate responsibility and sustainable development, produced a report this year in partnership with the environmental pressure group WWF, on the media industry. Its study of corporate responsibility in the global media and entertainment sector ranked GNL first, ahead of the BBC, Pearson and Reuters in this country as well as international media and entertainment groups including News International, Time Warner and Vivendi Universal.

A major study for the European commission on corporate social responsibility and the media industry by the consultancy Rightscom reported that our audit was "the clearest example of good practice we have identified". It based this view on the fact that we addressed the concerns of all our stakeholders, had complete transparency in reporting, owned up to our mistakes and were independently audited using the Institute of Social and Ethical Accountability's AA1000 standard and GRI's (the Global Reporting Initiative) 2002 guidelines.

Geneva Overholser, a former ombudsman of the Washington Post, called it "as fine an example of media accountability as I can recall," while Bill Kovach, the respected chairman of the Washington-based Committee of Concerned Journalists, wrote: "What an extraordinary and interesting document this is. The dedication to standards and responsibility reflected in the audit of values sets a high standard that needs wide distribution."

Marty Kaiser, editor of the Milwaukee Journal Sentinel, wrote: "It is a very impressive piece of work. I have shared the copies with the leadership teams of the Journal Sentinel and Journal Communications. We are having many discussions of values as we move from a private employee-owned company to a public company. Your work should help us."

On the back of the audit, GNL won the Environmental Newspaper Company of the Year award in April 2004. The citation for the award stated: "Top marks from all judges. This document [the social, environmental and ethical audit] is one of the most comprehensive and holistic audits I've seen ... impressive and sets the standard for this sector."

Reader response was also enthusiastic. One wrote to the editor: "I was hugely impressed by what you have achieved. I finished the report feeling that this my Guardian, something I am proud to read and a source of knowledge that I can trust in an increasingly complex and uncertain world."

To get some more critical feedback we engaged SustainAbility to look at our report in detail and make recommendations for improvement. Its assessment concluded: "The report is engaging, refreshing in its honesty and its genuine commitment to the principles of the Scott Trust. It reports on editorial independence, honesty and trust, vital to good journal-

'I finished the report feeling that this is my Guardian, something I am proud to read and a source of knowledge that I can trust in an increasingly complex and uncertain world'

A reader

ism. These issues seem to be rarely discussed by most media reports.

"The report is particularly weak on outlining governance and organisational accountability for sustainability issues and no information is given on how the social or environmental dimensions are managed. More key performance indicators need to be established throughout and this a key area for improvement in the report." We have taken these criticisms on board and have taken steps to shore up the areas of weakness that SustainAbility pinpointed.

While the primary aim of our audit was to measure our own performance, we were also hoping that it would encourage other media companies to report more fully on their activities. In support of this, GNL and its parent company, GMG, have become members of the Media CSR Forum, a collection of 16 big media companies who are committed to furthering corporate social responsibility in the sector. The other members of the forum include the BBC, ITV, Pearson, Capital Radio, Reuters, Trinity Mirror, EMI, Reed Elsevier and Sky.

In a speech marking the launch of the forum, Sir Robert Phillis, the chief executive of the Guardian Media Group, said: "It is important to stress that media companies have much in common with other sectors in the area of CSR. We have the same range of stakeholders, and the media industry's impact in these areas can and should be measured and compared with companies in other sectors, such as manufacturing or retail. At the same time the media also occupies a unique position in supporting the democratic process by making information, knowledge and a range of opinions openly available and ensuring that public and private institutions are accountable for their behaviour."

Commercial realities

Size matters

The first edition of GNL's Social Audit, published last year, described the intensely competitive nature of the quality press market in the UK and identified the key long-run trends for the sector in which we operate: the slow but steady annual decline in newspapers purchase during the week; younger people in particular favouring other media forms over print; publishers chasing readers by publishing bigger newspapers with higher paginations and more and more sections; and, inevitably, the trend of low profit margins for most publishers as a result of all this.

In the first half of 2003 the market continued to perform in keeping with these trends. Then came the sudden change; as profits continued to fall and circulations struggled to keep pace, publishers reached, in the autumn of 2003, for new and radical solutions to the problem. In 1993 publishers alighted on price-cutting as the answer to their problems and in 2003 they alighted on format change.

Format

After a decade of getting constantly bigger, quality national publishers embraced the prospect of going smaller; a process started by the launch of tabloid editions of the Independent and the Times in the autumn of 2003 and with plenty more developments to follow.

As the newspaper publisher with arguably the strongest innovation credentials in the sector, GNL had been widely expected to lead the market into format change, and our response has been keenly awaited both internally and externally. As has now been widely reported, GNL will, within the next two years, be changing, to the European mid-size format — halfway between that of the current UK broadsheets and tabloids



DAVID SILITOE

The process by which we reached this decision and received the backing from our parent company GMG and from the Scott Trust to proceed with this strategy is illustrative of the distinctive way in which GNL operates. Having identified a problem shared by many, we then identified a solution unique to ourselves and we have been fully supported in this decision — even though it will cost more and take longer to deliver than the “me-too” option of going tabloid. We believe we will be the only UK national publisher printing in this format when we launch and we know that we will have to rethink everything we do, both editorially and commercially, as a result. It is for us, however, the right decision and the most significant one for GNL in nearly two generations.

All this would have been extremely difficult without the financial backing of GMG, which has been built up over the past three decades to secure the future of the Guardian and, latterly, the Observer and Guardian Unlimited.

It is unusual in the business world for a parent company to exist in order to support one of its divisions, but the GMG chairman, Paul Myners, is absolutely clear about this: “Our core objective is the protection of our national titles, the Guardian, the Observer and Guardian Unlimited. All our activities are in pursuit of that core objective and exist as a store of value to enable us to pursue our primary objective.”

GMG took another major step forward in its development in 2004 with the purchase of the remaining 52% stake in the highly successful Trader Media Group, which publishes Auto-Trader. The GMG chief executive, Sir Robert Phillis, said in the company's annual report and accounts: “GMG has emerged from a highly competitive period, stronger than before and with the editorial and financial security of the



ROGER BAMBER

Guardian and the Observer transformed through the full acquisition of Trader Media Group (TMG). This brings to the group a stable of magazines and websites valued at more than £1 billion, which in turn allows us to earmark a substantial sum of money to meet the longer-term needs of the group as a whole.” Apart from TMG, GMG consists of a regional newspaper division, which publishes the Manchester Evening News and a host of other regional and local papers around Manchester, Cheshire, Lancashire, Berkshire and Hampshire, and a radio division, which operates under the Real Radio, Jazz FM and smooth fm brands.

Debate within GNL as to whether a tabloid Guardian was either feasible or desirable predated the launch of both the Independent and Times tabloids. Opponents of the tabloid argued that the Guardian’s authoritative and balanced journalism could not be successfully accommodated within the constraints of tabloid pages. A move to tabloid would change the essence of the Guardian and force us into a particular style of writing and display that undermined our strengths and took us into new and undesirable competitive territory.

At a commercial level there were significant obstacles to overcome before a tabloid launch could be considered. There were real issues around fitting the substantial Media, Education and Society tabloids inside a tabloid main section — potentially defeating the objective of creating a portable and compact newspaper. There were also problems associated with the pricing model for display advertising and the certainty that we would lose revenue as a result of the loss of front-page solus strip advertisements and the downsizing of broadsheet full-page advertisements.

We would be worse off financially and

Guardian Media Group profit and loss before interest and taxation (£ million)

	2004	2003
National newspapers	-6.2	-7.5
Regional newspapers	30.7	21.8
Radio	-8.3	-11.1
Trader Media Group	58.3	41.4
Other group activities	-12.4	-14.9
Totals	62.1	29.7

GMG pretax profit after interest £43.6m (£36.9m in 2003)
Source: GMG plc annual report and accounts 2004

constrained editorially by publishing as a tabloid — but we could not ignore the appeal of the smaller size to young readers in particular or the fact that the Independent and Times were gaining readers as a result. Doing nothing was clearly not an option either.

Throughout the autumn and winter the debate continued — dummies were prepared, research undertaken, internal consultation took place and business plans and risk logs were completed. Dual publishing of both a broadsheet and tabloid Guardian was rejected early on by the chief executive as too expensive, too complex and too diversionary. Given, therefore, that any move to tabloid would be both total and irreversible this was clearly a critical decision for the GNL board as a whole but also one in which the editor’s view would be of primary importance.

By the February 2004 GNL board meeting, all background work had been completed and the decision as to whether or not to proceed had to be taken. The board agreed that we should not change to the tabloid format but also that remaining broadsheet was not a viable long-term strategy. The GNL board therefore unanimously agreed to adopt a completely different approach on the format issue. Our goal was to reconcile the two objectives of presenting Guardian content in the intelligent and distinctive style our readers value while also presenting this content in a format that is accessible, portable and contemporary.

The solution lay in the European mid-size and the GNL board recommended that we should adopt this size for our newspapers, a recommendation fully supported by the GMG board, despite the significant implications. We will be the first publisher to introduce this format to the UK national newspaper-buying

How the qualities are selling

Audit Bureau of Circulation (ABC) figures for quality dailies (000s)

	Dec 03-May 04	Dec 02-May 03	change (000s)	% change
Guardian	379	404	-24	-6.1
Independent	254	223	+31	+14
Times	653	659	-6	-1.0
Telegraph	915	933	-18	-1.9
Financial Times	441	463	-23	-4.9
Total for dailies	2,641	2,682	-41	-1.5

ABC figures for quality Sundays (000s)

	Dec 03-May 04	Dec 02-May 03	change (000s)	% change
Observer	451	456	-6	-1.2
Independent on Sun	209	221	-12	-5.5
Sunday Times	1,365	1,379	-14	-1.0
Sunday Telegraph	701	731	-31	-4.2
Total for Sundays	2,725	2,787	-63	-2.2

and advertising markets, and that means great opportunity but also potential risk.

The commercial reality is that we will be investing a large sum of money in new presses and that we will have to either modify our existing print sites or find new ones in which to house them. We will be working with new designs, new suppliers, new partners, new equipment and new business models — we are reappraising everything we do, creating the newspapers and the organisation afresh from the bottom up.

Newspaper profitability

So what of the risk-reward ratio? How has the catalyst of format change affected the commercial realities for newspaper publishers? In truth it is probably too early to judge exactly what the long-term impact on the market will be, although we have some early figures to interpret. Three sets of figures have recently been published, each revealing in its own right. Taken together they sum up perfectly the current state of the market.

The first relevant set of figures is the six-monthly ABC figures for December 2003–May 2004. It is in this section that we would expect to see a return on investment in the shape of markedly improved ABC figures for the dailies. But the table shows that, despite the launch of the compacts, the quality daily market is actually down by 41,000 copies year on year and that only the Independent has increased circulation. While some 22% of all copies sold in the quality daily market are now tabloids, their launch does not appear to have expanded the market as a whole. Instead, a pattern of substitution and switching seems to have occurred.

There were signs that tabloid sales had stalled in the summer of 2004, with the Inde-

pendent peaking at around 260,000, having taken the decision to become wholly and solely tabloid. The Times, meanwhile, whose sales have settled in the 650,000s, will probably have to carry the costs of dual publishing for some time to come, given the strength of the pro-broadsheet element in its readership.

A change to smaller papers, therefore, looks to be part of the answer for broadsheet newspapers but it is clearly not the whole answer to reversing long-term decline.

The Sunday market, free of format-based competition, has remained nevertheless ferociously competitive in terms of product development and promotional spend. The launch of the CD-rom supplement, The Month, by the Sunday Times and of the third Observer magazine, Observer Music Monthly, were probably the most significant developments this year and helped to grow share for both titles in a declining market.

The second set of figures to consider is the latest reported losses by Times Newspapers, Independent Newspapers and the FT — a combined total of £65m during 2003. These figures predate the launch of the compact versions of the Times and Independent and, at least in the short term, these launches will make the figures worse. The Independent have referred to incremental costs of £4m–£5m over the first six months of the tabloid launch, while the Times is believed to have spent at least twice that on dual publishing and marketing its own version. The financial picture, already poor, appears to be getting worse for publishers as a result of this development and advertisers are as yet reluctant to pay up through increased yields. There is a long commercial haul ahead.

In the 2003–04 financial year, Guardian Newspapers Ltd reported that losses had fallen

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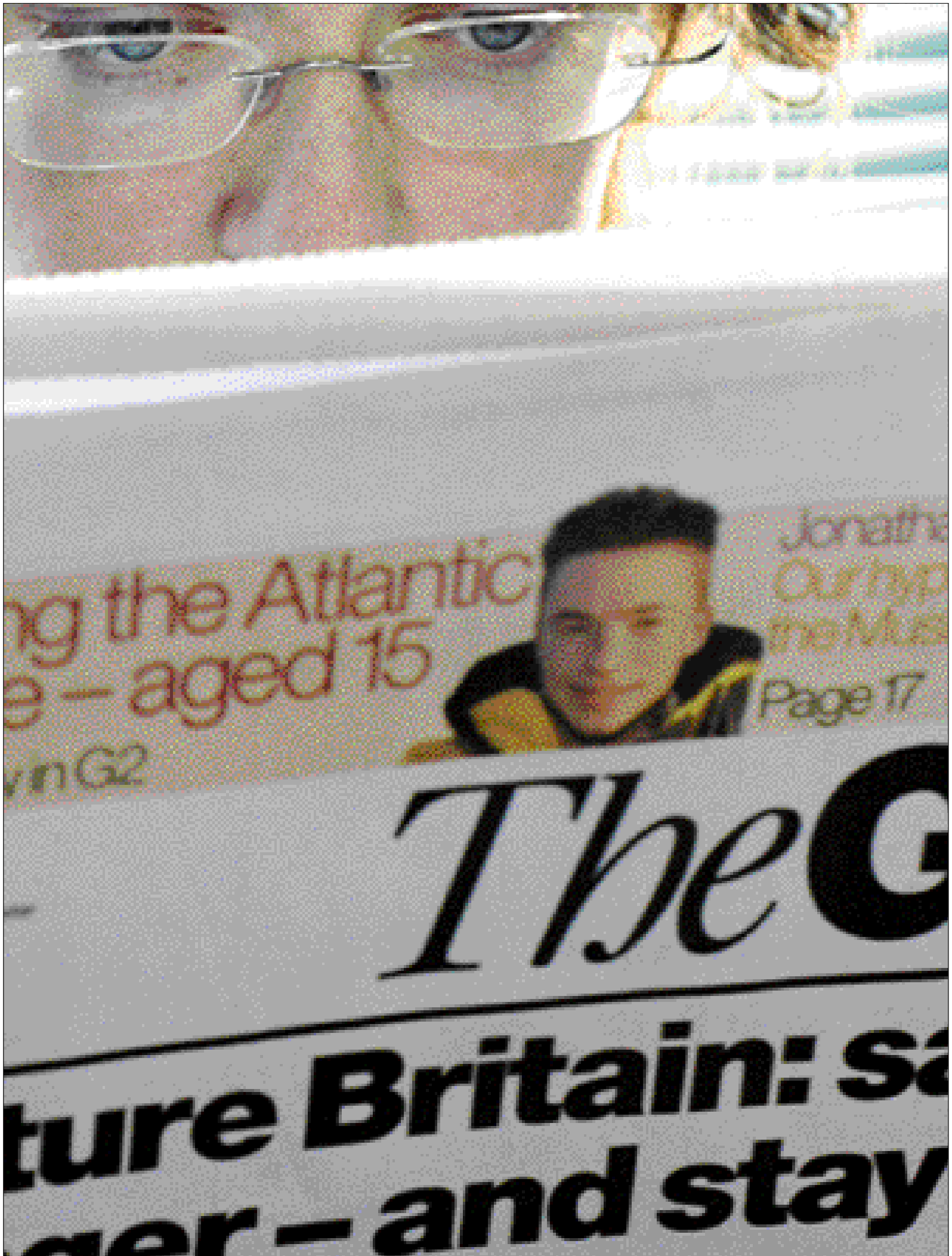
Paul Myners
chairman of GMG

from £7.5m to £6.2m on turnover, up from £216.7m to £227.5m, a strong performance given the tough commercial and competitive circumstances under which we operated. GNL was helped last year by a recovering advertising market — in particular a strengthening in recruitment, where the Guardian is the market leader. Losses on the Observer and Guardian Unlimited also fell again this year in line with business plans.

GNL has continued with its strategy of seeking to drive profits from brand extensions. We acquired 100% of our digital education resource business Learn, which is poised to enter its first break-even year. It has two main activities, selling school subscriptions to Learn-premium as well as selling education content services to a range of mostly public sector clients. Guardian Books published more than 30 titles in the year and Guardian Films, our television production company, produced 18 films in its first 18 months, primarily for the BBC and Channel 4.

The only quality broadsheet newspaper company in profit was the Telegraph Group with forecast profits this year of £45m–£50m. National newspaper publishers will have been cheered by the high degree of interest and by the price finally paid by the Barclays for the Telegraph. At a cash-free/debt-free price of £665m, there is clearly a huge appetite for national newspaper ownership and we await with interest the next moves for the title.

Of course commercial reality does not stop and start at format change, ABC figures and profit and loss accounts. For GNL, the really long game involves development of our “any time, any place, anywhere” strategy of providing readers with Guardian and Observer content across a wide variety of print and



FRANK BARON

A question of trust

“The media’s temptation to flaunt its power is old,” Martin Kettle, senior leader writer of the Guardian, wrote in May of 2004 in a comment piece bemoaning the lack of standards in the British press. “Kiss ’em one day and kick ’em the next,” Beaverbrook once put it — but it has now become such an addiction that many reporters seem barely to know they are crossing the line. Is this down to a lack of professional standards? Yes, in part. But it also reflects lack of accountability. The crisis of democracy is a crisis in journalism, warned Walter Lippmann in the 1920s. Today it is the other way round.

At the same time Lippmann was debating the purpose of the press in America, the Manchester Guardian’s esteemed editor of 57 years, CP Scott, was laying down the principles on which our journalism should be based in this country. In his leading article celebrating the paper’s centenary on May 5 1921, he wrote: “Its primary office is the gathering of news. At the peril of its soul it must see that the supply is not tainted. Neither in what it gives, nor in what it does not give, nor in the mode of presentation must the unclouded face of truth suffer wrong. Comment is free, facts are sacred. ‘Propaganda’, so called, by this means is hateful. The voice of opponents no less than that of friends has a right to be heard. Comment also is justly subject to a self-imposed restraint. It is well to be frank; it is even better to be fair.”

While Scott wrote these words 83 years ago, they resonate even more strongly today as parts of the press start to re-examine the foundations on which our profession is built. Perhaps the most important building block is trust. It is a precious commodity, taking years to build up and minutes to tear down. It is not about always being right; it’s about doing one’s best, admitting when mistakes have been made and

having the courage to say when we don’t know all the answers. Trust knows no boundaries and it demands the highest standards across all our editorial activities. It’s not just about our choice of stories, but about our choice of words, of writers, of pictures and graphics. With the growth of the internet, journalism also no longer has any geographical boundaries and mistakes can travel round the world in a matter of minutes.

The Guardian editor, Alan Rusbridger, recently said: “It is clear that the Guardian is becoming the English language global liberal voice. It has earned an incredibly high degree of trust. That means that today’s journalists have a much bigger influence than any previous generation of Guardian writers. The bigger the internet becomes and the more voices there are on it, the more important it is to have a voice that is recognisable, truthful and reliable.”

During the Hutton inquiry Rusbridger wrote to all staff: “Every editor since 1921 has received a steady dozen or so letters a week reminding him of what CP Scott had to say on the subject of comment and fact and hinting that the great editor was currently to be found rotting in his burial place. But all the evidence does suggest that, given a choice, Guardian readers would rather we did give them the unvarnished truth — or our best stab at it. It seems obvious enough. But inside many journalists — this goes for desk editors as much as reporters — there is a little demon prompting us to make the story as strong and interesting as possible, if not more so. We drop a few excitable adjectives around the place. We over-egg. We may even sex it up.

“Strong stories are good. So are interesting stories. But straight, accurate stories are even better. Readers who stick with us over any length of time would far rather judge what we

write by our own Richter scale of news judgments and values than feel that we’re measuring ourselves against the competition. Every time we flam a story up we disappoint somebody, usually a reader who thought the Guardian was different. We should be different. Of course we compete fiercely in the most competitive newspaper market in the world. Of course we want to sell as many copies as possible. We’ve all experienced peer pressure to write something as strongly as possible, if not more so. But our trust ownership relieves us of the necessity to drive remorselessly for circulation to the exclusion of all else. In other words, we don’t need to sex things up, and we shouldn’t.”

One of the challenges for the Guardian, and for journalism in general, is how to put effective checks and balances in place without taking the lifeblood out of the profession. The other is how to create a credible product every day when journalists are under intense pressure to meet deadlines. It is important to recognise, as the American political reporter David Broder put it, that despite best intentions, a newspaper is “a partial, hasty, incomplete, inevitably somewhat flawed and inaccurate rendering of some of the things we have heard about in the past 24 hours.”

Much has been done in the past few years to ensure we produce credible journalism: the Guardian and Observer were the first papers to employ independent ombudsmen. The Guardian produced its own editorial code of conduct that goes beyond the requirements of the Press Complaints Commission, and both papers have published their own style guides. But it is accepted that there is more we could be doing and the planned format change provides us with a great opportunity to do just that.

One of the inspirations for this work has been research conducted in the US by the



Checks and balances

Committee of Concerned Journalists, a consortium of reporters, editors, producers, publishers, owners and academics worried about the future of the profession. The chairman, Bill Kovach, has written a book called the *Elements of Journalism*, which examines the character of the profession at the beginning of the 21st century. It is a must-read for all journalism students in America, and now the Guardian has had it published in this country so that the information gets wide distribution here, too.

Kovach writes: “Democracy depends on citizens having reliable, accurate facts put in a meaningful context. Journalism does not pursue truth in an absolute or philosophical sense, but it can — and must — pursue it in a practical sense. This ‘journalistic truth’ is a process that begins with the professional discipline of assembling and verifying facts. Then journalists try to convey a fair and reliable account of their meaning, valid for now, subject to further investigation. Journalists should be as transparent as possible about sources and methods so audiences can make their own assessment of the information. Even in a world of expanding voices, accuracy is the foundation upon which everything else is built — context, interpretation, comment, criticism, analysis and debate. The truth, over time, emerges from this forum. As citizens encounter an ever-greater flow of data, they have more need — not less — for identifiable sources dedicated to verifying that information and putting it in context.”

In this arena journalists do not do well. A poll by Mori found they were the least trustworthiness of any group. Although the poll of 2,000 adults in early spring 2004 found that trust in journalists had risen modestly to 20%, this was below the number who trusted politicians (whereas 92% of the public trusted doctors to

Sources

The Guardian’s editor, Alan Rusbridger, re-evaluated the paper’s processes at the start of 2004 and made a number of recommendations for tightening our procedures, ranging from the use of anonymous sources and note taking to ensuring fairness — one of our own key values.

He noted that our policy on using anonymous sources sparingly was sometimes not being fully adhered to. In a letter to staff, which was followed up by an open meeting, he said: “In all this you simply have to bear in mind the innocent reader, and the cumulative effect of ploughing through a paper in which a significant degree of information is passed on without any means of knowing how to evaluate it. Stories should wherever possible be multi-sourced. Where that is not possible, the reliance on a single source should be made clear to desk editors and the matter discussed fully. If there is a chance that additional sources could be obtained by holding off publication by a day or even a few days, then we may want to wait, unless there is an overwhelming need — not just the general desire for competitive edge — to get the story out immediately.”

The BBC reached similar conclusions in June on the lessons the corporation had to learn from the Hutton report. The Neil report details what amounts to a code of conduct. BBC journalists should strive to name as many of their sources as possible. When sources demand anonymity they must give as much information about them as possible without compromising them, and say why they ask not to be named. Stories based on a single anonymous source must only be broadcast when there is “significant public interest” and with the clearance of senior editors.

In the coming year, GNL will reiterate fur-

ther the importance of editorial standards in journalism, through a series of discussion groups for our editorial staff (2004 target 1).

Editorial code

Two years ago the Guardian introduced its own editorial code of conduct, which is in addition to the Press Complaints Commission code of conduct, which applies to all newspapers. Not only full-time journalists but also freelancers working for the paper are expected to follow the code, which covers everything from professional practice to personal behaviour and conflicts of interest.

Journalists are not allowed to pay for stories and the editor or his deputy must approve rare exceptions; staff must not reproduce other people’s material without attribution; journalists should avoid intrusions into people’s privacy unless there is a clear public interest in doing so; journalists should identify themselves as Guardian employees when working on a story; a head of department must approve any exceptions when a writer is involved in a story of exceptional public interest.

It is the responsibility of desk editors to ensure compliance with the editorial code, the PCC code and style guide. Breaches of our internal code are not systematically monitored but the readers’ editors will pick up and report on cases where it is repeatedly abused or where a breach is particularly contentious. The Observer does not have its own code but follows the PCC regulations, which it believes have never proved inadequate.

In 2003, 33 complaints were made to the PCC about the Observer of which none was upheld; 85 were made about the Guardian, of which one was upheld — a complaint regarding paying a former criminal £720 for offering an

alternative view of Lord Archer's time in prison.

The PCC argued that payments to criminals by newspapers on issues directly relating to their crimes or stemming from them are only justifiable in circumstances where the right to freedom of expression guaranteed by article 10 of the convention of human rights is to be preferred on public interest grounds. It claimed the Guardian's justification was unconvincing and found a breach of the code. The Guardian was deeply unhappy about the adjudication and wrote a leader comment on it: "The original purpose behind banning payments to criminals was to prevent them from glorifying their own crimes. This week's adjudication strays dangerously close to extending this ban on payments for writing to other prisoners or former prisoners on the grounds that they only came to be in prison because they committed a crime.

"Editors will in future have to double-guess what view of the 'public interest' the PCC might take. This has the alarming implication of stifling the work of such writers as our own Erwin James, whose much admired Life Inside columns have just been published as a book. The PCC has pointedly declined to offer any view as to whether James, like Williams, is now threatened. It goes without saying that no newspaper could remain part of a body which sought to prevent James, or other such prisoners, from writing about prison life, nor to deny them the honest rewards which they are entitled to expect (in James's case, with the full agreement of the prison authorities).

"More troubling still is the PCC's cursory nod towards the Human Rights Act and its protection of freedom of expression (absent altogether from the first draft of the adjudication). Article 10 could not be clearer — freedom of speech is the trump card except in exceptional circumstances, such as national security. Although the PCC pays lip service to the HRA it has, by this adjudication, introduced a degree of uncertainty which is bound to have a chilling effect on freedom of expression.

"Readers should be reassured that the Guardian will continue to write about prisons and penal policy. Among the voices who deserve to be heard in this debate are prisoners and former prisoners. Where it seems to us appropriate that they should be paid for their work, we will pay them."

Prior to this, the last complaint to be upheld against the Guardian was in 1996, and the Observer in 2001.

The Guardian's full editorial code can be read at guardian.co.uk/socialaudit

Newspaper ombudsmen

The Guardian was the first British paper to set up an independent ombudsman in 1997 to deal with readers' complaints. The Observer became the first Sunday paper to make a similar appointment in 2001, although the role is combined with other duties.

Interest within the media in the Guardian's and Observer's system of correcting and clarifying has always been, and continues to be, strong, although there are still only two other national newspapers in Britain which correct

systematically. In the broader media sector, the BBC recognised the importance of such a role when it announced in June that it needed "a system and a culture that encourages fast clarification and correction."

A senior journalist, Ian Mayes, was appointed as ombudsman for the Guardian and his sole task is to respond to readers' queries and complaints. He is independent of the editor, his number and email address are advertised every day and he has guaranteed and prominent space in the paper to deal with whatever concerns readers raise.

He said: "Many of the minority who feel they have a serious complaint against the Guardian come to me to seek a quick and free and independent adjudication rather than go to the Press Complaints Commission or to their lawyer — my office cuts the traffic to the Guardian's legal affairs department by at least 30%. Many of the less serious matters that find their way into the daily corrections and clarifications column I see as a form of reader participation. Readers write because they care about the paper. They know that their views will be taken seriously."

Visitors from news organisations all over the world continue to show themselves anxious to find out about our system. More of them are appointing ombudsmen and joining the Organisation of News Ombudsmen (ONO), of which Ian Mayes was elected vice-president in 2004 and Observer readers' editor Stephen Pritchard is a board member. ONO now has about 80 members worldwide and next year, 2005, will meet in London; the conference will be hosted by the Guardian and the Observer.

According to our readership survey of June 2004, 59% of Guardian readers are aware of the readers' editor's existence. More than three-quarters of them say he makes them feel that the paper is responsive to their views and opinions. Of the 44% of Observer readers who are aware of their readers' editor, 68% feel the same way. A survey of editorial staff conducted in 2003 asked whether the papers were responsive to the concerns of the readership. Among Guardian journalists, 75% agreed or strongly agreed we were; 22% did not feel strongly either way; and 3% disagreed or strongly disagreed. Observer journalists were split as follows: agreed, 54%; no strong feelings, 30%; disagreed, 16%.

Guardian readers' editor

In 2003 Ian Mayes received more than 9,000 calls, emails and letters in response to which he published more than 1,500 corrections or clarifications. Of those to whom a response was not published, the majority either received a verbal or written response, or were passed on to the relevant Guardian department to deal with.

"Issues raised with me by Guardian readers during the past year," he said, "indicate not only the close scrutiny to which the paper's journalism is subjected but also the close relationship between writers and readers. These have included the reporting of suicide, as a result of which a new clause has been added to the Guardian's editorial code cautioning against the inclusion of excessive detail, the payment of

'Journalists should be as transparent as possible about sources and methods so audiences can make their own assessment of the information. Even in a world of expanding voices, accuracy is the foundation upon which everything else is built — context, interpretation, comment, criticism, analysis and debate'

Bill Kovach
chair of the Committee of Concerned Journalists,
Washington

59%

% of Guardian readers surveyed this year were aware of the existence of the readers' editor

44%

of Observer readers knew of the existence of the readers' editor

41%

of Guardian Unlimited users in our survey said they were aware of the user help desk and the feedback page

Source: reader survey, June 2004



PABLO TORRES GUERRERO / EL PAIS

'I chastised the Guardian in response to complaints from readers on a number of issues [including] a decision to tone down the image of a severed limb in a picture taken immediately after the terrorist attack on Atocha station in Madrid'

Ian Mayes
Guardian readers' editor

criminals, and the use of swearwords. I chastised the Guardian in response to complaints from readers on a number of issues: the tenor of a column about transsexual people; a decision to tone down the image of a severed limb in a picture taken immediately after the terrorist attack on Atocha station in Madrid; a headline, in one edition only, that referred to an attack on a Holocaust museum in Hungary as "a 'Jewish' terror plot". At the same time I try to explain to readers how these things happen, to give them an idea of the pressures of decision making against deadlines. Just as frequently as I support complaints, I endorse and explain the paper's decisions, for instance to publish challenging images from the Iraq war.

"I frequently represent readers' views at the editor's morning conference, and with readers, from time to time, I try to explore the implications of the global Guardian, the Guardian online, and a future in which all our values will be tested."

guardian.co.uk/readerseditor

Observer Readers' Editor

Stephen Pritchard dealt with more than 6,000 emails, letters and calls in the financial year ending March 2004. He said: "While the majority of complaints concerned grammatical infelicities, there were more substantial concerns as well. Spring 2003 was, naturally, dominated by the Iraq war and the paper's coverage of the conflict and its aftermath. Dismay still lingered among some readers that a month before the war started the paper's leader column had said that the use of force might be justified to remove Saddam Hussein. Some readers felt this was not a credible position for a traditionally liberal newspaper to take. Some

perspective is useful here. The paper that famously opposed Suez had, until the second world war, been a broadly conservative newspaper. The Observer has not always been an anti-war paper in its 213 years; it has stood up for force when it felt it was justified.

"The Arab-Israeli conflict continued to generate letters, calls and emails, inflamed last summer by columnist Richard Ingrams' admission that he had 'developed a habit when confronted by letters to the editor in support of the Israeli government to look at the signature to see if the writer has a Jewish name. If so, I tend not to read it.' After wading through an avalanche of mail I contended that no one would take Ingrams seriously on the subject ever again.

"Our reporting of a double suicide attempt at Beachy Head in Sussex drew strong criticism, both for its content and also for its display [an eight-column photograph of the clifftop with a lone, unrelated figure standing right at the edge, with a misleading headline inset into the picture]. The Samaritans issue excellent guidelines on sensitive ways to report suicide to prevent copycat cases. These are now available to our staff.

"We instigated an online discussion page on the website, which will shortly be hosting discussions between readers and staff in another attempt to improve our relations with the people who matter most: those who buy the paper." observer.co.uk/readerseditor

Guardian Unlimited

While printing newspapers involves a time-consuming production and distribution process, the 24-hour nature of the web means that it is possible to publish a story instantaneously. However, we do not sacrifice accuracy to speed.

We want to be first with the story but our top priority is to be right. We source and check stories carefully before publication and have copy checked by Guardian lawyers when appropriate. Guardian Unlimited works closely with the readers' editor and the legal team to extend the Guardian's corrections policy to the website.

The rules that apply to articles printed in the paper and reproduced online also govern copy written exclusively for the website. Every day the Guardian's corrections and clarifications column is put on the website and linked from the daily comment section. The website production staff then add the individual corrections, clarifications and apologies, received by the paper to the top of the original stories on Guardian Unlimited. This has several advantages: the reader can be reassured that the story will not appear on the website without the correction, and readers accessing the article in the web archive can see the correction at the top of the story, thus maintaining the integrity of the website archive.

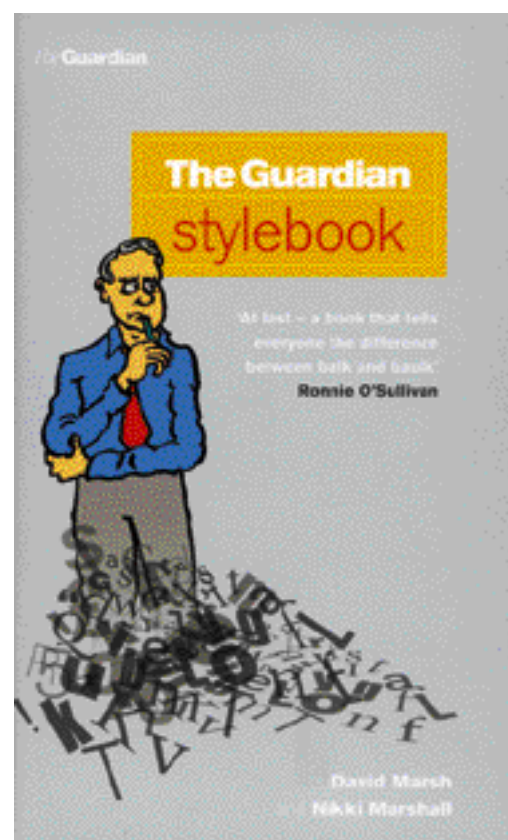
Complaints about website content are dealt with by the Guardian Unlimited user help team. Queries range from help with finding content on the site and in the archive, to requests to correct information or broken links. In addition, the team also supports users with registration and subscription to paid-for products such as the digital editions, both of which were introduced in the past year. Where appropriate, the user help team will refer specific queries on to website editors, the readers' editor or the legal team. The team also provides user feedback to editorial and commercial staff.

The user help section currently deals with an average 1,200 queries a week. This represents almost a three-fold increase from a year ago — a function of the growing number of users as well



‘Our reporting of a double suicide attempt at Beachy Head in Sussex drew strong criticism, for its content and also for its display’

Stephen Pritchard
Observer readers’ editor



as the additional support required for paid-for services and registration. Our recent survey showed that 41% of users are aware of user-help compared with only 23% last year.

Guardian Unlimited also has a feedback section where issues raised by readers are discussed and new content and services are announced (guardian.co.uk/feedback). The feedback editor monitors complaints, concerns and praise from readers and publishes a selection of their views. This section also features a weekly list of the most popular articles on Guardian Unlimited.

The web offers many more opportunities for interaction with our stakeholders than the more traditional papers. Guardian Unlimited offers users the chance to take part in live conversations via talkboards with other users or invited specialists such as politicians, scientists, authors, musicians and journalists. Recent guests have included Basil Brush and Ann Widdecombe.

guardian.co.uk/liveonline

The style guide

It’s not just the choice of stories we cover that is important, but also how we use lan-

guage; how our writers and editors present their thoughts and words to millions of readers every day.

The Guardian and the Observer, like other newspapers, maintain stylebooks intended mainly as a manual for their journalists to ensure consistency and accuracy. Guidance ranges from something as simple as whether to spell judgment without an “e” in the middle — on which both papers agree — to the slightly more complex business of whether to render the Libyan leader’s name Gadafy (the Guardian) or Gadaffi (the Observer); from how many people died on September 11 2001, and who the hijackers were, to which of the Teletubbies is purple.

The idea is to help writers — and, more importantly, readers. The Observer stylebook quotes Orwell (a former book reviewer for the paper): “The slovenliness of our language makes it easier for us to have foolish thoughts.” If journalists cannot be trusted to spell consistently, and follow basic rules of grammar and punctuation in a coherent way, why trust them on anything else?

There is much more to house style, however, than a mere list of rules to follow and mistakes to avoid. You only have to consider the way some newspapers report on, say, mental health or asylum to realise that the language used (“psychos”, “bogus”), as much as the views expressed, hinders rather than furthers public understanding of such issues. A stylebook can tell you all you need to know about a newspaper’s view of the world.

It also says a lot about the society in which it has been produced. The first Manchester Guardian stylebook of 1928 tells of a forgotten era of “Free-traders” and “the Empire”, offering detailed advice on how to describe servants. Its

21st-century counterpart deals with such matters as gender (the phrase “career girl” is banned, and female actors are no longer “actresses”), disability (“wheelchair user” not “in a wheelchair” or “wheelchair-bound”), and racial terminology (we don’t say “white-on-white violence” and we don’t say “black-on-black violence”).

In an attempt to dispel the ignorance and prejudice that has characterised most media coverage of the asylum issue, the guide offers the following: “Asylum seeker: someone seeking refugee status or humanitarian protection; there is no such thing as an ‘illegal asylum seeker’. Refugees are people who have fled their home countries in fear for their lives, and may have been granted asylum under the 1951 refugee convention or qualify for humanitarian protection or discretionary leave, or have been granted exceptional leave to remain in Britain. An asylum seeker can only become an illegal immigrant if he or she remains in Britain after having failed to respond to a removal notice.”

The guide to Guardian style, available online since 2000, has now been published as a book, so readers can judge for themselves. guardian.co.uk/styleguide

Coverage of related businesses

We have a policy of striving to be transparent when writing about companies, people or activities we have a financial relationship with. That means always making plain the relationship between the Guardian and the subject being written about.

Part of retaining trust with our readers means remaining fiercely independent even when it comes to criticising our own senior

	Journalists were asked whether the papers were responsive to the concerns of the readership (2003)		
	% Agreed/strongly agreed	% Didn't feel strongly	% Disagreed/strongly disagreed
Guardian journalists	75	22	03
Observer journalists	54	30	16

‘Do we have the right to display the graphic reality of suffering in a shocking yet moving picture?’

Pick up any copy of the Guardian or the Observer and count the pictures. We print more photographs than there are pages. One recent 30-page Guardian news section, chosen at random, carried 58 photographs — illustrations, teasers and picture bylines are extra. And yet there are few established rules to guide us in our use of images. The PCC merely cautions against the use of “misleading or distorted material including pictures” and the Guardian’s editorial code says simply: “Digitally enhanced or altered images, montages and illustrations should be clearly labelled as such.” This doesn’t mean there is no discussion or disagreement about the use of certain images. The Guardian’s readers’ editor has devoted 22 Open Door columns to discussing ethical problems raised by the visual presentation of stories since 1997, five of them in the first six months of 2004.

The very fact that the discussion is constant, and often inconclusive, points to the unique nature of each ethical problem. The Observer’s picture editor, Greg Whitmore, underlines this point of view: “There is no written code of ethics for photography,” he says. “Every picture we consider is judged independently, in the context of the news story. You have to bring to bear your own and your colleagues’ experiences. Empathy, not sympathy, plays a big part. What would the mother of a victim of the Madrid bombings think if she saw the photo?”

The Atocha attack was one case where the discussion of whether we should have altered the horrific image of carnage on the tracks attracted opposing opinions. On Friday March 12, the Guardian carried across the full width of its front page a colour photograph of the scene. It was digitally altered to remove colour and reduce the impact of a severed limb in the foreground. On the following Tuesday, the

corrections and clarifications column said categorically: “We should have indicated that it had been done and preferably explained why it had been done. The paper has a rule that its pictures are not altered.”

Some readers wanted the unvarnished story. One saw an unaltered version of the picture in a Spanish paper and complained: “My feeling is either print the photo or don’t. Are we not grown up enough here for the truth?” Others were more concerned about the impact on their children or with the feelings of the families of victims. In the end, the question of trust was judged to be paramount. The readers’ editor concluded in his column: “It is essential, if readers are to believe what they see in the paper, that no internal editing of a presented image takes place. If it does, readers should be told about it straight away. Both the editor of the Guardian and the deputy editor (news) told me that the decision was taken with the best of intentions and against a deadline. They now thought, with hindsight, that it had been a mistake to alter the colour.”

A similar division of opinion took place over an Observer page one picture, which accompanied a report of January’s earthquake in Bam. It showed a man carrying his two dead children away for burial. One was slumped over his shoulder and the other was cradled in his arms with the face clearly in view. The internal debate as well as the response from readers moved the Observer’s readers’ editor, Stephen Pritchard, to give over an entire Sunday column to the discussion. He posed the following question: “Newspapers seek to help readers imagine the unimaginable, but does that give us the right to display the graphic reality of suffering in such a shocking yet moving picture?” Again, the two main camps were those who didn’t

want the message softened and those who were anxious about children and relatives.

Roger Alton, the editor of the Observer, commented: “It was the subject of a great deal of discussion among senior staff in the office on Saturday. I felt that the figures of the dead coming out of Bam were so huge as to be almost unimaginable. I wanted to say that behind those figures lay a personal tragedy for so many people, so many parents, but I’m willing to accept I might have been wrong to choose that picture and I apologise to all who were upset by it.”

In the end, the image was an award winner at the World Press Photo competition. “However,” says the Observer’s picture editor, “the bigger impact was the effect it had on readers. One, Peter Waugh from Kings Heath in Birmingham, saw it on his birthday and used money he had received as a gift to have the picture enlarged. He took it to his local high street and used the power of the image to collect some £300 from the passing public to give to the Red Cross to help the victims of the earthquake.”

Similar discussions took place over our use of pictures of humiliated Iraqis in Abu Ghraib jail, as well as a photograph of someone who had died of Aids in Kenya. The question of consent was important in all these cases and, although the consent of the family had been given in the Aids case, consent from those recognisably photographed in Abu Ghraib prison could not be sought. One reader complained: “Please, please replace the image of the naked Iraqi on your front page and world news page with something less upsetting. It is shameful enough that he has been abused in such a way, but for you to broadcast his humiliation to all your online readers worldwide is certainly adding insult to injury.”

The Guardian’s readers’ editor thought that, in a case like this: “There is, I suggest, some confu-





ATTA KENARE/AFP/GETTY IMAGES

This photograph of a man carrying his two dead sons to their graves after the Bam earthquake was used on the front page of the Observer. Did it amount to intrusion in grief? Photo: Atta Kenare

sion here between the crime and evidence of the crime. Publication of the photograph does not infringe the man's human rights; but it does graphically convey an infringement of his rights." He went on to point out: "The editor of the Guardian strongly defends the decision to carry the picture as it was received by the paper and not to mask the face. He feels the paper made a mistake at the beginning of the Iraq war when, after a request from the Ministry of Defence, it pixelated the face of an Iraqi soldier who had surrendered to US marines. He said that to have continued to do that, or to do it systematically, would change the face of war reporting."

That division between those who want us to show reality and those who want us to protect others is fairly even among readers who are moved to let us know their views. Interestingly, the relative emphases shifted considerably in our latest survey, which found readers more concerned with the verity and reliability of images than their effect on children (see the graphic, below).

Ian Mayes noted in April this year that com-

	Photographs should not be 'sanitised' by the application of digital techniques	I am concerned that children should not be exposed to certain violent images
Guardian	4.4	3.3
Observer	4.4	3.2
Guardian Unlimited	4.1	3.3

Reader survey, June 2004. Answers expressed on a scale of 1 to 5: 1 = strong disagreement, 3 = neutral, and 5 = strong agreement. Figures shown are averages

plaints or queries about pictures fall roughly into three categories: "They suggest that an image has been electronically manipulated; that the picture should not have been used at all for ethical reasons or reasons of taste; or that the caption material is wrong or relates to a picture other than the one published. Queries about the authenticity of pictures seem to be on the increase." And that probably reflects the huge volume of images flowing into the retrieval system used by both of our main picture desks. The Guardian and Observer receive around 4,500 photographs a day. This has steadily risen from around 1,500 a day before 9/11; on the day of the twin towers attack the number of photographs received shot up to 3,000; it reached 4,000 on the first anniversary and has now settled to an average of 4,500 a day. On occasion it becomes a blizzard — during Euro 2004 it peaked at 6,600. "The selection process has never been so complicated and the choice never so bewildering," says Greg Whitmore, the picture editor of the Observer.

So how do we guarantee the authenticity of pictures, beyond simply having a stated code of practice? Roger Tooth, the Guardian's picture editor, is blunt about the difficulty. "How do we know a picture is a true and unaltered representation of an event?" he asks. "The simple answer is that we don't. It's all a matter of trust. We trust our own photographers not to alter anything. We wouldn't put them under so much pressure to produce a telling image that they might be tempted to change anything electronically. The big agencies like AP and Reuters have strict rules against manipulation. We feel we can trust

them. Most photojournalists have strong views against manipulation and the freelancers we routinely commission share these feelings. Things get a bit murkier when we don't know the source of a picture, something found on the web, for example. Any doubts we have should be flagged up in the picture caption."

Greg Whitmore says vigilance has been increased in the wake the fake Mirror torture pictures: "Fortunately, this kind of elaborate hoax occurs infrequently. However, digital photos taken by non-professionals, like the pictures emanating from Abu Ghraib, are becoming more and more frequent. The commissioned photographers we use are totally professional and trustworthy — we have built up relationships with award-winning photojournalists over many years. The major photo agencies also thrive on their reputations and can be trusted. It is newspapers' requirement for immediacy, exacerbated by rolling 24-hour TV news coverage, that can cause problems. With unsolicited images appearing via email, the picture desk has to be vigilant. The experience of the desk and the healthy suspicion brought to bear are invaluable."

Photographs are also a key part of the Guardian Unlimited offering. We can publish a photograph immediately a story breaks, showing users what is happening before extensive reports emerge. This happened after 9/11 and the Madrid bombing. Themed photo sites can also be posted and can live there for an unlimited time. Recent galleries have included all the Abu Ghraib torture photographs, the Israeli incursion into Rafah, the transit of Venus, and the funeral of Ronald Reagan.

Management of the pictures on GU is decentralised. The editor of each of the 15 sites is responsible for selecting photographs. In practice this means a wide range of people — 40 or 50 editors, desk staff and subs — crop and upload photographs. There is no picture editor or dedicated picture desk. The GU news editor, Sheila Pulham, said: "We consult colleagues to get a feel for where the boundaries of taste lie. When in doubt we err on the side of caution. The editor has the final say on suitability on photos. We also have to bear in mind that if we web-publish a photo it can be downloaded by any other web user and reproduced out of context on any other site. We very rarely receive complaints about photos, which helps us think we have the balance more or less right."

So, in the absence of a comprehensive set of rules we rely on our values and our experience in the ethical choice of images to illustrate stories (we do, of course, observe the legal requirements on the publication of photographs of minors and the European convention of human rights on privacy, also contained in the PCC code). Some of the recorded examples of bigger discussions that have taken place this year provide us with a sort of case law that can inform future dilemmas: do we treat black and white people the same in our use of pictures (pictures of the dead particularly); do we treat things that are near and far evenhandedly or do we show the prejudice of distance; are the reasons for using a picture so strong that they outweigh the possibility of offence, or the shock

It is not just honesty and integrity that makes a great newspaper but courage as well



KARIM SAHIB

As CP Scott shrewdly observed, it is not just honesty and integrity that makes a great newspaper but courage as well. Very powerful forces in business and government, both at home and abroad, are regularly deployed to try to hide what has happened and keep investigators at bay.

To face up to these forces can sometimes seem daunting. Put one foot wrong and it can lead to millions of pounds worth of damages in court, or a foreign correspondent's life being put in danger.

Foreign reporting

The last financial year has been a difficult time for foreign correspondents, particularly in Iraq, where eight members of staff as well as two contract reporters have done spells on the ground. The veteran correspondent Jonathan Steele recently wrote that “war reporting is dominated by risk. It varies from place to place, day to day, and even hour to hour. If there has been an attack, several people have just been killed, or a particularly emotionally charged funeral is under way, you sense whether it is safe to stay or better to go.

“A street which may be calm today can be seething with anger or suspicion tomorrow. Journalists may be welcomed as witnesses who can get victims' stories out. A sudden word from a person in the crowd may change the mood, and you are seen as a spy.

“Judging the risk is best left to reporters on the ground. In line with the Guardian's non-authoritarian tradition, editors regularly ask whether we are happy to remain. We are not ordered out or pressured to stay. The decision is ours alone.”

In the case of the battle for Falluja, several

journalists who were desperate to be the first to get into the besieged city were seized by gunmen. Jonathan Steele and his Guardian colleague Rory McCarthy decided the story, however important, was not worth the danger and they did what they could by interviewing Falluja families who escaped to Baghdad.

Describing the Iraq situation in the spring of 2004, Steele wrote: “Threat levels have been rising remorselessly, and within the space of a month it has become virtually impossible for journalists to function. Initially, the danger was mainly outside Baghdad. We had to be on our guard for car-jackings and drive-by shootings. Then came the menace of hostage-taking at unexpected, unofficial checkpoints.

“Now the kidnappers have struck in the capital, too. Our translators are getting death threats. Reporters who used to rent houses have received anonymous notes warning them to get out. Many have retreated to the Palestine and Sheraton hotels, which have their own miniature green zone. US tanks, razor wire, and all-night floodlights keep the enemy at bay — though here, too, mortars can get through. One struck the Sheraton the other day.

“Compared with Kosovo, Afghanistan, the West Bank and Gaza, plus earlier wars in southern Africa and Central America, these are the worst working conditions I have had to face. Only Chechnya comes anywhere close.”

It is not just in Iraq that it is dangerous to operate. Chris McGreal, the Guardian's Jerusalem correspondent, files in often dangerous circumstances in Israel and the occupied territories. Andrew Meldrum, the paper's Zimbabwe correspondent, was abducted and forcibly deported in May 2003 after having diligently and bravely chronicled the catastrophic collapse of Zimbabwe's economy and

its government's lack of respect for human rights. The judges of the One World Media Awards in June 2003 singled out Meldrum and described him as a “beacon for press freedom”.

We do not just put effort into covering major conflagrations but also ensure that we provide coverage of the many lesser known conflicts around the globe. Gary Younge produced some extraordinary reports from Port au Prince, Haiti, during the revolution which saw President Aristide thrown out of power. The situation in the country was extremely volatile and dangerous for reporters. Sybilla Brodzinsky, the Guardian's Colombia stringer also ventured into the country at some risk to herself.

Rory Carroll, the paper's Africa correspondent, witnessed the fall of Charles Taylor in Liberia; a terribly dangerous assignment carried out with calm professionalism. Liberia is an example of where having reporters present from the Guardian and other media made a difference.

Carroll said: “The satisfying thing about Liberia was that the media coverage probably helped resolve the conflict. The US did not want to intervene and African states were dithering, but extensive reporting of the suffering did, I think, nudge them into action. American and Nigerian troops deployed, the fighting stopped and Charles Taylor went into exile, giving the story a happy ending.”

Describing his time in Liberia, Carroll said: “Neither the rebels besieging the capital nor the government troops wanted to kill journalists but the style of fighting was so anarchic that Liberia last August was extremely dangerous to cover. Children barely taller than their AK-47s manned checkpoints with older boys — so-called generals with names like Cairo Poopoo — stoned on cannabis and crack. They

'We had to be on our guard for car-jackings and drive-by shootings. Then came the menace of hostage-taking at unexpected, unofficial checkpoints. Now the kidnapers have struck in the capital, too'

Jonathan Steele
in Iraq, spring 2004

War zones: an Iraqi boy (left) holds a leaflet that reads, in broken English, 'Falluja, the cemetery of Americans'; young soldiers (right) of the Movement for Democracy brandish their weapons in Liberia in October 2003



tended to welcome the media as a novelty but seldom gave warning about where and when they were going to start shooting. Mortars landed largely at random.

"Any illusion of safety at the hotel disappeared when a bullet whizzed through the restaurant. Another time a journalist was hit by shrapnel while sitting in a car. I had borrowed a BBC flakjacket, but following a bunch of kids called Jungle Fire Battalion into battle was still nerve-racking. A boy I was cowering beside shot himself in the foot. Another time I made the mistake of squatting behind a looter whom a female commander had in her sights.

"The most dangerous incident was when some colleagues and I decided to visit the rebels and walked across the frontline — a bridge — waving a white T-shirt. I kept thinking of a guy I'd interviewed whose feet were shot clean off and wondering what prosthetic feet would feel like.

"Is courage needed for such an assignment? It helps. But a taste for adrenaline can work just as well. Ideally you'd want to have both. Curiosity, too, wanting to know what's happening beyond the next roadblock, over the bridge.

"The alternative was staying at my desk in Johannesburg rewriting agency copy and that can quickly stale."

UK coverage

Courage not only means dealing with dangerous situations, but is also shown by the confidence to act in accordance with one's beliefs. In many cases that can mean the Guardian and Observer putting resources into investigations that other more commercially minded media organisations might shy away from.

One key change over the past year has been the creation in the Guardian of a specialist investigation unit led by one of our most experienced journalists, David Leigh, who concentrates on the issue of freedom of information. Normal day-day-day journalism inevitably only skims the surface. The investigations team seeks to do two things which are different.

The first is to try to shine a light on major abuses in British society, which are normally concealed or hard to investigate. It has concentrated recently on behaviour by big business: private companies are taking over swaths of activity that used to be done by governments, but they are much less accountable.

A detailed exposure of British American Tobacco unearthed piles of company documents depicting active involvement in cigarette smuggling around the world, hampering efforts by governments to raise cigarette taxes or ban smoking.

The team followed this up with a major series on corruption in the arms trade, which documented the way successive British governments have colluded with the bribery of politicians in foreign countries. The climax of this was the discovery of company accounts implicating Britain's biggest arms company, BAE Systems, in secretly paying millions of pounds in cash and benefits to a Saudi prince who could influence arms purchases.

In another big investigation this year, Leigh sought to bring to light the fate of forgotten people in the underbelly of British society. Working undercover with a talented journalist of Taiwanese extraction, Hsaio-Hung Pai, they succeeded in exposing the way Chinese "illegals" were being virtually enslaved and paid pittance wages to make goods for household names including Samsung and Sainsbury's.

'Children barely taller than their AK-47s manned checkpoints with older boys — so-called generals with names like Cairo Poopoo — stoned on cannabis and crack'

Rory Carroll
in Liberia, August 2003

Our stories were also instrumental in helping get asylum for a young woman kept as a domestic slave in London by a diplomat from Sudan.

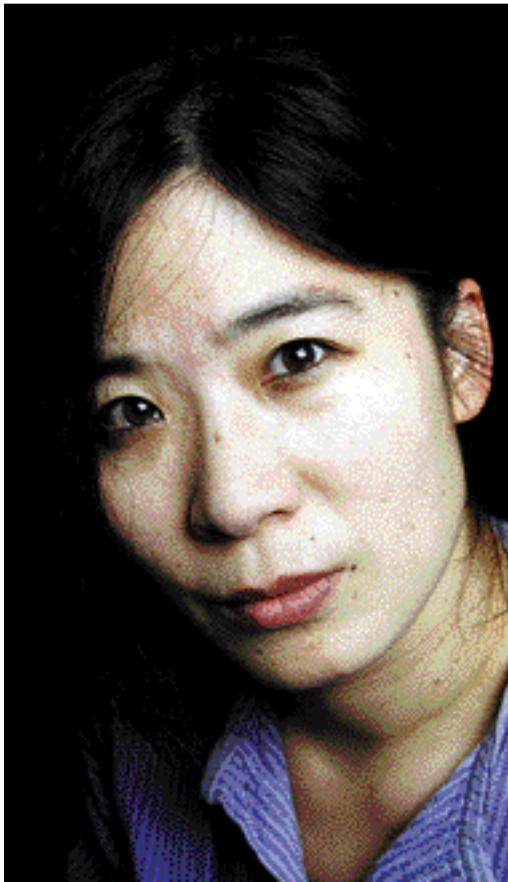
The other side of the investigation unit's work is using creative methods to improve the flow of information in what is still a secretive society. It has a programme of requests to extract information from the government under its own access code, which is shortly to be replaced by a freedom of information act. Under this legislation, the team is slowly extracting details of ministers' conflicts of financial interest, which the government refuses to publish despite many recommendations to do so. When it is blocked, the team often appeals to the ombudsman. And in instances when the ombudsman herself is blocked, we have taken the government to court, or threatened to do so.

In this way, the government has been forced to hand over to the ombudsman the controversial legal advice it received on the legality of the Iraq war. It was also forced to withdraw a gagging order on the ombudsman and hand over to her details of the conflicts of interests the Guardian was seeking.

At the time of publication of this audit, the investigations unit was also seeking to document the way ministers defied official advice and spent £5 billion of taxpayers' money on an overpriced warplane.

Leigh said: "These freedom of information battles are lengthy and sometimes expensive. The Guardian allows the team time away from daily demands to build up an expertise which is going to become more important for all Guardian journalists in the future, as the freedom of information act comes in.

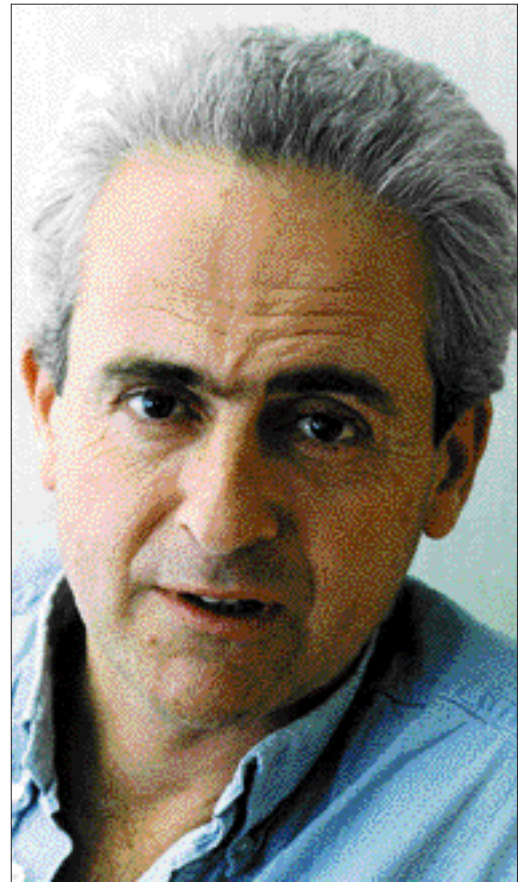
"It is also an effort to move journalism away



SARAH LEE



BEN GRANVILLE



GRAHAM TURNER

from ‘spin’ and off-the-record briefings towards work which is based on genuine information and documents. This enables readers in turn to make up their own minds. We try to put original documents on the web wherever possible.”

Outside of the investigations team’s work, other journalists are dedicated to probing areas of public interest. For example, Nick Davies, a freelance journalist working for the Guardian, has been investigating the criminal justice system for the paper. That simple statement does not begin to express the scale of the project. It has already involved more than 18 months’ work and generated some 75,000 words of published copy, with a further 25,000 on the way. Davies has trawled through acres of paperwork — academic journals, government research, annual reports, piles of statistics — and interviewed scores of people who work at every level of the system as well as the lawyers, social workers, youth workers and criminals who deal with it.

He said: “No Fleet Street newspaper has ever attempted to cover the subject in such depth. By working at that depth, we have exposed the foundations of the system — and found that they are rotten. The very cornerstone of the system — the idea that we can control crime by punishing offenders — turns out to have collapsed. I have spoken to chief constables who say they are fed up with arresting people, to prosecutors who say the last place they want to send criminals is a courtroom, to judges who say there is no point in jailing and fining people, to senior officials who run the criminal justice system who shrug and say ‘we don’t really catch criminals, we don’t really do justice and we certainly don’t have a system’. The stories are an attempt to convey that deep and unseen truth through human

interest.

“No other British newspaper has ever done this, because no other British newspaper would. The work of every other newspaper in the country is compromised by commercialism: reporters are there to produce quick, safe stories which help to sell the newspaper. Only a newspaper which is relatively protected from commercial forces by its trust ownership can afford (or even imagine) this kind of project.”

The Observer also concentrates resources on campaigning. Fit for the Future was a campaign about childhood obesity led by its health editor, Jo Revill, and the sports correspondent Denis Campbell, which set the national agenda on the issue and spurred the government to action.

Revill said: “The Fit for the Future campaign began last year as it became clear that an increasing number of children were unhealthy, unfit and overweight. We didn’t think it was enough simply to criticise children, or their parents, for eating too much; the solution has to lie in helping them to do more to exercise and keep fit.

“We thought that one of the best national

‘It is an effort to move journalism away from spin and off-the-record briefings towards work which is based on genuine information and documents. This enables readers in turn to make up their own minds’

David Leigh
on the work of the
Guardian investigations unit

solutions would be for schools to start offering children far more activity than they currently do. We feel that all schools should be able to offer at least two hours’ sport a week but just over half currently do so.

“There was a mixed response from the government, with ministers saying that it was not realistic to expect schools to expand their hours of sport so quickly, given the lack of facilities. However, the enormous focus on childhood obesity earlier this year has led them to rethink that approach. It may be that when John Reid publishes his long-awaited white paper on public health this autumn, it will include plans to give children free access to gyms and swimming halls.

“We did have a lot of feedback from readers over the campaign, which led in January to an evening debate, organised by the Observer, to discuss the problems. What has become clear is that the poorest families face the greatest problems in ensuring their children can remain fit; they are furthest from health facilities, and their schools are the ones least likely to have the good coaches and the good facilities.”

Several journalists on the Observer have contributed to the ongoing campaign, Women Behind Bars, to raise concerns about the treatment of women in Britain’s prisons. The paper worked closely with prison charities including the Prison Reform Trust, the Howard League for Penal Reform and Nacro, the ex-offenders’ charity, to highlight the huge rise in women being sent to prison and the tragedy of suicides of female prisoners.

Legal

Courage does not mean being reckless. In recent years we have become an increasingly litigious society and this has affected the media



'The Fit for the Future campaign began last year as it became clear that an increasing number of children were unhealthy, unfit and overweight'

Jo Reville
Observer health editor

industry in particular. The courts are often the first port of call for those seeking to stop the publication of stories in the public interest. To ensure that we have the best chance of getting challenging stories into our papers and on the website, GNL has developed a team of three lawyers who work on longer-term, difficult investigative articles and a pool of outside lawyers who work on a shift system in the Guardian and Observer newsrooms, checking stories before they go to print.

In a memo to editorial staff, encouraging them to use the lawyers more systematically, Alan Rusbridger wrote: "There is almost nothing they don't know about getting stories into the paper, about defending them, and you, when under attack. And about how to protect sources, handle documents and libel-proof stories."

Over the past year, the legal team has worked with journalists to get some hard-hitting stories into the public domain, such as the investigation team's articles exposing exploitation in the multinational food industry and its reliance on gangmasters and cheap, illegal, even debt-bonded labour.

The newspapers are champions of freedom of expression, and in the past 12 months this has manifested itself in cases concerning open justice and freedom of information. In a landmark case, we challenged an order that prevented us from naming Michael Fawcett as the person who had obtained an order banning the publication of allegations about him and the Prince of Wales. The editor's view was the public had the right to know who was getting the order restraining the press, particularly when that person is a former royal servant and the case involves a member of the royal family.

We have seen the increasing use of anti-

Investigators (from left to right): Hsaio-Hung Pai, who exposed exploitation of Chinese labour in Britain; David Leigh, who leads the Guardian's specialist investigation unit; Nick Davies, who has written 100,000 words on the criminal justice system for the Guardian; the Observer health editor, Jo Reville, whose Fit for the Future campaign set the national agenda on obesity; and Audrey Gillan who, after months of work by our legal team, gained access to and interviewed Mahmoud Abu Ridher, a foreign national held for two years without charge or trial



SEAN SMITH

terrorism legislation over the past year. After several months of legal action the Guardian won the right to interview foreign nationals detained without charge on suspicion of terrorist involvement and, as a result, Audrey Gillan interviewed Mahmoud Abu Ridher, who has been locked up for over two years without charge or trial.

We have also campaigned for the right to interview other prisoners to investigate alleged miscarriages of justice. The Home Office refused permission for a Guardian journalist to interview the longest-serving remand prisoner, who has been held for seven years awaiting the outcome of extradition proceedings. We launched a legal challenge and the home secretary eventually reversed his decision to refuse the interview.

The protection of sources is a fundamental journalistic principle and we are often drawn into legal actions to uphold this principle.

In a long-running case, the Guardian was on the receiving end of a legal action by Interbrew, one of the world's biggest breweries, in which the Belgian company did its best to force the newspaper to expose an anonymous source who has posted confidential documents about a proposed takeover.

We joined other newspapers to argue that only in truly exceptional circumstances should the court order a paper to disclose material that might identify a source. The court of appeal upheld Interbrew's order. Interbrew applied to the court to find the Guardian in contempt, threatening huge financial penalties, seizures of assets and the possible imprisonment of the journalist and the editor. Surprisingly Interbrew, perhaps wounded by hostile publicity, suddenly withdrew from the action, handing the case to the Financial Services Authority. For reasons that were never

'The voice of opponents no less than that of friends has a right to be heard'



George Bush, Fidel Castro and Osama bin Laden have all appeared on the Guardian comment pages

Fairness

At GNL, the concept of fairness is built into the very fabric of our newspapers and websites. The prospectus announcing the birth of the Manchester Guardian 183 years ago said it would zealously enforce the principles of civil and religious liberty, would warmly advocate the cause of reform, and “support, without reference to the party from which they emanate, all serviceable measures”. Its sister paper, the Observer, launched in 1791 and the world’s oldest Sunday newspaper, was created with similar principles in mind. An advertisement at the time of its launch stated: “Whole principle is independence — whole object is truth and the dissemination of every species of knowledge that may conduce to the happiness of society.”

There are two guiding principles we follow when it comes to fairness. The first is to give voice to those who are often excluded or marginalised in public debate, and the second is giving readers a broad range of views so that they have the opportunity and information necessary to make up their own minds on subjects.

With regard to marginalisation, Alan Rusbridger wrote in 2002: “On appointment, the editor of the Guardian receives one instruction only: to carry on ‘in the spirit of heretofore’. In recent times this has involved giving voice to republicans — whether Irish or British — to dissidents, to public servants and to prisoners, among others. After the events of September 11 2001, it opened its pages to Muslims, rabbis, Afghans, poets, warmongers and peaceniks ... It allowed a debate — stifled elsewhere for too long — on our drug laws. It has championed unpopular causes and challenged the popular consensus. The Guardian has continued to do what it has always done best — giving a voice to the voiceless.”

On the question of offering a range of views, CP Scott was clear. He wrote in 1921: “The voice of opponents no less than that of friends has a right to be heard.” The Iraq war is a good case in point where, in the Guardian, a huge cross-section of views was heard, ranging from neo-conservatives in the Bush administration to Osama bin Laden. This was also the case after the destruction of the World Trade Centre in New York. At the time Rusbridger wrote: “The breadth of coverage was a ringing endorsement of the independent stands both papers are able to take because of the unique ownership structure. The absence of proprietorial ties and global business interests is crucial to the business of being free to report and challenge without let or hindrance.”

It’s one thing for us to think we are offering a spectrum of views, but what do our readers and web users think? In our June 2004 readers’ survey, we asked whether we had presented a broad range of perspectives on the Iraq war from a range of writers. On a scale of one to five (where five means you agree strongly and one means you disagree strongly), the Guardian scored 4.2, while the Observer and Guardian Unlimited scored 3.8.

The Guardian’s main forum for airing different viewpoints is the Comment and Analysis section, edited by Seumas Milne. He said: “The comment pages aim to provide the broadest range of opinion available in any English language newspaper — and, I would say, succeed. No other paper that I am aware of has the breadth of comment that we have in our pages (and, more widely, in the paper as a whole), ranging from rightwing US Republicans to communists, Islamists to Israeli settlers’ leaders, social conservatives to libertarians — and all points in between. Since I have been on this desk,

we have had George Bush, Margaret Thatcher and the Israeli foreign minister, Silvan Shalom — as well as Fidel Castro, Osama bin Laden and Subcomandante Marcos. The section has given voice to all manner of other voices that are available nowhere else in the mainstream press.

“The centre of political gravity on the pages is centre-left, in line with the Guardian’s traditions. And the balance of opinions on the pages tends to reflect their importance in that progressive, liberal culture. But our approach is to try to give our readers the full range of significant approaches in any key debate. So, for example, in the EU constitution debate, we have had pro and anti voices from both left and right perspectives. Or, over the Iraq war, although the bulk of pieces are critical or hostile, we have carried a range of pro-war voices, from the Washington Post’s Charles Krauthammer to Labour’s Ann Clwyd.”

Readers’ feedback

The best way of finding out what our readers think about our newspapers and websites is to ask them. So for the second consecutive year we conducted a survey that included questions covering a range of topics from the quality of our coverage and whether we live up to our mission to whether we offer value for money.

The survey in June of 2004 was answered by 2,500 regular readers of the Guardian and Observer and users of Guardian Unlimited. The overall results show conclusively that our customers value the service we provide.

On the question of whether our content reflects the Scott Trust’s mission to produce independent quality journalism free from party affiliation, 96% of Guardian readers agreed, closely followed by 94% at the Observer.

We were particularly encouraged by the response to the request to rate our coverage in big sections, ranging from home and foreign news to features and sport. In all 20 areas of the Guardian we showed an improvement over last year. On the Observer there was a better rating in every area, except for a marginal decline in our cinema coverage and at Guardian Unlimited there was an improvement in 19 of the 22 parts of the site. Readers and web users were asked to score the quality of each section using a scale of one to five, with five representing excellent and one meaning poor. Across all areas, the Guardian and Guardian Unlimited scored an average of 4.1, and the Observer 3.9.

When asked to measure how individual sections compared with when the readers first started reading them regularly, we gained a clean sweep, with readers and users feeling every section of the papers and website had improved.

While the quality of our products is paramount, it is important for readers to feel they are receiving value for money. Asking them to score us on a scale of one to five, where five means excellent value for money, half gave the Guardian full marks with another 43% giving a score of four. On the Observer 80% gave a score of four or five. For users of the web, there is little point having quality content if the site is difficult to find one's way around: 98% of the 1,200 web users who answered our survey found it very or fairly easy to navigate round GU; 83% found that we constantly or usually satisfy their need for news better than other available sources, a raise from last year's 75%.

Writers' feedback

To maintain our reputation as an independent voice, the company gives its journalists a great deal of editorial freedom. The Guardian has always been known in the media industry as a writer's paper. In 1920 Arthur Ransome, now more famous for his book *Swallows and Amazons*, told CP Scott: "I am unwilling to write for any other English daily paper. There is simply no other paper in which I can write with the same freedom as in the Guardian." Alistair Cooke wrote in 1959 that "no staff members of a daily paper that I have heard of, on either side of the Atlantic, are so free from instruction or the subtler menace of editorial 'guidance'." Hugo Young, the then columnist, wrote in 2000: "I hear of columnists, even famous ones, who on other papers have their chosen subjects vetted, their texts changed, their direction questioned. In 16 years columnising for the Guardian, I haven't on a single occasion had an idea rejected or a word changed."

The Guardian also differs from other newspapers in the openness of how it develops its news agenda. Any editorial member of staff can attend the morning conference at which that morning's paper is evaluated and the main themes are discussed for the next day's edition. We carried out an independent survey of all editorial staff on both the Guardian and Observer in 2003 to see whether we still adhere to our core principles. This survey will be repeated every two years. The results show conclusively that the vast majority of staff



'I heard of columnists, even famous ones, who on other papers have their chosen subjects vetted, their texts changed, their direction questioned. In 16 years columnising for the Guardian, I haven't on a single occasion had an idea rejected or a word changed'

Hugo Young

Journalists were asked if they believed they had more freedom than at other newspapers (2003)

	% Agreed/strongly agreed	% Didn't feel strongly	% Disagreed/strongly disagreed
Guardian journalists	76	21	03
Observer journalists	80	15	05

Source: employee survey, March 2003

believe they are given freedom of expression unrivalled on Fleet Street. There is also a strong concurrence of views between the Guardian and Observer staff, except on the question of whether the papers are true to their mission and remit.

Global circulation and influence

Our influence goes well beyond the number of papers we sell. Even when the Guardian was based in Manchester, its reputation had long spread beyond merely British bounds. At the zenith of CP Scott's editorship, the circulation was a mere 50,000 and only 20,000 of those copies were sold more than 20 miles from the Manchester office. But the values and sense of purpose behind them were universal and inspiring to reformers everywhere.

One measure of our success therefore is to look at our circulation figures for the papers, the number of users for the websites, and our geographical spread. GNL's greatest success over the past few years has been the rapid growth in web users, with Guardian Unlimited now the most popular newspaper website in the UK. The number of users in May 2004, compared with the same month two years before, nearly doubled to 9.6 million, while the number of visits leapt over the same period from 13.3 million to 22.8 million. The number of page impressions, separate pages opened by readers, is now consistently more than 100 million a month.

GU has a geo-targeting system, which enables it to identify the approximate location of visitors to different parts of the website. In the financial year ending March 2004, users logged on from more than 200 countries, virtually every country in the world, with users from the US making up around 40% of our audience. Canada, Germany, Australia, France and Japan followed. Traffic jumped noticeably during the Iraq war as many Americans turned their backs on what they considered a compliant domestic media and turned to the more independent coverage on GU. Since then the number of users from across the Atlantic has continued to grow rapidly.

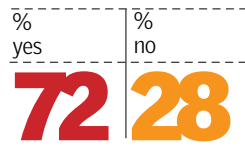
In contrast, the newspaper market in general is gently declining, with sales of the Guardian in particular being strongly affected in the short-term by the Independent's decision to change to a tabloid format (see page 11 for ABC circulation figures).

The Guardian and Observer continue to have a larger proportion of full-priced sales compared with our competitors: 84% of all Guardian copies are sold at full price compared with two-thirds at the Times and just over half at the Daily Telegraph. In the Sunday market 85% of Observers are full price compared with 81% at the Sunday Times and 40% at the Sunday Telegraph.

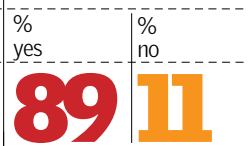
The Guardian Weekly, with average sales of 86,000, has also been important in building a loyal band of followers overseas. The paper, which includes items from the Observer, Le Monde and the Washington Post, is read by more than 250,000 people across 86 countries, some of which are ruled by repressive regimes. The paper is printed in London, Kiama, near Sydney (for the Australasian market) and

How readers and users see us

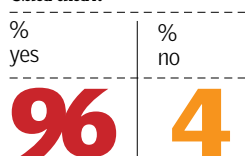
Are you aware that the Guardian is owned by a trust whose mission is to ensure the continued existence of a quality newspaper, free from party affiliation, remaining faithful to liberal tradition?



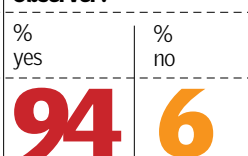
Are you aware that the Observer is owned by the Scott Trust which also publishes the Guardian?



Do you believe that the trust's mission is reflected in the content of the Guardian?



Do you believe that the trust's mission is reflected in the content of the Observer?



Source: reader survey, June 2004

We are interested in your views about our coverage of the Iraq war over the past year. Answers are on a scale of one to five, where five means strong agreement, three is neither agreement nor disagreement, and one is strong disagreement

	Guardian	Observer	Guardian Unlimited
Coverage has been comprehensive	4.4	4.1	4.1
Coverage has been authoritative	4.2	3.8	3.9
A broad range of perspectives has been presented from a range of writers	4.2	3.8	3.8
I generally agree with the leader columns on the Iraq war	3.8	3.4	3.7

Montreal, where a special North American edition goes to press 24 hours after the main edition to capture the heightened interest of US readers, many of whom have become familiar with the Guardian's values through Guardian Unlimited.

International editions of the daily Guardian are printed in Spain, France and Germany. The Guardian is distributed in 41 countries, covering all continents, with an average daily circulation of 38,500 copies. The Observer is printed in Spain, France and Germany and is sold in 54 countries, with sales of 36,000 copies for each issue.

After the successful piloting of digital editions of the Guardian and Observer, digital printing in Sydney is to be expanded to Athens during the Olympics, and there are plans under way to print a version in New York.

GNL also operates a syndication service and has commercial contracts with 59 newspapers and magazines around the world, which use articles that have appeared in the Guardian and Observer. We also have a spot market service which sells individual pieces of writing to scores of other publications (see syndication, page 50, for more details).

Readers with disabilities

GNL is keen that its products are available to all sectors of society, including people with disabilities. While the visually impaired can get hold of the Guardian and Observer through the Talking Newspaper Association, by tape or by email, we can make the most impact by ensuring our websites are accessible.

The reason that web accessibility is so important is that the internet has become a vital tool in many people's lives, especially those who

have mobility issues. Not only does it offer a vast array of information but also allows people to buy products more easily. If a website does not meet a base level of accessibility then it will be impossible for the majority of disabled visitors to use it. Many others with some sort of limiting condition will also have great difficulty. In the UK there are estimated to be 1.6 million registered blind people and a further 3.4 million people who are IT disabled.

A study of all online newspaper websites in 2004 by the charity AbilityNet concluded that Guardian Unlimited was the most accessible, although it reported that it still fell below their criteria.

All the newspaper companies reviewed by AbilityNet were contacted a month before the publication of the report to make a public commitment to accessibility. Only GU responded, with this statement: "Guardian Unlimited is committed to providing equal access for everyone to its network of websites. However, like many popular websites, we do fall short of recent world wide web consortium [W3C] markup and accessibility standards. To this end we are currently working on a redesign that will bring the sites up to date, and increase their accessibility."

The task of complying with W3C began in February 2004 and will continue throughout the year, with development time specifically reserved to progress this goal.

Apart from this ongoing clean-up, redeveloped areas of the site, such as the "all today's stories", our search results pages, and online blog which relaunched in May, have been built with accessibility in mind, although this is limited so far by the current GU page design. A number of quick fixes to augment accessibility have been implemented across the site, such as

explicitly stating language and character set on all pages, stopping new windows from opening, ensuring that the main parts of the site work without scripting, and labelling existing inline frames. Further quick fixes, such as "skip links" will be added throughout the coming months, while we work on a larger redesign (**2003 target 1**).

Over the coming year, GU will be making significant changes to the design and navigation of its websites. The process will take into account the needs of all our readers. User testing with a diverse audience will play an integral part in the process to ensure usability and accessibility. The site will have lighter, standards-compliant pages built to the W3C web content accessibility guidelines (WCAG 1.0 AA), and a simpler and more powerful site search. We will also make our third-party suppliers aware of our accessibility policies, and place minimum standards in all future requirement specifications. The site will have a full accessibility statement, indicating accessibility features and areas where we fall short of the standards (**2004 Target 2**).

In April 2004 the Guardian jobs website was relaunched with a design with a simpler and more accessible interface, to minimum required WCAG 1.0 accessibility checkpoints (this was specifically required in the contract), and many additional checkpoints.

Advertising and marketing

GNL is heavily dependent on advertising revenue as the price readers pay for their papers covers only a relatively small percentage of our overall costs. On Guardian Unlimited most of the content is free, so we are even more reliant on advertising and sponsorship.

We clearly have a duty to our readers to carry

responsible advertising, but this can be a complex issue given that our readers have such a broad range of views. We obviously screen out advertising that contravenes the law and refuse to take products that we feel are offensive, or which we believe are exploitative, such as scratchcards.

But many of our readers and web users take a libertarian view that we should not censor advertisements. In our June 2004 reader survey, around a quarter of respondents from our two papers and the website did not object to adverts using sexual imagery, or promoting gambling, religion or music with offensive lyrics.

However, far greater numbers feel we should reject adverts in certain categories. The most concern in last year's survey focused on ads for adult chatlines in the Guardian's Saturday Guide magazine and the Observer's OTV television guide. As a result, the advertisement director, Stuart Taylor, reviewed the adverts, which brought in revenue of £350,000 a year, and came to the conclusion that they were at odds with our core values. Within weeks we stopped running them. Taylor said: "The decision to stop carrying the chatline ads ending up being far easier than anticipated. The copy submitted was getting ever more explicit and collectively the pages were standing out as ever more discordant with the editorial environment and large sections of the readership of the Guide. A steady stream of reader complaints made the ad sales team reappraise how to make the money in another way. The space is now sold to arts, entertainment, and consumer advertisers, and the revenue shortfall from the high-yielding chatline ads has been made up in other parts of the Guardian. We don't get reader complaints anymore." (2003 Target 2)

In the latest survey we asked our readers whether they felt we had taken the right decision. Three-quarters of Guardian readers and 59% of Observer readers did feel we took the right course of action; 9% of Guardian readers and nearly a fifth of Observer readers felt it represented an unnecessary form of censorship.

In this year's survey the category that caused the most concern was the advertising of music with offensive lyrics. Sixty per cent of Guardian readers felt we should not carry such adverts, as did 40% of GU users and 38% of Observer readers. The advertising department has no record of reader complaints in this area. Merope Mills, the editor of the Guardian's Friday Review section, said writers often made clear within music reviews if lyrics were offensive but trying to enforce a ban on certain music advertising was "almost completely unfeasible. It's impossible to distinguish the levels of irony within a song. Some acts — like Eminem — are 'in character' in a number of their songs that sound the most offensive. In some cases I fear we'd be getting into Daily Mail levels of hysteria, banning things that actually mock the very thing we're trying to ban.

"And where do you draw the line? Is James Brown's It's a Man's World sexist? Should we not carry adverts for James Brown? Of course

we should ban any adverts that are offensive, but if we're talking about lyrical content, I think we would be getting into quite dodgy territory."

Adverts for gambling also concern a number of our readers and the advertising department will be more closely monitoring such ads in the light of government deregulation.

Use of sexual imagery is also considered to be unacceptable by nearly half of Guardian readers. One example of where we strayed beyond good taste was a full-page colour advertisement in the Weekend magazine that used a naked woman bound up by tape to advertise a property development. Not only was the editor deeply unhappy with the advert but several readers complained. The editor apologised to readers the following week and the ads department went back to the client and asked it to change the copy, which it did.

The Guardian advertising manager, Chris Pelekanou, said unsuitable adverts tended to slip through the net when the "subject matter is not controversial but the picture or words are, in the case of the property ad. We take great care that ads do not incite or condone violence, racism or sexism. We tend to check ads we are concerned about with the legal and editorial departments. On the whole, controversial ads tend to be picked up as they are often one-offs and tend to be politically motivated." No log is kept of adverts that are refused.

Advertising on Guardian Unlimited is more complex than on the newspapers because it can come in many more forms, from banners and buttons to more interactive and intrusive pop-up ads. A recent survey of users found one of the most irritating aspects of the website was the use of these pop-up ads, although these are now declining in number and account for only 4% of the total ads carried.

All GU ads are seen by a senior editor and the head of development before they go live on the site. Each ad is assessed to see if it works correctly across different browsers and to make sure it fits with our brand. The more intrusive advertising, known as rich media, is judged on a case-by-case basis. Some rich media ads are cleverly designed and fit well with our specialist content on sites such as media and travel, while others are intrusive and likely to annoy users who have clicked on a particular article because they want to read the text. We tend to favour those ads that do not cover the main text area and that have a clearly identifiable close button. We do not run rich media ads on serious UK and international news stories.

We are the only site to monitor and audit advertising and content. In addition, we monitor user response to advertising via our user help department. The online ads department is making it easier for users to give us feedback via a blog and is producing an advertising policy.

Apart from advertising, our marketing department engages in a number of sponsorship activities and reader offers to support our brands and build sales. While the department is highly sensitive to our brand values, there are rare occasions when it can get caught up in controversy. One example during the financial year was a two-for-one flights offer in the



The controversial property ad that ran in December 2003 and was withdrawn after complaints from readers

In this year's survey, the category that caused the most concern was the advertising of music with offensive lyrics. Sixty per cent of Guardian readers felt we should not carry such adverts, as did 40% of GU users and 38% of Observer readers



DAVID SILLITOE

Employees

Voice of the people

The people department, which manages all our HR activities, has spent the last financial year engaged in a fundamental reorganisation to ensure it meets the increasingly complex needs of the company. At the same time it has been seeking to improve on areas of weakness highlighted by the company's first employee survey, which was conducted in 2003.

The reorganisation started with setting a vision for the HR team and then developing a strategy to deliver it. The vision is to "enable GNL to focus our investment in people to drive business results, while providing employees with an experience which reflects Scott Trust values, and in doing so being mindful of the need to protect the positive aspects of our unique legacy and culture".

To deliver this vision, the department has been repositioned to enable it to work more closely in partnership with the business, with each consultant working with specific departments on the whole range of HR issues including recruitment, development and employee relations. Specialist roles have also been established within the department, including separate heads of HR, learning and development, and rewards. This will ensure there is clarity about who is accountable within the department for these areas.

The department repositioning meant we were not able to make rapid progress in every one of the areas highlighted for improvement in last year's social audit, although in key areas such as the development of a rewards strategy and diversity, we exceeded our hopes.

The employee survey

We carried out our first independent employee survey in March 2003 and this will be repeated

every two years. A consultant met with staff focus groups, directors and union representatives from across GNL before composing the questionnaire, and subsequently interviewed 100 members of staff.

The summary report from Scala Associates said: "In essence, there is immense pride in the organisation and in its products. Overwhelmingly, employees identify with the brand and the values of the organisation and rate GNL as a very good employer. The vast majority of employees gain considerable satisfaction from the work they do and believe that there is

emphasis on innovation and improvement. People, on the whole, enjoy considerable freedom and control over what they do, how they do it and, to a lesser but still significant extent, over their hours and place of work. People feel their employment is secure and that their working environment is free from fear, intimidation and harassment. Most people find the atmosphere in their department friendly and relaxed.

"There is remarkable consistency of opinion throughout the organisation. Even though each department has its own distinctive style, employees' perceptions of strengths and areas for improvement are similar from department to department."

The reason this is remarkable is that many companies find there is a wide difference in culture between different departments, and GNL's survey indicates that our culture is embedded throughout the company.

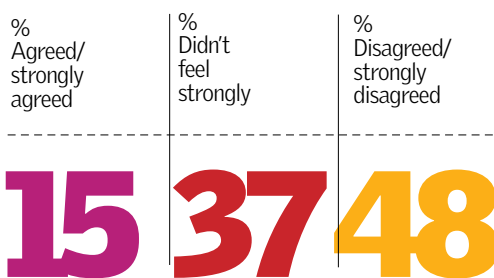
The results were by no means all positive. Staff highlighted a number of problem areas, and the board of directors subsequently approved 17 targets for improvement which were communicated back to all employees. Below we share what has been achieved since the survey in relation to these targets, a full summary of which can be found on page 54. In the same section you can also see a list of new targets for the coming year, where we have identified a need for further work to be done.

Of all the employee survey findings, two areas were highlighted where most attention was required: how we pay and reward staff and performance appraisals.

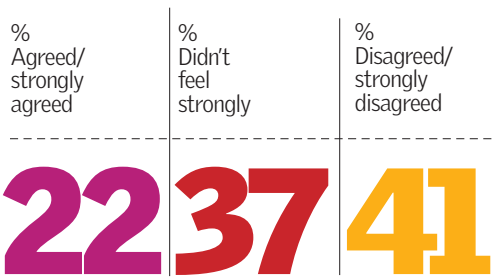
Pay and reward

The 2003 survey found that nearly half of

Employees were asked whether they thought pay and conditions are fair across GNL (March 2003)



Employees were asked whether they thought pay and conditions are fair across their department



Case study: innovation

‘We developed the concept of a network where teams of people would come together to debate and develop an idea in an innovation lab’

Innovation has been a core value and competitive point of difference for GNL for many years. We have a long line of publishing firsts to our name, from the launch of the bespoke education, media, and society sections in the 1970s to the launch of the Guide, Guardian Unlimited, and the Observer Monthly magazines in more recent times.

Innovation is more than an optional extra for a newspaper publisher. There is clear commercial evidence that true innovation — when a publisher has an original idea and is the first to put it into practice — will be rewarded with an uplift in sales. Me-too efforts tend to do nothing for the second or third company into the market and generally add in only one area — the cost base of the company.

It would be easy, but we believe wrong, to assume that, in a creative industry, innovation will happen spontaneously. We had a particular concern that many of our employees had bright ideas for new things or for improving current activities. Our problem was not in generating ideas but in the complete lack of a system or process for linking the idea generator with the person who could make the idea happen, or for developing a rough idea into something truly workable.

So we developed the concept of an innovation network, where teams of people would come together to debate and develop an idea in an innovation lab. The lab would offer the secondary benefit of teaming up people who would not normally work together. We were keen to avoid meetings for “the usual suspects” and to have a fresh view and perspective on often fairly intractable questions.

The innovation process as a whole, the initial sifting of ideas and the setting up of the labs is organised through a steering group

which has a board sponsor and chair, currently Stella Beaumont, the strategy and business development director. The sponsor will change on an annual basis to keep the team fresh and invigorated.

The concept was launched in November 2003. Orange innovation boxes were installed on each floor along with an email address. To date, the innovation network has received 180 ideas from 134 people across all GNL departments. Everyone who submits an idea receives a response. The call for ideas also gave us a great insight into the issues that really concern our employees and this information will also be used to tailor our communications process. For example, a number of broad themes emerged such as environment and community issues, the health and wellbeing of our staff, career development and mentoring, and the need to appeal more to young readers.

The number of ideas around these broad themes resulted in the first wave of labs. The first three were launched in March 2003 and based on the most popular themes from the ideas submitted: how to attract young readers; health and wellbeing; and environment and community. Health and wellbeing covered a wide range of subjects, including emotional, physical and mental health; personal and corporate responsibility; our environment; office space; sickness levels; motivation levels; and smoking. Environmental and social explored a wide range of ideas ranging from recycling to organic food. Two separate labs took place to address the question of young readers, one looking at school-age children and the second at those aged 18-plus.

The next round of labs, starting with film and new technologies, will begin in July 2004. To ensure that the innovation network runs efficiently we are also planning to second a

employees felt policies on pay and conditions were unfair and inconsistent across GNL, with 41% feeling that they were unfair and inconsistent within their individual department. To address this, we set out targets to develop a total rewards strategy (2003 target 3) and clear pay policy (2003 target 4). The board has given these issues significant focus over the past six months, alongside which we have been working with an independent rewards specialist to research and understand in more detail employees’ specific concerns regarding pay and rewards.

As part of this research, several focus groups were held with staff from all levels, as well as discussions with directors and union representatives. More than half of the 78 focus group participants felt that the reward policies and practices provided by GNL were not in line with the ethos of the company.

To respond to these concerns, a steering group representing both commercial and editorial departments has been meeting regularly since January 2004. It has defined a set of principles, signed off by the GNL board:

- We will aim for consistency and fairness on the processes we use to manage reward, as appropriate to the business;
- We will ensure that our reward processes and policies are transparent and accessible to all employees;
- We will be mindful of the market in making decisions about pay and benefits;
- We will be clear about how we recognise and reward performance, whether at company, team or individual level;
- We will retain a core set of benefits for all employees. Employees will be given flexibility within their total reward package to enable them to meet their differing personal needs and circumstances.

Translating these principles into a practical pay review strategy is largely complete and will be communicated to staff in the autumn. It will be made clear what elements go into deciding base pay levels and will also communicate to those staff eligible to bonus schemes what business objectives need to be met to trigger them. There will be guidance on the criteria that managers will follow to determine the level of salary increase (2004 target 4).

Once this first phase of the project is completed, our intention is to explore the feasibility of moving towards a more flexible approach to how we offer staff benefits at GNL. This will enable us to recognise the diversity of our staff and their changing needs and personal circumstances as their career progress. Because of the need to focus our energies on the change to a mid-size European format, no date can yet be set for this phase (2004 target 5). More information on pay and benefits at guardian.co.uk/socialaudit/employees

Learning and development

In this area progress has been slower than anticipated. While the employee survey suggested that most staff find their work interesting and challenging and that they welcome existing training and development initiatives,



GETTY IMAGES

GNL's principles on pay and rewards

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We will be clear about how we recognise and reward performance, whether at company, team or individual level

We will retain a core set of benefits for all employees. Employees will be given flexibility within their total reward package to enable them to meet their differing personal needs and circumstances

Employees were asked in March 2003 for their responses to the following statements:
'I find my work interesting and challenging'

% Agreed/strongly agreed	% Didn't feel strongly	% Disagreed/strongly disagreed
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70	18	12
-----------	-----------	-----------

'My immediate manager gives me regular feedback on my work performance'

% Agreed/strongly agreed	% Didn't feel strongly	% Disagreed/strongly disagreed
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38	25	37
-----------	-----------	-----------

'I am proud to work at GNL'

% Agreed/strongly agreed	% Didn't feel strongly	% Disagreed/strongly disagreed
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86	12	2
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people felt that feedback from managers — both formal and informal — was inadequate. Staff also identified a lack of opportunity for career development within the organisation.

Performance appraisals

One of last year's main targets was to introduce regular, consistent appraisals across the company (2003 target 5). The majority of departments already run appraisal programmes, but the consistency and frequency with which they are applied is variable. An audit conducted last year showed that more than a third of non-editorial staff had received an appraisal in the past 12 months, although this figure is likely to be higher as some departments could not provide accurate data.

The weakest areas for appraisal are within editorial. Although Guardian editorial began an appraisal scheme in 2002, this lost momentum, partly because it was difficult for managers to run their busy news desks while also formally appraising the 400-plus staff in their departments. The intention is to review the process to make it more streamlined.

On the Observer, a new appraisal process has been designed from scratch, involving a working party made up of Observer staff. The senior management team has been trained in how to deliver appraisals, and the first group of staff to go through the process has received training in how to get the most out of them.

The people department will this year conclude the review of appraisals across GNL, with a view to finding out which parts of the business need additional support and to ensure that appraisal discussions are meaningful and enhance understanding of employees'

strengths, areas for development, and career aspirations. The people department and the executive development unit, which focuses on supporting senior managers, will collaborate closely to establish a consistent approach, while ensuring that the cultural differences within GNL are reflected in the way departmental appraisals are developed.

Within the next 18 months our aim is for people employed in all departments, apart from Guardian editorial, to have an adequate appraisal process in place. The one area of uncertainty is Guardian editorial, which will need to focus its energies on the format change. We will address appraisals in this department as soon as the business has the capacity to handle the issue. In the meantime, we will seek to identify other opportunities to improve learning and development in that part of the business. (2004 target 6).

Career development

We committed last year to introducing a number of measures to encourage staff to develop their careers within GNL (2003 target 6). Little has happened during the year because the department did not have the resources to address this issue.

With the department reorganisation now complete, we will refocus our efforts in this area. This will initially be by making more information available on the company's intranet about what roles at GNL actually involve and the skills and experience needed to do them. The section will also include information on departments' activities and careers advice. The aim is to enable employees to take more ownership of career development and move away from the perception that career

Case study: diversity

'We were running a risk of failing to attract new readers from across the spectrum of race, sexual orientation and religion as well as ignoring an enormous pool of talent when hiring new staff'

Three years ago a small group within Guardian editorial started agitating for change in the area of equality and diversity. Senior management were at the same time also recognising this was an issue that needed to be addressed more vigorously. Not only were GNL and the rest of the newspaper industry being laggards in this area but clearly our inaction went directly against our core values.

To our readers, we were in danger of failing to adequately reflect through our editorial voices the enormous change in the demographics of this country. From a commercial point of view, this inevitably meant we were running a risk of failing to attract new readers from across the spectrum of race, sexual orientation and religion as well as ignoring an enormous pool of talent when hiring new staff.

Much has changed, especially in the area of racial diversity, and this has been recognised by achieving bronze medal status in the Race for Opportunity benchmarking survey in 2004, run by Business in the Community. We were the third most improved company in the media, communications and IT sector, and scored above the average for all participating companies. GNL's overall score, based on a range of performance criteria increased from 44 out of 100 last year to 64 in 2004 (Full RFO results at guardian.co.uk/socialaudit.)

While the process of change is under way, we recognise we are still at the beginning of a long journey. We have until now concentrated on areas such as encouraging more staff from ethnic minorities or people with disabilities. But the more we have learnt, the more we have come to understand that the issue of equality and diversity is far more complex. The process is itself ambivalent because equality is all about treating staff equally and diversity is about

Diversity in GNL at January 2004

% female	% male	
46	54	
% heterosexual	% bisexual/ gay/ lesbian	
93	7	
% no religion	% Christian	% other
57	36	7
% white	% mixed and ethnic minority	
92	8	

Gender figures are for all staff, others are from respondents to the staff questionnaire; 1.2% of staff said they had a disability, although the people department expects the actual figure to be higher

recognising that every member of staff has different needs.

There needs to be more discussion at board level to see what more we can do to link diversity more closely with core business planning. We recognise our diversity policy should not be seen on its own but in tandem with other initiatives, such as flexible working hours and home working.

There is a tendency in any company for staff to replicate the existing culture and we want to ensure that we do not just employ ethnic minority or disabled staff who are like us, but that we seek people with different skills, talents and life experiences.

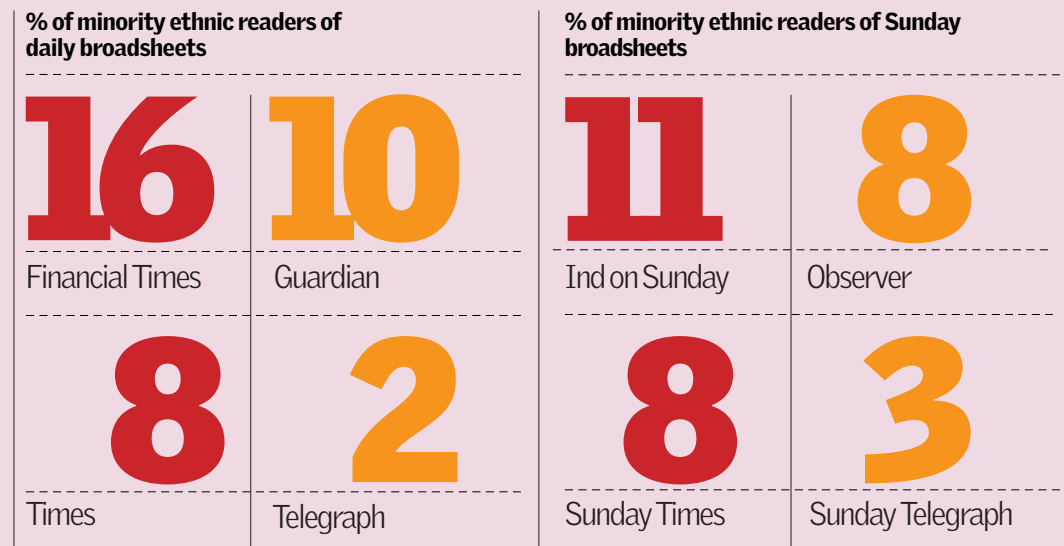
Our equality and diversity policy states: "As an employer GNL aspires to promote a diverse, inclusive and representative working environment in which everyone is treated with dignity and respect. GNL accepts that it will be judged on actions and results rather than well-meaning intentions."

We began the equality and diversity process by focusing on identifying our vision for the future, and looking at how we could mainstream the diversity agenda through monitoring, providing effective education and training, and ensuring legal compliance.

A big development was the first equal opportunities staff survey in December 2002, which addressed ethnicity, religion, disability, gender, age, and sexual orientation. It achieved a 66% response rate and all new staff are now asked to fill in the survey. This September we will be doing further monitoring when we hope to boost take-up to 75%, following which a series of benchmarking targets will be submitted to the board (2004 targets 9 & 10).

We are now in the second strategic phase of a five-phase plan. This involves analysis of the

Who is reading what?



Source: National readership survey, ethnic readership, April 2003-March 2004

findings from the survey, the development and implementation of departmental action plans, and engaging staff at every level in diversity awareness (2003 target 8).

In September 2003 we seconded an equality and diversity project manager, Emma Kiwanuka, who is responsible for facilitating initiatives and embedding them in the company. She works closely with the diversity steering group, which is chaired by the corporate affairs director, Shaun Williams, who champions the issue at board level.

This year there is also a specific equality and diversity budget of £35,000 to be used for training, consultancy, conferences, seminars and events. Separately, we have allocated funds to cover the cost of advertising a proportion of our vacancies in a range of media platforms in addition to our own.

Raising awareness

Diversifying our recruitment pool has been a focus in the past year. In September 2003 we launched our online recruitment tool, peoplebank, which includes a facility to monitor the demographic make-up of our applicants and the effectiveness of our advertising media.

In May 2004 the company launched its first big initiative to highlight that GNL is an employer with many opportunities outside the realm of editorial, and to encourage applications from people from a diversity of backgrounds to apply. The advert runs in the Guardian and on the Guardian Unlimited website.

The National Readership Survey (NRS) shows that our readership is diverse enough to ensure contact with the whole spectrum of groups within society. In terms of race, for

example, NRS figures show that 10% of Guardian readers are from an ethnic minority background, ranking second highest among all quality daily broadsheets. The corresponding figure for the Observer is 8%.

To promote diversity on a wider scale, we sponsored our first diversity conference in October, which was attended by 460 delegates. The Guardian also carried an in-paper diversity supplement on the day. For the conference, GNL commissioned Mori to do some research on opinions of diversity. The results prompted us to revise our in-paper recruitment adverts to read: "We welcome application from any individual regardless of ethnic origin, gender, disability, religious belief, sexual orientation or age. All applications will be considered on merit."

Within our own organisation we have been increasing the level of diversity awareness among staff. The board has committed to ensuring that all staff attend diversity awareness workshops. More than a quarter have attended workshops since they began in October 2003. By the end of 2005, we aim to

'As an employer GNL aspires to promote a diverse, inclusive and representative working environment in which everyone is treated with dignity and respect. GNL accepts that it will be judged on actions and results rather than well-meaning intentions'

Guardian Newspapers Ltd
Equality and diversity policy

increase this to half (2004 target 11).

There is a dedicated diversity section on the company intranet which includes the equality and diversity policy and strategy, equal opportunity monitoring results and information on relevant legislation. There have also been two open forums held for staff by the steering group to communicate the progress that has been made.

The recruitment within the law training we ran in 2002 has succeeded in better equipping staff involved in the recruitment process to understand not only legislation but fair interviewing techniques. Feedback from the employee survey, which we carried out in July 2003, showed that employees wanted a more transparent selection process. As a result, this year we have extended the recruiting within the law course to departments outside of editorial.

While there is much we are doing right, there are occasions when, editorially, we cause offence. One example was the Observer music monthly's (OMM) cover picture in February 2004, which used a number of naked black women to illustrate an article on the band Outkast. The cover picture was advertised all the previous week in the Guardian.

A black female journalist on the Guardian considered the picture to be offensive and wrote: "I wasn't just offended and angered by the cover, I was actually really upset by it. Did anyone stop for one minute and think what message that sort of cover sends out? What are we saying about black women? ... What is the point in priding ourselves on our coverage of race and racism, if we let things like this into the paper? ... GNL is making all sorts of noises about equal opportunities and yet we let something like this run?"

The OMM editor, Caspar Llewellyn Smith,

received a number of letters from readers on this subject and wrote back saying: "It clearly is a provocative image — sexually and possibly racially charged. My reading of the picture was that it speaks the visual language of hip-hop and of Outkast, the group in question, but pushes the imagery to such an extent that it becomes slightly absurd, almost comic. We did canvas opinion among a dozen female members of staff, and I thought closely about the context in which my children would think about the picture.

"Sometimes we get it wrong. My judgment was that this was bang on the border of what is acceptable in the name of pastiche and visual drama. I acknowledge, however, that it is quite possible to see the image as drifting over to the side of unacceptable. For any offence my choice has caused you I apologise."

Ethnicity

Our equal opportunities data indicates that 92% of staff are white, which is directly representative of the UK labour force. It also compares with an average of 96% across the media sector, a figure taken from research conducted by the Publishing National Training organisation in 2003. But their study concluded that, "given the predominance of the industry in London and the south-east, and in other urban areas, this suggests that the industry has not succeeded in reflecting the balance of the populations it serves".

In our recent survey of more than 2,500 readers and web users, we asked if our editorial coverage adequately reflects Britain's multicultural society: 82% of Guardian readers and Guardian Unlimited users believe it does, with a slightly lower percentage of Observer readers. When asked if they felt that Britain's multicultural society is adequately represented in the composition of our writers, three-quarters of our readers and web users believe it does.

Although all of these percentages are encouraging and represent a significant improvement on last year's responses to the same questions, we recognise there is still more we can do.

In addition to the more general diversity recruitment initiatives outlined above we have specifically targeted ethnic minority journalists through offering positive action work experience placements. For the third year running we offered two-week summer placements to 12 students or graduates to learn about different aspects of the profession.

Alongside this, the Observer internship offers an opportunity for aspiring journalists from all backgrounds to gain work experience with the aim of producing work that will be published in the paper.

Disability

GNL signed up this year to a pledge by national campaigning newspaper, Disability Now. The commitment is to "work, in your employment policies, towards a better reflection of the fact that 12.7% of economically active people (those working or available for work) are disabled, and cover the reporting of disability issues in train-

Readers were asked if they thought our content adequately reflects Britain's multicultural society? (June 2004)

	yes %	no %
Guardian	82	18
Observer	76	24
Guardian Unlimited	82	18

Readers were asked if they thought our content adequately reflects Britain's multicultural society? (June 2003)

	yes %	no %
Guardian	71	29
Observer	68	32
Guardian Unlimited	78	22

Readers were asked if the composition of our writers adequately reflects Britain's multicultural society? (June 2004)

	yes %	no %
Guardian	75	25
Observer	70	30
Guardian Unlimited	78	22

Readers were asked if the composition of our writers adequately reflects Britain's multicultural society? (June 2003)

	yes %	no %
Guardian	70	30
Observer	64	36
Guardian Unlimited	73	27

ing courses". The pledge was part of Disability Now's investigation at the beginning of 2004 into diversity in the newsrooms of national newspapers.

Only GNL was willing to sign up to the paper's pledge and its response contrasts, for example, with the views of the Mail on Sunday, whose managing editor, John Wellington, told Disability Now that it did not need to advertise job vacancies because "there are always plenty of people known to us that we can recruit when a vacancy occurs".

Disability Now also reported that only the Guardian and Observer saw a need to keep their staff up to date on how to report on disability through their style guides, "despite the persistent use of outdated terminology and stereotypes in the press".

In the coming year GNL will be applying to use the two ticks "positive about disabled people" symbol in our recruitment advertisements to demonstrate our commitment to the following:

- Interview all applicants with a disability who meet the minimum criteria for a job vacancy and consider them on their abilities;
- Ensure there is a mechanism in place to discuss, at any time, but at least once a year, with disabled employees what both parties can do to make sure disabled employees can develop and use their abilities;
- Make every effort when employees become disabled to make sure they stay in employment;
- Take action to ensure that all employees develop the appropriate level of disability awareness needed to make these commitments work;
- Each year, review the five commitments and what has been achieved, plan ways to improve

on them and let employees and the employment service know about progress and future plans. (2004 target 12).

Only 1.2% of GNL staff say they have a disability. The people department, however, estimates the figure to be significantly higher as there is still prejudice surrounding disability across the UK, with concerns particularly around issues such as job security. Through our work with the Employers Forum on Disability, we are striving to allay such fears of discrimination.

Wheelchair users have access to the majority of our buildings. There is unlimited access to our archive and visitor centre, as well as our seven-floor headquarters building, although the upper ground floor can only be reached by stairs from the reception area. Reasonable adjustments would be made to address this should a wheelchair user be employed to work on this floor.

Two of our five satellite buildings are currently inaccessible due to steep steps at the entrance, although we will be vacating the larger of these later this year.

In November 2004, around a third of our staff will be moving to a brand new site in Herbal Hill which will be fully accessible, with additional consideration taken for those with visual and hearing disabilities beyond statutory requirements.

Features will include:

- A paging system connected to the fire alarm will be issued to anyone who is hearing impaired. This will vibrate with a message telling them the alarm has gone off and where to go;
- Disabled toilets fitted with an alarm system;
- Large safety signage on all floors and tactile

If there is a need for treatment, GNL will pay for individuals' physiotherapy and eye testing. All new staff are required to have an eye test, with around 30 members having the test each month



progression is something that is entirely the company's responsibility (2004 target 7).

Feedback from managers

Another target last year was to encourage managers to give more regular feedback to their staff (2003 target 7). This is being facilitated through management coaching, which includes a specific section on giving feedback. The people department is looking to address this more emphatically in the coming year by offering different modules to make up a tailored management training package. Specific modules will address managing poor performance, appraisal, getting the most from staff, objective setting and giving feedback (2004 target 8).

Work-life balance

Three years ago, GNL introduced a work-life balance policy as recognition that this was an issue critical to the business and not simply a case of the "right thing to do". Under the policy any employee is eligible to submit an application to be considered for a flexible work-life arrangement.

The application process was revised in April 2003 to reflect the timeframes contained in flexible working legislation. Clear guidelines are now in place on how the policy should be implemented and have been communicated to staff and managers through our intranet (2003 target 9).

The people department is auditing the existing flexible working arrangements across the company and is collating data on the number of staff requesting changes to their working patterns (2004 target 13). To ensure it is taken forward as a strategic issue the GNL director

and Guardian deputy editor, Georgina Henry, has been appointed board champion, and a steering group has been set up.

One area where we are focusing attention is home working. Now that broadband internet access has made this a more viable option, a policy and procedure has been drafted to ensure applications are dealt with more fairly (2004 target 14).

It provides guidelines for applicants and managers regarding suitability of job role, health, safety and IT issues, and will be in operation from July 2004. A specific budget has also been allocated to support the initiative for the next financial year.

Currently, 53 employees are set up to work from home — 32 senior managers, 13 support staff, and eight through informal flexible working requests. These figures do not include employees who work from home on an ad hoc basis via remote access.

Health and wellbeing

In the past year, there has been a significant shift in the way health and safety has been viewed at GNL. A more preventative approach is being taken with a focus on wellbeing rather than just on health and safety risks and sickness.

To encourage staff to take more interest and be more proactive, a new section has been created on our intranet. It covers ergonomic tips on preventing repetitive strain injury (RSI) and upper limb disorder (ULD) and relevant exercises. The section also includes advice on eye care, links to social and sporting activities and details of the formalised workstation assessment process (2003 target 10). We currently have our full quota of 15 trained DSE (display screen equipment) assessors, located

across the company, who carry out assessments and recommend appropriate changes to equipment and posture. In the last financial year, 216 assessments were carried out.

If there is a need for treatment, GNL will pay for individuals' physiotherapy and eye testing. All new staff are required to have an eye test, with around 30 members having the test each month. New employees undergo a full health and safety induction, which includes legal requirements, accident reporting, first aid, fire safety and evacuation procedures. All staff are also eligible to join the company's free private healthcare scheme.

One of the results of this more proactive approach is that those needing help are spotted sooner, therefore lessening the severity of their condition. This can be seen in the decreasing numbers of people seeking physiotherapy and the length of treatment needed. In the past financial year, 107 people had on average 12 sessions of physiotherapy each, costing the company a total of £54,000. This represents a significant drop from 2001-02 when 128 people received an average of 21 sessions of treatment costing £102,000.

Across the business, however, particularly within editorial and Guardian Unlimited, the deadline-driven culture often means people feel that they cannot take breaks, which can be a difficult mindset to break. Aside from the varied staff activities programme, which has gone some way to encouraging breaks at lunchtimes (see page 36), a positive way to address this in the future will be through workplace design (2004 target 15).

Not all wellbeing issues are so tangible and we recognise that sometimes personal issues can interfere with employees' working lives. We have therefore decided to offer an employee

assistance programme in partnership with an independent company which provides confidential support and advice on issues ranging from legal and financial support to more in-depth counselling about personal matters. This service will be available for staff to use from July 2004 (2004 target 16).

A partial smoking ban at GNL's offices has now been extended to all areas. This was in response to staff feedback.

Our plans to design and implement an audit for all health and safety initiatives were delayed after the manager of the department left the company. Since then, responsibility for health and safety has been moved to the people department and a new manager is being sought (2004 target 17).

Working environment

One of the main bugbears at GNL for a number of years has been the unsatisfactory working environment of the main office building, which was originally built as a warehouse in the 1960s. Seeking to refurbish the building has presented enormous problems because it has been extremely difficult to do significant works while staff remain in the building and a nightmare to move staff out and then back in again.

The board of directors has finally grasped the horns of this particular dilemma by making a strategic decision to move all GNL's London staff from the existing six sites to one completely new building. We are currently considering a number of sites within a three-mile radius of our present location in Clerkenwell and expect this move to take place in 2008 (2003 target 12, 2004 target 18).

In the short-term, our priority is to address the overcrowding in the headquarters building. From October 2004 around 375 of the 1,400 staff will be moving into a new satellite building around the corner from our main site. This will allow us to embark on a partial refurbishment of 119 Farringdon Road, to make the working environment more pleasant over the next four years. This will include an audit of existing furniture with recommendations for new requirements which will take into consideration health and wellbeing issues (2003 target 13, 2004 target 19).

To tie in with this we will address the targets which were not met last year, concerning the introduction of guidelines for acceptable working conditions (2003 target 14,15). To ensure that these guidelines are embedded at a local level, department marshals will be nominated to take responsibility for their own work area (2004 target 20).

Communication

While the bread and butter of media companies is communicating information and ideas, they are often accused of being particularly bad at using this skill inside their own organisations.

Although the employee survey showed some areas of strength, GNL until recently largely fitted into this stereotype. Strengths which were identified include employees awareness of their own departments' activities, good



DAVID LEVINE

Broadband internet access has made home working a more viable option. Currently, 53 employees are set up to work from home – 32 senior managers, 13 support staff, and eight through informal flexible working requests

relationships between colleagues and managers and free exchange of information between departments where links exist.

But the survey also showed many staff wanted senior managers to be more visible and accessible, wanted more information about business strategy and performance at GNL, as well as to be given explanations for how we reach certain decisions.

A strenuous effort has been made to improve in this, and several targets were set last year to ensure that all staff have access to important information both about their own departments and the company as a whole.

An internal communications audit confirmed that all departments now have regular departmental meetings (2003 target 16), with one exception where meetings have now been established. Some departments also occasionally invite managers from across the business to their meetings as a way of communicating their activities (2003 target 17). This financial year we plan to monitor presentations that currently take place, as well as identifying and supporting specific departments that would benefit from an improved knowledge of other areas of the business (2004 target 21).

GNL's chief executive, as well as the Guardian and Observer editors, now communicate strategic developments to senior managers from across the company at quarterly GNL briefings. To address concerns from the employee survey – that information from these briefings does not always cascade to all staff – a process is now in place where clear briefing notes are sent to every director for them to use when overseeing the debriefing of their staff. Where directors do not carry out the debriefing themselves, they nominate heads of departments to do so on their behalf. This process

will be monitored over coming year.

Internal communication has been enhanced by the growth of our company intranet, Spike, which acts as a central communication hub for the business. Its role is to share information between staff about GNL and covers areas ranging from business news and staff activities to internal vacancies and appointments. The site is constantly evolving with new features, news and competitions appearing every day, and there is an interactive function where staff are encouraged to put forward their views about plans for change which may affect them, such as the introduction of the new smoking policy and recycling programme.

People are directed to Spike through email trailers and posters for new initiatives and competitions. We are awaiting audited web statistics, but initial figures are encouraging and show that awareness of the site is increasing (2004 target 22).

Staff activities

There are three main aims behind our burgeoning staff activities programme. First, we want to enhance employees' working lives by offering them an easy and affordable way of getting involved in activities that interest them and allowing them to develop new skills.

As important has been our desire to break down boundaries between departments by bringing staff together from across the company and develop a sense of community. It is also a proactive way of encouraging people away from their desks at lunchtimes, thus reinforcing health and safety initiatives.

Activities are organised and subsidised by GNL and usually take place at lunchtimes, either at our offices or locally. In addition to those already on offer, including the Guardian's Angels choir, language classes, yoga and volunteering projects in schools (see page 45 in the community section for details), this year has seen the launch of a new Pilates group, badminton and squash league, the five-a-side football tournament and Indian head massage (2003 target 19).

One participant in the weekly choir said: "It has brought me in contact with people I would never otherwise have met, which has been good both personally and professionally. It has definitely given me a better sense of the strengths – both individual and collective – of the Guardian. It has also strengthened my loyalty to the company, by demonstrating that, however much one might doubt it in one's day-to-day working life, there is a concern for the wellbeing and enrichment of employees."

Almost a third of all staff took part in at least one of the social activities offered by GNL in the past year, with a large proportion of these participating in several.

Many others benefited from one-off events such as the five-a-side football event that drew teams from virtually every department. Due to the growth in the range of activities offered, staff activities have now been moved to the internal communications team (2004 target 23).

Theory into practice

We pride ourselves on our environmental coverage and put more resources into this area than any other national newspaper. This is because we consider the environment to be one of the most important issues facing this and future generations. Paul Brown, the Guardian's environment correspondent, encapsulates this: "We take very seriously the view of scientists that the future of the planet is in jeopardy. Human activity is using up natural resources too fast, we are destroying our own life support system."

Through our coverage, we encourage readers, businesses and governments to be more conscious about the impact of their actions on the environment. But it is only in the past year that we as a company have started to consistently heed our own advice. We have now formulated a comprehensive environmental policy covering procurement, energy, water and waste management with a commitment to continuous improvement.

The statement of intent, which will go to the board of directors for approval, states: "Guardian Newspapers Ltd recognises that its day-to-day operations will inevitably have an impact on the environment in a number of ways, and we are committed to minimising the potentially harmful effects of such activities wherever and whenever possible. Guardian Newspapers Ltd recognises that environmental considerations are not separate from our core business activities but form part of our overall strategy and that everyone within the company has a role in fulfilling the commitments in this policy" (2004 target 26).

Apart from formulating a policy, we have spent the past year creating the foundation blocks for improvements by auditing every main aspect of our business from an environ-

mental perspective: our newsprint buying, printing, distribution as well as our office buildings. A number of changes have already been made as a result of this. Beyond this, we are the first newspaper group to start looking at measuring our intangible impacts by quantifying what influence our environmental coverage actually has: do people read it, rely on it and change their behaviour as a result of it? Would it make any difference if we stopped taking the issue seriously?

Last year we asked Tony Juniper, director of Friends of the Earth, about our editorial contribution and behaviour as a company. While he said the Guardian was "considered as the voice of progressive and sound environmental thinking" in the UK, Europe and increasingly the US, as a company "it does not have a leadership role yet, but no media company does".

After having reviewed what we have done over the past year, we asked Juniper the same question. He said: "The Guardian's coverage this year has been absolutely outstanding on complex issues ranging from climate change and GM crops to transport. Most other media organisations have either dropped these issues or are dumbing down, which is a disaster for the democratic process. It's hugely important

'GNL recognises that environmental considerations are not separate from our core business activities but form part of our overall strategy and that everyone within the company has a role in fulfilling the commitments in this policy'
Statement of intent

that the Guardian and Observer carry on as they are.

"The fact that, as a company, you are matching your commitment to keeping the issues in the public eye with action inside the business does now put you in a leadership position which others will be at some time be forced to follow. The wide range of issues you are addressing, from paper buying and printing to energy use and water consumption will add to your credibility as an organisation, as well as increasing the pride and motivation of your staff. The environmental impacts of most companies are pretty obvious and, in fact, so are the solutions. I'm impressed by the fact that you are taking such firm action."

Editorial coverage

We consciously do not segregate our environmental coverage but ensure it is embedded across our home, foreign and city news pages as well as being strongly linked to our science and medical coverage. This is because so many editorials, including those on world trade, debt relief and economic development in the developing world, all have environment as their root.

Over the past year we have also been placing more emphasis on supporting readers who want to live a more ethical life. A Guardian journalist, Leo Hickman, wrote a series of articles for the G2 features section auditing his own life as part of an "ethical living" experiment. A directory for ethical living and a book on Hickman's experience will be published in 2005.

We carried a series of investigative supplements on the food and chemical industries which raised important policy issues, uncovered disturbing trends, and gave readers information

How much influence do we have?

A range of people working in the environment sector were asked to grade the importance of each of the following sources of information about environmental issues (5=very important, 3= neutral, 1= not important)

Newspapers	4.2
Internet	3.7
Radio	3.6
Journals/periodicals	3.6
Television	3.5
Magazines	3.0

They were then asked which of the following UK quality daily papers provided the most authoritative environment coverage (%)

Guardian	76
Independent	9
Financial Times	5
Times	0
Telegraph	0
None of the above	10

... and which of the following UK quality Sunday newspapers provided the most authoritative environment coverage (%)

Observer	45
Ind on Sunday	19
Sunday Times	3
Sunday Telegraph	2
None of the above	31

about how to buy products that are healthier and have less impact on the environment.

While we seek to cover the environment effectively, we have never before tried to measure the impact we have. To begin exploring this, we carried out two surveys in May 2004 to gauge what influence our readers, environmental pressure groups, and those involved in implementing government policies feel that we have.

The survey of our readers asked not only what they think of the quality of our coverage but also whether what we write has any impact on their behaviour relating to environmental issues. When asked to rate our environmental reporting on a scale of one to five, where five means we are excellent and one means we are poor, Guardian readers scored us at 4.1, while Observer readers gave us a rating of 3.9.

We also asked to what extent our environmental coverage has influenced their behaviour on a range of issues from organic and GM food to energy saving and recycling. The scale we used here was one to three, where three equates to strong influence, two means some influence and one means no influence at all. Overall, the Guardian and the Observer scored 1.8 while the figure for Guardian Unlimited was 1.5. Across all three products, the highest score was for organic or GM-free food. Even though many of our readers and users are already likely to have “green credentials”, we clearly do have some impact on the decisions they take. We were also interested in the impact of Leo Hickman’s ethical living series in the Guardian’s G2 (see money.guardian.co.uk/ethicalliving). We were pleased to see that a significant number of the 656 Guardian readers who answered our email survey had read some of the articles and found them to be both interesting and informative.

Our influence

Apart from our general readership, we also wanted to know what people who work in environmental pressure groups and charities, as well as in the Environment Agency, the leading public body for protecting and improving the environment, feel about what we write.

A number of organisations agreed to take part, including Friends of the Earth, Greenpeace UK, WWF, National Trust, RSPB, English Nature, Campaign to Protect Rural England (CPRE), ActionAid and the Environment Agency. Sixty-seven people answered our questionnaire, half of whom came from pressure groups, a fifth from the Environment Agency, with charities and thinktanks taking up the remainder.

The survey found that newspapers are ahead of every other type of media as their source for information on environmental issues. More than three-quarters of the respondents felt the Guardian provides the most authoritative environment coverage in the quality newspaper market, with the Times and Daily Telegraph scoring a zero percentage. The Observer came top of the Sunday paper league table at 45%.

To find out what influence we have in this area, we asked in the survey what the impact would be if the Guardian and the Observer were to reduce the amount of editorial coverage devoted to environmental issues. The response ranged from the facetious (“Fewer trees would have to be cut down”) to the overdramatic (“Disastrous for the world”).

But the overwhelming response was that our coverage does make a significant contribution to the environmental debate. Here is a sample of the responses to the question:

● “I think it would be a major loss. We live in a culture where consumption and economic growth rule, making it difficult to get any press coverage or public awareness of the major environmental issues that face us. The Guardian does excellent work, placing the environment on a rightfully equal footing with economic and social issues.”

● “A lot of people who have the time, energy, money and inclination to change their behaviour and/or take action would be less well informed.”

● “Less awareness, less debate, it would be a great shame. While there are other avenues to get environmental information, both these papers are hugely valuable ways to reach the general population and stimulate public debate on crucial issues.”

● “Even less written about the issues. Less informed people on the streets. Politicians under less pressure to take the issues seriously.”

● “It would be awful. I think the Guardian/Observer is key — and should be key — to keeping the pressure on the government on environment issues because so many of their core supporters read these papers.”

Offices

One of the biggest improvements to take place during the past year was in the environmental management of our offices in London.

Although, in the long term, we have decided to move to a new one-site headquarters building in 2008, where environmental issues will be integral to the planning process, there is still a lot of change under way.

The facilities management department, which is in charge of energy, water, recycling,



WESTFERRY ROAD PHOTOGRAPHS: DAVID SILLITOE

waste and office supplies, reacted with lightning speed to a challenge the company set it to improve our environmental management and performance.

In January 2004 the Carbon Trust came to our offices to conduct a comprehensive audit and to make recommendations on how we could improve our environmental performance within the organisation. Their detailed report was instrumental in helping the department to formulate its environmental policy (2003 targets 20 & 21).

To help implement and embed the new policy and develop a clear strategy, a GNL-wide environment steering group will be introduced. This group will feed proposed action plans into a network of departmental activists who will coordinate activities at a local level, and encourage everyone to take responsibility for environmental issues (2004 targets 27 & 28). Alongside this, we will also be running an ongoing awareness raising campaign using posters and the company intranet, encouraging any member of staff with an interest in environmental issues to get involved in the process (2004 target 29).

Energy

Until recently we had been relying entirely on fossil fuel for our energy supplies. To bring us more in line with our editorial values, we switched to renewable energy when the first of our contracts came up for renewal — our archive and visitor centre — in September 2003 (2003 target 22).

The facilities management team has also put together a strategy to switch all our supplies to renewable energy when remaining contracts come up for renewal. The proposal is based on

switching to a green tariff this October for our main Farringdon Road headquarters, with the new accommodation at Herbal Hill is to switch in October 2005. Our satellite buildings, which represent a significantly smaller consumption, are under contract until September 2005 and may no longer form part of GNL's property portfolio (2004 target 30).

Last year we also investigated the possibility of placing solar panels on our flat roof, but the decision to move in four years made this uneconomical as the payback time is based on a much longer timescale.

Perhaps even more important than switching to green energy is looking at ways in which we can actually reduce the amount we use in the first place (2004 target 31). Our total electricity consumption for our main building last year fell marginally to 5.2m kWh, although we have not yet actively focused on energy reduction. Using the Carbon Trust's energy benchmarks, this means that we use 779kWh of electricity for every square metre, compared with 226kWh/m² for a typical office building and 128kWh/m², which is the good practice target. The saving between our current costs and good practice would be approximately 84%, equating to £130,000 a year.

With regard to carbon dioxide emissions, our building produces around 416kg of CO₂ for every square metre compared with an average of 131kg/m² and good practice of 73kg/m². This equates to a total of 2,786 tonnes of carbon dioxide a year.

One of the main reasons for our energy inefficiency can be attributed to the fact that main building was built in the 1960s and that we initially occupied only part of it. As we gradually expanded to fill its eight floors, we inherited a number of heating and cooling systems

which have remained uncoordinated. Many areas of our business also work around the clock on a shift basis, making us unrepresentative of a typical office building.

Due to plans to relocate in 2008 it will be uneconomic to put in the level of investment needed to dramatically reduce consumption, but facilities management are looking at a range of shorter term actions as part of a partial refurbishment of the building due to begin in October 2004, such as fitting electricity meters on each floor to monitor and help reduce consumption.

A number of items of plant at GNL are reaching the end of their lifecycle, thus presenting an opportunity for a replacement programme to reflect high environmental standards, including energy efficiency. We are working with an external consultant to draw up recommendations for all future plant and machinery replacement and refurbishment (2003 target 23 / 2004 target 32).

As part of our staff awareness campaign we will be addressing employee behaviour by focusing on how an individual's action, or inaction, can directly affect energy consumption and therefore CO₂ emissions, and using the network of environment marshals to encourage ownership.

Water

One area where we did make a big splash was in our use of water, which fell by nearly a fifth to 8,275m³ during the year. This was largely due to updating the urinal system so that it could be changed from hourly flushing to only three times in a 24-hour period (2003 target 24).

A good practice office building should use no more than 7,700 litres of water for each person

We switched to renewable energy in the archive and visitor centre in September 2003. We are changing to a green tariff this October for our main Farringdon Road headquarters, with the new accommodation at Herbal Hill to switch in October 2005



Should we use polybags?

	Readers were asked whether they preferred their weekend newspaper to be packaged in a polybag	... and whether they were concerned about the impact of polybagging on the environment
	yes %	yes %
Guardian	57	70
Observer	47	74

Source: reader survey, June 2004

each year and at GNL's main office the figure fell to 9,200 litres a person. It should be noted, however, that although this figure is based on 900 employees working at 119 Farringdon Road, many of our staff from satellite buildings also use its facilities, which include showers and the restaurant.

Recycling, waste disposal and consumption

Having made great headway in this area in the past year, facilities management are now starting to look at waste issues from a more strategic perspective. A number of projects have been planned to embed a "reduce, re-use, recycle" ethos into GNL's operations, which will be implemented through the steering group and network of environment marshals.

This will involve:

- Identifying business practices that contribute to GNL's environmental footprint and prioritising them accordingly;
- Challenging current consumption levels of goods purchased, seeking viable alternatives that have a reduced environmental impact;
- Extending where possible the useful life of products GNL no longer needs, such as furniture. Where this is not possible, we will ensure responsible disposal to minimise landfill.

Last year we reported that GNL produced an estimated 47 tonnes of waste a month, two-thirds of which went straight to landfill. From April-June 2004, we produced an average of 30 tonnes a month. This is in part due to more accurate monitoring, as well as the raised awareness of recycling within the company. For next year we will be able to produce an accurate yearly waste report.

Over the past six months there has been a

complete review of how we recycle waste at GNL and a comprehensive recycling process is being introduced. It was successfully piloted on the Observer floor in May 2004 and will be rolled out in stages to all other departments over the next six months. The scheme is being communicated extensively to staff through the intranet and posters with staff encouraged to give feedback (2003 target 25 & 26).

The new system involves taking away small general waste bins from individual desks and replacing them with blue bins to be used exclusively for recycling paper. This was in response to a waste audit conducted last year which found that the vast majority of our general office waste was paper-based.

General waste bins are being dotted much more sparsely around the floors, which means that staff have to consciously get up and walk to them to discard of any rubbish which is non-recyclable. Special bins for recycling plastic cups are being placed next to all water coolers. GNL uses almost 19,000 of these cups each month. Staff will be encouraged to re-use them more often but those that are thrown away will now be recycled into pencils (2003 target 27).

Recycling bins for cans and glass are being installed on each floor, and cardboard boxes are being collected and a special bailer is being installed in our backyard (2004 target 33).

We are currently sending an average of six tonnes of paper a month for recycling. This figure will be closely monitored over the coming year to assess the success of our recycling programme. We are also improving our recycling of more specialist waste. We give all old computer equipment above a certain specification to Tools for Schools, a charity we co-founded, which refurbishes computers for use by schools (see the national community section,

page 46). The small number of computer terminals and keyboards which cannot be refurbished and were previously sent to landfill are now passed on to Tools for Schools' partner-company, Device UK, which provides a certified service for disposal of obsolete IT equipment in compliance with national and international legislation (2003 target 28).

Fluorescent light tubes, which contain mercury, are also taken away for special disposal. Old mobile phones and empty print cartridges are recycled, raising money for ChildLine, and all mono printer toners are now remanufactured (2003 target 29). Facilities management is continuously researching ways in which other GNL waste can be re-used or disposed of appropriately, rather than going to landfill (2004 target 34).

In addition to improving our recycling, we are also seeking to reduce the amount of paper we consume in the first place. Last year the company bought 25,700 reams of paper at a cost of almost £59,000. This means that each employee used on average 8,972 sheets of paper, a slight increase on last year due the fact that the figure now includes all specialist papers as well as standard printing and photocopying paper. A major development has been the switch from virgin paper to recycled for all standard printing and photocopying stock, which constitutes around 90% of our office paper consumption (2003 target 30).

We have steadily been reducing the number of fax machines located around the organisation, reviewing their viability when contracts come up for renewal, and IT is looking into suitable electronic alternatives (2003 target 31 / 2004 target 35). One target that we have failed to act on, due to more pressing operational priorities in the IT depart-



LINDA NYLIND

‘Readers care and want to read about the environment’

Over the past year, GNL and I have shared a common bond: both of us have undergone environmental audits. While I can boast that I’m personally responsible for fewer carbon emissions than the seven-storey building at 119 Farringdon Road (although I do, I confess, still take the lift more than the stairs), both of us have received similar overall ratings from our auditors: “Good effort, but still room for improvement.”

My own audit was part of an ethical living experiment I have been undertaking and charting for G2. The experiment’s conception was partly a reaction to the long-running conundrum newspapers face of how to get more readers excited by weighty, important subjects such as social and environmental responsibility without coming across as preachy and worthy in tone.

The idea was to utilise the “innocent abroad” approach by taking someone who didn’t naturally concern himself with such things — shamefully, me — and challenging him to try to change his ways, reporting on the high and lows

of the conversion process along the way. Quickly realising that my willpower wasn’t even up to turning down the allure of a daily KitKat from the office trolley, let alone overhauling my entire lifestyle, I asked for help in the form of an elite squad of ethical auditors.

Three people made the grade and accepted the challenge — one from Friends of the Earth, one from the Soil Association, and one from Ethical Consumer magazine. They then spent a day at my home auditing my family’s lifestyle in brutally frank detail (even my wife and baby daughter failed to escape their excoriating gaze) before issuing reams of recommendations for change.

But another, more powerful, motivating force soon made itself felt — the Guardian reader. Before the ethical living articles started in G2, Guardian Unlimited invited me to keep a weblog, or internet diary, of my journey. Beneath my diary entries an email address was made available for readers to send me their own tips, advice and views, the best of which would also be published on the site.

Whether offering criticism or praise, it is always welcome and fruitful when a journalist receives correspondence from a reader. But where I had hoped for, at best, a few dozen emails, I actually ended up being sent more than 500. Furthermore, because of GU’s international readership, I received a diverse range of advice and encouragement from readers as far away as Beijing and Arkansas.

In combination, they had a profound and unpredicted effect on my experiment. Most significantly, they led me to greatly expand the scope of the experiment and move it beyond its initial remit of focusing simply on environmental responsibility and to consider, in addition, much wider “ethical” issues, such as personal

Leo Hickman scrubs his bath with a lemon in the ethical living series for the Guardian’s G2

responsibility for, say, the decline in local community spirit, or how best to give time and money to charity. Readers even asked me to consider whether it’s ethical to have children.

(I have to say I certainly never banked on being required to contemplate the planned obsolescence of our species as part of the challenge. I naively thought before it started that it would amount to little more than placing bricks in cisterns and recycling some cans.)

Due to this interaction with readers, the experiment has been a much-cherished, personal lesson in how readers can engage with newspaper articles — be it leading them to scream and shout at the words before them, or to chuckle and nod in acknowledgement or, hopefully, to challenge their assumptions. It has also shown me how much readers are keen to express and share their opinions about what newspapers publish. The Guardian now has a number of forums in which readers keenly offer their collective wisdom — the letters page, of course, but also places such as Notes and Queries, Private Lives, and Guardian Unlimited’s ever-feisty message boards.

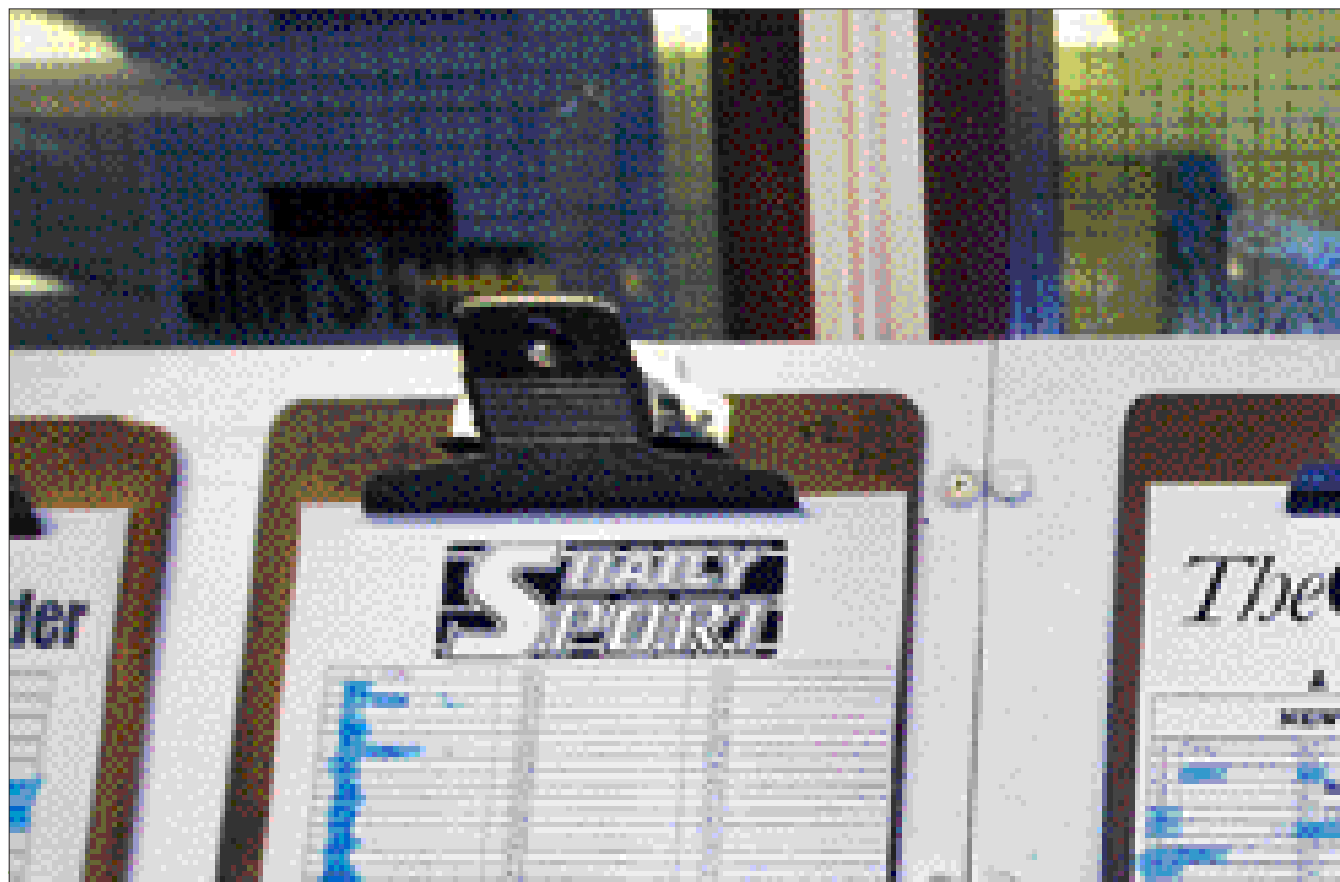
But most importantly, perhaps, it has shown me how much readers care and want to read about issues such as social responsibility and the environment; issues that they closely associate with the Guardian and Observer. And, judging by some of the reaction, they evidently appreciate it when we practise what we preach.

However, I do openly admit that I have drawn the line at some reader advice: “The most sustainable food source is skips,” wrote one reader from Leeds rather cheerily. “They’re quicker, cheaper and more fun than trekking round a crowded supermarket. You also end up

Our yearly paper cycle (tonnes)

Total used	114,000
Printing waste	14,000
Unsold	23,000
Reader recycling*	70,000
Total recycled	107,000
Paper not recycled	7,000
Proportion not recycled	6%

*based on reader survey 2004 results



transport

ment, is introducing default duplex printing for all our printers which would reduce our paper consumption significantly. This has been made a priority for the coming year (2003 target 32 / 2004 target 36).

We have significantly reduced the number of publications coming into the building. The cost of magazine and paper subscriptions has been cut by 18% (2003 target 33), and the number of Guardians and Observers has been reduced by 10% (2003 target 34). We hope to reduce this number further in the coming year by introducing more centralised stands where staff can pick up their free newspapers, enabling us to order quantities according to need (2004 target 37).

Contract services

Our restaurant is managed by Charlton House catering which has its own environmental policy. Although it has improved supply of Fair-trade food and drinks (see the suppliers section, page 49), there has been less progress in identifying environmentally friendly packaging options for takeaway food and drink. The restaurant manager is working closely with facilities management to review availability and suitability of options and will continue to do so in the coming year (2003 target 35 / 2004 target 38).

Our cleaning services are contracted out to RCS, which has its own environmental policy. Everyday cleaning products are dispensed through pumpsprays rather than aerosols. When aerosol cans are used, they are CFC-free. All cleaning products used in GNL offices are biodegradable, except for its toilet cleaner which contains phosphoric acid to remove limescale.

Two years ago GNL introduced a new more environmentally friendly car policy. No company cars are being given to new staff, unless they are essential users, such as field sales reps, and instead they are being offered a cash alternative.

In an attempt to reduce the company's existing fleet of cars, staff are offered the chance to hand their cars back and take a cash settlement, and those with car parking passes are being offered an annual six-zone public transport pass instead. All staff can also apply for an annual interest-free season ticket loan. As a result of these actions, the number of GNL's company cars has fallen steadily from more than 150 two years ago to 104 in June 2004. Of these, 20% use diesel, while the remaining cars use unleaded petrol.

GNL also actively encourages bike use (2003 target 36). A daily average of 89 employees used the bike storage facilities in April 2004, roughly the same as the previous year. This figure is likely to be higher in the summer and more than 400 staff have requested access on their electronic swipecards. A group of employees has set up a cycling pressure group to push for better facilities. They looked at best practice among other companies and then compared it to GNL's provision:

- Safe, secure and covered cycle parking: fair
- Lockers: none
- Changing/drying facilities and showers: fair
- Publicising to staff of facilities that are available: good (last year none)
- Mileage allowance: none
- Loans and discounts for bicycle purchase: none
- Relaxed dress code and flexible working hours: good
- Affiliation and liaison with local groups and

council officers: none

- Provision of maps of local cycle routes: fair (last year none)
- Provision of cyclists' "spares box" (pump, spanner, etc): good
- Arranging discounts at local cycle shop: good
- Cycle maintenance workshops: none

In the past years we have made some improvements for cyclists, principally through raising awareness among staff. A new section for the bicycle user group has been developed on our intranet, with a link to a discussions noticeboard containing information and advice about cyclists' facilities. New starters also receive information on cycle facilities in the starter pack.

Apart from cars, our main source of pollution from transport is company air travel. Last year, we totted up an estimated 3.3m passenger miles, amounting to around 700 tonnes of CO₂.

Printing and newsprint

One of the main reforms in corporate social responsibility over the past few years has been companies starting to take responsibility for what is happening in their supply chains. It is no longer enough for companies to make sure their own houses are in order, but also that the businesses that supply them with goods and services are being managed to a high standard.

With this in mind, GNL has this year carried out independent audits of our printing and paper purchasing. The audits by the leading consultancy csnetwork have raised areas of concern that GNL needs to address. We do not own any of the printing plants we use but some of the sites are either wholly or partly owned our parent company, Guardian Media Group,



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or its Trader Media division. The company that buys our newsprint, Paper Purchase & Management Ltd, is jointly owned by GMG and the Telegraph group.

Magazine printing

Csrnetwork conducted site visits of our four main sites: Quebecor World, Corby; Polestar Purnell, Bristol; and the two GMG-owned plants Apple Web Offset, Warrington; and Wiltshire Print, Bristol. The consultants reported that environmental management arrangements at its contract print suppliers fall short of good practice. Particular areas of concern are:

- The absence of an environmental management system (EMS) at any of the sites concerned. The existence of an EMS (whether or not independently certified to an established standard such as ISO14001), gives a measure of confidence that environmental affairs are being managed systematically and proactively. Quebecor and Polestar are moving towards an EMS approach and Trader Media has made a commitment in principle to do the same;
- Uncertainties over some points of compliance with environmental legislation, notably at the Trader Media sites;
- Some aspects of actual environmental performance, notably the generally poor standards of handling and storage of hazardous materials observed during the audit – which are not being actively addressed at all sites.

Csrnetwork concluded: “It is surely inconsistent with GNL’s environmental values to accept anything less than good practice from contract print suppliers – including categorical assurance that all environmental legislation is being met.” The consultants have recommended that

we “set performance standards for suppliers and establish a simple audit schedule. This would be a positive step and provide clear guidance for suppliers and also a better yardstick against which to audit their performance”.

Possible standards might be:

- Positive reporting on specified items of legal compliance (eg, in relation to the legislation covering IPPC, trade effluent, waste management, oil storage, packaging, etc);
- The existence of a meaningful environmental policy, which identifies environmental impacts and management responsibilities;
- The development and implementation of an environmental management system, externally certified to ISO14001;
- The provision of numerical environmental performance data, specific to GNL’s publications, covering, for example, energy consumption, greenhouse gases, VOC emissions, paper waste recycling, special waste arisings. These data could then be consolidated annually and “normalised” (eg, expressed for every printed page or other unit of output) and this would allow GNL to strengthen its own environmental reporting.

GNL will be discussing these recommendations with our suppliers to agree a framework for improvements (2004 target 39).

Newspaper printing

Because of the enormous operational pressures of planning the installation of new presses necessary for our reformatting plans, we could not this year carry out a full inspection of our two main newspaper publishing sites in the UK: West Ferry in the Docklands of London and Trafford Park Printers in Manchester, which is half-owned by GMG.

West Ferry Road print centre on the Isle of Dogs, in east London, has a top-level environmental policy but does not yet have a management system to ensure its implementation

But csrnetwork did ask the sites to fill in a written questionnaire and additional information was sought by telephone. While the consultant’s comments are inevitably constrained by our lack of physical access to the sites, it made the following preliminary conclusions: “As with the magazine sites, there is no reason to believe that either of the sites is causing gross pollution or is in significant breach of environmental legislation. Both Trafford Park and West Ferry sites are registered under IPC part B regulations and as such must regularly submit reports to their local environmental health departments on compliance with atmospheric emissions limits and certain other environmental performance criteria. Local environmental health officers will also visit them periodically.

“In respect of other legal requirements, both sites appear to have proper trade effluent consents (for the discharge of effluent to public sewer) and are using recognised waste management contractors.

“Some environmental initiatives are being pursued, notably recycling of process paper, waste and energy conservation, through membership of the government’s climate change levy scheme.

“Although both sites have a top-level environmental policy, neither has an environmental management system in place.”

Given that GNL is negotiating the purchase of new presses and deciding where to site them, we are unable to make any decisions yet on improving our environmental performance in this area. Even so, we will be ensuring that the



SEAN PAGET/NEWS TEAM

presses we do buy incorporate the latest technology to reduce energy usage as well as limiting waste and maximising the recycling of chemicals (2004 target 40).

Newsprint

The area where we have the biggest environmental impact is in our newsprint purchasing. In 2003 GNL consumed 113,956 tonnes of paper, up slightly from the previous year.

Recycled paper made up 75% (76% in 2002) of the raw material for newsprint bought for the Guardian, Observer and other GMG regional and local newspapers. This is well above the industry average of 68.6%. It is also higher than the voluntary agreement between the government and the Newspaper Publishers Association, which called for a 70% recycled content by the end of 2006. But GMG supported the Telegraph group during the year by swapping some of its prepurchased recycled supply for virgin newsprint which the Telegraph needed to commission new presses. This brought GMG's actual usage of recycled paper down to 65.3%.

GNL has three constraints on the use of recycled paper. First, there are products such as magazines, where only virgin paper can be used in the gravure printing process to achieve the glossy finish. Some of the paper's smaller supplements, such as Online, can use only virgin paper because the presses cannot handle low pagination products using recycled content.

Also, paper cannot be recycled indefinitely as fibres wear out by becoming smaller and losing their capacity to bind with other fibres to form a strong paper. The industry, therefore, needs a constant flow of fresh fibres from the forests to maintain the product quality.

Not only do we use a lot of recycled paper but

Our papers are delivered by TNT Newsfast/ Network Logistics. The condition of tyres is monitored to ensure full usage. They are recut or retread, within safe limits, and old tyres are recycled

we also provide a lot of the raw material that goes into producing it in the UK. This means that relatively little carbon is released during the publishing process.

A little over 10% of paper goes to waste at our print sites because it can take some time for the quality of the printing to reach an acceptable level. All of this goes back to recycling plants, except for unused end of roll paper which is sold exclusively to Middleton Waste Paper, which sells it for wrapping up fish & chips. The 20% of papers which are returned to wholesalers in the form of unsold copies are also sent to recycling plants. Our recent independent survey of readers found that 93% of Guardian customers recycle their paper, while 86% of Observer readers do likewise. Adding all these figures together suggests around 94% of our paper is re-used.

Our reader survey also showed that just over two-thirds of readers of the Guardian were happy with the size of the paper from an environmental perspective, although this figure fell to 57% for Observer readers. Even though our Sunday readers showed more concern, this shows an ambivalent attitude as there is a direct correlation in the weekend quality newspaper market between the size of a paper and its sale.

This ambivalence was also on show when we asked about our use of clear plastic bags to wrap some editions of the Guardian's Saturday multi-section paper, as well as the Observer. When we asked whether readers preferred the paper to be packaged in a polybag, 57% of Guardian and 47% of Observer readers agreed.

But nearly three-quarters of the readers of both papers said they were concerned about the effect of the bags on the environment.

From a commercial perspective, GNL feels polybagging is essential as it has been estimated that the papers would lose around a 10th of their circulation on Saturdays and Sundays if they were not used. Newspapers have one of the shortest shelf-lives of any product. If GNL were forced to rely on the manual insertion of all sections, there would be delays in getting the papers out for sale, particularly in supermarkets, which are increasingly expecting papers to arrive ready for sale. Manual insertion of sections is also open to high levels of error. We will, however, be keeping our eye on any technological developments that may offer a suitable alternative to the use of polybags.

Virgin paper

Even though recycled paper makes up such a large percentage of our paper usage, we were keen to start looking at the make-up of our virgin fibre. We commissioned csrnetwork to advise on the responsible sourcing of paper. Based upon information publicly disclosed by paper companies and independently checked by GMG's purchasing company, PPML, it found that around two-thirds of all our virgin supply is covered by some form of certification. It is not possible to say what proportion comes from standards that are held in high regard, such as the Forestry Stewardship Council, but csrnetwork estimates it to be considerably less.

Csrnetwork's report concludes that a "significant proportion of our paper is made from recycled fibre and the majority of the suppliers used are known to be reputable". Even so, it says GNL cannot currently reassure its readers that "all the fibre used to produce its newsprint comes from reputable sources". Given that newsprint forms a relatively large proportion of our cost base, GNL's paper purchasing company is keen to use smaller independent mills to prevent the newsprint industry from further consolidation, which will inevitably lead to higher prices. At the same time PPML says that, unlike the big players in the industry, the smaller mills tend not to have certificated supplies. Smaller mills also tend to be cheaper. GNL recognises the importance of playing a positive role in ensuring best practice and will therefore seek to start taking action on this over the next year.

Since the issue of uncertificated wood affects the whole newspaper industry, we intend to take a lead on this issue within the Newspaper Publishers Association. The NPA has itself commissioned the International Institute for Environment and Development to audit how much paper comes from certificated schemes (2004 target 41).

GNL will also work with PPML to gather more reliable data over the next year on exactly how much of our paper comes from respected certified schemes and then start a dialogue with mills to encourage them to develop more sustainable practices (2004 targets 42 & 43).

Distribution

Roots and shoots

We belong to local communities around our London and Manchester offices, as well as recognising our responsibilities to our national and international communities. This is reflected in our philanthropic activities, which range from local school partnerships and the sponsorship of national charities to encouraging the development of a free press in Eastern Europe and creating educational projects in Africa.

In its statement of objectives, the Scott Trust has an interest in “promoting the causes of freedom in the press and liberal journalism, both in Britain and elsewhere”. GNL is also passionate about education. Our weekly Guardian Education supplement is an invaluable resource to its readership of 1.8 million teachers, educational experts, parents and teachers. Alongside this, we also run a hugely successful education website, EducationGuardian.co.uk, and the leading online curriculum website, Learnthings. The Guardian also sponsors the annual Teaching Awards which celebrate excellence in education.

Local community

With more than 1,400 employees, GNL plays a part in the economic prosperity of its local communities. More significant than our economic impact is the use of GNL's resources and skills to support numerous local community and charitable initiatives. Now into its fifth year, our community scheme has developed long-term partnerships with four local schools and Pentonville prison, which is close to our headquarters. We support our community partners by providing volunteers and funding as well as seeking expertise from other companies where necessary. Around a hundred, or 7%, of our employees volunteer regularly, an increase on last year due to the launch of a school partner-

ship in Manchester and a coaching project with senior managers at Pentonville prison.

Criteria for local community projects are:

- Local partner charities and schools are within a mile radius of our offices in London and Manchester;
- Partnerships are long-term, sustainable and equal, with both sides benefiting and taking responsibility for success;
- Funding is channelled into our community partners and wherever possible linked to volunteering projects;
- Funding is also used to leverage financial support and resources from elsewhere;
- Projects focus on education, journalism and HIV/Aids.

Schools

We have partnerships with three local schools in London in the primary, secondary and special needs sectors. Our activities centre on mentoring and reading as well more general support. This year we expanded to involve our Manchester staff in a nearby primary school. All the schools are typical of inner-city areas with around 60% of students using English as a second language, and a large proportion receiving free school meals.

Our flagship project is with an Islington secondary school for girls, Elizabeth Garrett Anderson. We have developed a successful one-to-one mentoring scheme for 14-year-olds, which aims to improve attitudes to work, self-esteem and personal organisation. We also have a number of reading volunteers who provide pupils with one-on-one and small group learning conditions that teachers cannot often provide.

At EGA we added an international dimension to our work in 2004 by co-creating a six-month online interactive digital video exchange

with a group of Muslim girls in Ghana. The project stimulated and explored discussion about the gender and sexual health issues faced by young women in the UK and Ghana through the use of digital technology. The project was in partnership with the British Council and the British high commission in Ghana.

Alongside the ongoing and long-term projects, we also support one-off requests. Richard Cloudesley special school, for example, is moving to a new site in partnership with two other schools. We facilitated a half-day vision building workshop between headteachers, governors and council officials to build a strong foundation for the ambitious £30m-plus project.

Pentonville prison

GNL has always been interested in prison reform so it was a natural step to want to form a coaching partnership with Pentonville prison, which is close to our main London office. As part of a pilot scheme launched by Business in the Community, five qualified coaches from a range of GNL departments have been paired with senior managers at the prison to provide management support and individual mentoring.

Management and evaluation

The community scheme is run by two dedicated members of staff. Part of their role is to help match the requirements of our community partners with the vast array of in-house skills among our workforce, whether it be from the creative writing and design side to the many commercial operations, such as advertising and conferences and events. We also have a policy in place to allow employees to use up to eight hours a month of work time volunteering.



GRAHAM TURNER

To ensure that the school partnership schemes are well run and as effective as possible, we have developed a close relationship with Community Service Volunteers, Britain's largest volunteer organisation. CSV helps by independently monitoring the schemes. We initially pilot all of our schemes on a small scale to ensure that we and our partners can fulfil our obligations and, perhaps more importantly, that the schemes are meeting their objectives. On the qualitative side, we also believe that the right chemistry needs to be in place to build positive relationships, and that trust takes time to build.

Impacts

Effective partnerships only work when all sides benefit. Hugh Myddleton primary school near our London headquarters has steadily increased its request for reading volunteers from six to almost 30 in the past two years. The deputy headteacher, Joan Roberts, believes the volunteer readers have played a part in the school's recognition from the Department for Education and Skills this year for their outstanding key stage 2 test results. The school has been awarded "value-added" status, putting it at the top position in Islington and among the top 100 primary schools in the country.

It is difficult to measure accurately the wide range of often intangible benefits that the community scheme has and often testimonials speak the loudest (see page 47). In the coming year, however, we will be looking at ways to monitor how students' own perceptions of themselves change over the course of the reading and mentoring projects with respect to reading ability, confidence and other soft skills (2004 target 44).

The business case

Apart from the natural desire to make a difference in our local community, there have been a number of other benefits from our involvement. Staff appreciate that GNL offers them a well-managed and easy way to "give something back". From a commercial perspective, our advertisers, particularly in the public and voluntary sectors, are able to see a practical way in which we are living up to our principles.

Volunteers' experience also enriches our products. For staff who have to write about issues such as social deprivation and racial inequality, the community scheme puts them directly in touch with people who have to face these problems in their daily lives.

The working lives of volunteers from Learn.co.uk, our curriculum website, have benefited directly from their involvement. Hilary Ellis, senior commissioning editor, said: "It's been hugely rewarding for me to be able to talk on a regular basis with students. Although our sites are mainly targeted at teachers, students are the ones who need to be engaged with the content on them. I spend a lot of time writing site proposals and it's given me a picture of the users I have in mind and how they feel about school and learning. Also it's been really good for me to be able to understand some of what teachers have to deal with."

Emily Drabble, news desk editor at Learn, said taking part in the mentoring project at EGA had "enhanced my professional work. I write for nine- to 14-year-olds and it's a great reality check to develop friendships with children in this age group. Also we have set up a system of partner schools at learnpremium. These are schools with which to develop a special relationship and get feedback about the service we offer. Elizabeth Garrett Anderson is

my designated school and the mentoring scheme has made it easier for me to develop links there."

Useful links: guardian.co.uk/community, guardian.co.uk/education, learn.co.uk

National community

On a national scale, our most ambitious project is the Newsroom visitor and archive centre which brings together journalism and education. The Newsroom has developed a strong reputation since it opened two years ago. Funded by the Scott Trust, the centre is located opposite the Guardian and Observer London offices, and receives visiting groups from schools and other organisations from all over Britain. Groups work with two full-time education officers to create a newspaper front page, based on the day's news, using state-of-the-art IT and specially designed software. The range of workshops has been extended to include history and science as well as ones supporting the Newsroom's exhibitions. The popular educational sessions are free of charge and generally booked a year in advance with a long waiting list.

Between April 2003 and March 2004, the Newsroom ran 514 educational sessions, more than twice as many as the previous year, involving more than 9,000 individuals including schoolchildren, further and higher education students, teachers, adult learners and families. The Newsroom has a rolling programme of public exhibitions, which over the past year have included a commemoration of the 10-year anniversary of the genocide in Rwanda and a showing of Jane Bown's rock and pop portraits.

It also has an archive which preserves the heritage of the Guardian, the Observer and

At Elizabeth Garrett Anderson we added an international dimension to our work in 2004 by co-creating a six-month online interactive digital video exchange with a group of Muslim girls in Ghana. The project stimulated and explored discussion of the gender and sexual health issues faced by young women in the UK and Ghana through the use of digital technology

An Observer volunteer helps students with reading (left) at Elizabeth Garrett Anderson school in Islington, London. Alongside Business in the Community we have begun a coaching partnership at Pentonville prison (right), where management support and individual mentoring is offered

Guardian Unlimited and enables others to share our history. Documents include correspondence, photographs, subject files, illustrations, audio interviews and marketing material.

Two full-time archivists manage the material, including the production of electronic catalogues describing corporate and personal collections. Once catalogued, material is available to all bona fide researchers at no charge in our dedicated reading room.

The archive's focus for the coming year is to increase the volume of material that is catalogued and available to researchers.

Apart from the Newsroom, GNL donates £20,000 annually to the Newspaper Education Trust based at Westferry Printers, where the Guardian and Observer are printed. The trust works with school groups on a variety of journalism-based projects. We also have a partnership with Children's Express, a charity that works with disadvantaged youth through the medium of journalism. We provided coaching support to its staff and piloted a mentoring project with them.

The Scott Trust spends £60,000 a year supporting the development of talented journalists in this country by providing bursaries for six aspiring writers to study journalism at City University London or Sheffield University.

GNL has a close relationship with national charity Tools for Schools, which sources high-quality computers from industry to refurbish and upgrade for schools across Britain as well as for home learning.

GNL co-founded and invested more than £250,000 in the charity and continues to support it on a more practical level. Our chief executive and finance director advise TfS, Guardian Unlimited worked with it on its website



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redesign, and Learnthings will be supporting it in the coming year.
guardian.co.uk/newsroom

Payroll giving and match-funding

While GNL supports various charities, we also offer incentives to staff to support the causes of their choice. As well as matching employees' own fundraising pound for pound for the first £100, GNL encourages its staff to support their favoured national and local charities by providing a cash incentive to sign up to our Give as You Earn scheme: 26% of our 1,433 staff now donate through their payroll, which compares with a national average of just 2%, and 130 new staff signed up in the past year. As a result, more than 200 charities received an extra £70,000 over the past year.

International community

The heart of our international work is fulfilled by the Scott Trust's charitable arm, the Guardian Foundation, which supports the creation and running of successful and editorially independent newspapers in the Guardian tradition, in eastern Europe and southern Africa. The Foundation brings together journalists at a relatively senior level to share experiences and perspectives, through seminars and work placements at home and abroad. But it also increasingly entails the provision of expertise in commercial as well as editorial newspaper production.

In eastern Europe, the foundation formed a new partnership with the BBC World Service Trust, which took Sarah Lester from the Manchester Evening News and Mike McNay from the Guardian to Odessa in Ukraine. Another new area of operation was in Moldova where a

What they say about the volunteers

Michelle Stanley, the literacy coordinator at Elizabeth Garrett Anderson secondary school, runs a lunchtime reading club for around 30 girls aged 11-12. Eleven volunteers from the Guardian and Observer attend the weekly club to work with small groups to support reading and discuss the books:

"Educationally it provides students with the regular, sustained one-to-one reading support that is unlikely to happen so frequently in a classroom. The small group setting allows weaker students to have their problems addressed and provides valuable opportunities for students to read aloud who would be too shy or sensitive to criticism to do so in a class of 30.

"Perhaps even greater value is gained from the social interaction that takes place. Students work consistently with one volunteer who they often become attached to as a non-teaching adult who they can talk to and trust. The volunteer also provides a positive role model of a successful, well-educated individual who is working for a well-known organisation. This gives the students a vista on a world that in all other circumstances they would be unlikely to see.

"Finally there is the fun part. As well as the sessions themselves, which generate a fun learning environment which is so vital for engaging students in the learning process, the partnership opens up the possibility for students to have experiences that they would not normally have.

"For example, two students were taken to Jamie Oliver's restaurant, Fifteen, by a journalist to discuss school dinners and to comment on Jamie's food. This resulted in a double-page feature in the Guardian's G2 section.

"The overall result is that students are more confident and aware. This leads to greater engagement in lessons and in education generally, having seen the value of education and the opportunities it could provide them with. Overall it is a broadening and engaging experience that supports and encourages students that are at risk of failing in education."

A year 10 student from Elizabeth Garrett Anderson school in Islington, who has benefited from her mentor:

"I have concentrated more in my work because my mentor has made me see things in a different light and I like it. She has given me new ideas and she makes me read books and I never read books before — because of my mentor I love to read books and have seen life in a different way."

A student from Richard Cloudesley

What the volunteers say

The community scheme is not only seen by employees as actively supporting GNL's values, but the experience also makes their individual lives richer. Volunteering helps staff to develop new skills which they can use in their work and home lives. These can range from increased assertiveness and patience to motivational techniques and conflict resolution.

Hannah Pool, Weekend magazine commissioning editor and mentor at Elizabeth Garrett Anderson school: "From a selfish point of view, it's been bags of fun — fulfilling and challenging. It's an amazing feeling to think you might be someone who a young adult, in say 10 years' time looks back on and says, 'Yes, they really made a difference; they made me think about new opportunities I didn't think were open to the likes of me.' The project has given me a much better idea on how we can introduce the Guardian to younger readers, and to readers outside our normal constituency.

"Getting these kids interested in the paper is an effort but very rewarding once they are interested. You feel like you've let them in on a secret which plenty of others (that is, nice middle class kids) know about already and hopefully one day that will be of use to them. It's the old adage about knowledge being power.

"I can't stress enough what a wonderful scheme I think this is. It is all too easy to put money in a charity box or buy the Big Issue, but that's hardly a commitment and I have really benefited from feeling committed to something — from taking time out of the rat race and doing something that isn't about work, news, or money — and I'm sure in turn that has had a beneficial affect on my day-to-day performance.

"I went to a school not at all dissimilar to EGA and I know that if I'd had a mentor at the age of 14 it would have made a world of difference."

David Marsh, assistant editor (production) at the Guardian and an EGA mentor: "It's good for the kids because we are really helping to widen their horizons, making them realise that university and jobs like journalism are for the likes of them, too, not just for kids from middle-class backgrounds.

It's good for Guardian staff, too, because instead of just writing about the problems of inner-city schools, people who live on council estates in poor areas, etc, we are actually getting out and finding out a bit about it. It's broadening our horizons, just as it is those of the kids. It's good for the company. Everyone at the school is thrilled to bits at our involvement. That goes beyond the school, too, to the families and friends of the girls. It's raising our profile in the local area and showing we don't just sit in our ivory castle, writing

Our community budget

Community scheme activities including volunteer training, project management and evaluation, and administration (GNL)	£54,000
Guardian and Observer charitable giving (GNL)	£10,000
Matchfunding for staff fundraising and payroll giving (GNL)	£10,000
West Ferry Education Trust: support for running costs (GNL)	£20,000
Newsroom archive and education centre (Scott Trust) including archive, education, exhibition, revenue, utilities, rates, depreciation	£735,000
Bursaries for journalists in the UK (Scott Trust)	£60,000
Guardian Foundation, including project funding, running and administration costs (Scott Trust)	£167,000
Membership of Business in the Community, Media Trust, and Commonwealth Press Union (GMG)	£28,000
Charitable giving from other GMG divisions (not including GNL)	£53,000
Total	£1,137,000

team from the Guardian's advertising department provided practical advice on how to build advertising revenue. The foundation built on its longstanding relationship with the British Association for Central and Eastern Europe, staging a London seminar for 26 journalists from 13 European Union applicant countries entitled Reporting Europe.

In South Africa, the foundation continues its financial underpinning of the Mail & Guardian's training scheme. 2003 was also the first year that the trust made a separate pot of £50,000 available for backing individual projects.

Getting involved

In the spring of 2004 we launched a new section on Guardian Unlimited called Living our values. As well as hosting information on GNL's community involvement and an electronic version of this audit, there is a new section called Get involved, where readers and web users are given the chance to actively support editorial campaigns which have moved them.

The initial projects set up this year are both in Malawi. The first is a follow-up to the Guardian health editor Sarah Boseley's award-winning Saving Grace investigation into why most people with Aids in Africa are not receiving affordable life-saving anti-retroviral drugs. She focused her report on Grace Mathanga, an Aids sufferer from Malawi. Hundreds of readers wrote to Boseley wanting to help out and, as a result, the Saving Grace Foundation was set up, supported by GNL to channel readers' donations into paying for individuals' medication. Readers have donated thousands of pounds to provide long-term treatment free of charge.

The second project was established after the

environment editor John Vidal's Weekend magazine feature about the people of a small village in Malawi unable to finance their children's education. Readers donated more than £20,000, which is already paying for 24 children from Gumbi to go to secondary school. guardian.co.uk/values

Christmas appeal

Another way that readers can get involved is by supporting the annual Christmas appeal, which this year focused on hidden conflicts both at home and abroad. Readers and web users donated a record £843,744 for Médecins sans Frontières and a range of UK domestic violence charities. Continuing our commitment to the selected charities, we support them in the year after the appeal in a more practical capacity. As with previous recipients, we designed and produced a colour magazine for Médecins sans Frontières, which featured all the Christmas appeal coverage, and was sent out to 60,000 of their supporters. For the UK charities, GNL hosted a seminar to share best practice among domestic violence advocacy projects.

Proactive relationships can continue well beyond the year, as shown by our support for a new partnership between Theatre for a Change, ActionAid and the British Council. The project is seeking to reduce the number of new infections of HIV/Aids among young people, by encouraging behavioural change through interactive theatre. GNL supported ActionAid's work with orphans suffering from HIV/Aids in sub-saharan Africa in 2001. guardian.co.uk/christmasappeal

How much do we give?

Spreading best practice

While profitability, efficiency and good relationships with our suppliers are important to GNL, the principles of the Scott Trust add a significant ethical dimension to the way we do business. There has been a dramatic shift in the past year in the importance placed on environmental and ethical considerations when choosing new partners, as well as seeking to influence our existing suppliers.

Ethical procurement

A development this year has been an independent environmental audit of our print sites and paper purchasing processes, to try to establish the effects of our business further down the supply chain. Companies involved in the printing and production of our products are by far our biggest suppliers and consequently have the largest impacts.

As valued customers, however, we also have the potential to influence them by requesting they meet certain standards (see the environment section, page 41).

With our plans to reformat in the next two years, a big investment will be the purchasing of new printing presses. Environmental considerations will be taken into account such as waste and efficiency, as well as the knock-on regeneration and employment effects that our decisions will generate. Press manufacturers will be asked about their diversity policies, training and recruitment of staff, and benchmarks such as the number of women in senior positions.

On a smaller scale, GNL deals with more than 1,100 companies for its day-to-day needs. Although we do not have a centralised procurement function, the facilities management department does much of the purchasing for

company-wide supplies. This year it has carried out a review of its tendering process, significantly increasing the importance of environmental and diversity considerations when choosing new suppliers. Two-thirds of a questionnaire sent out to companies is now dedicated to these issues, and suppliers are also referred to this publication, *Living our values*, for information on GNL's social, environmental, and ethical performance (2003 target 37).

Suppliers are asked for comprehensive information on their environmental impacts, reporting and benchmarking as well as compliance with environmental legislation. In the area of equality and diversity we now request details of suppliers' recruitment processes and any cases of racial discrimination. This year the procurement department will work on raising awareness with existing suppliers of our social, environmental and ethical values (2004 target 45).

Facilities management has also been working with our in-house catering provider to increase the range of Fairtrade and organic produce on offer. As a result of a target set out in last year's audit, Fairtrade tea and coffee is now exclusively supplied to department meetings and events.

In the staff restaurant, all of our coffee is Fairtrade with the option for staff to purchase fairtrade tea as an alternative (2003 target 38). In the coming year, we will be looking into the

Suppliers are asked for comprehensive information on their environmental impacts, reporting and benchmarking as well as compliance with environmental legislation

feasibility of supplying a wider range of Fairtrade and organic foodstuffs (2004 target 46).

Internationally, GNL also takes the issue of human rights seriously. We use a company in Pakistan to reformat all our classified newspaper advertising for our website. In 2001, two senior managers flew to Pakistan to carry out an ethical and business audit of the company. A report was subsequently presented to the GNL board which concluded that wages and conditions were fair.

Readers' offers

Another area of best practice is the enterprise department, which manages reader offers. It follows a strict code of conduct to ensure it works only with external partners who trade fairly and ethically. It always insists on full certification of wooden products and, if there is any uncertainty about the origin of any product, it seeks the advice of organisations such as Friends of the Earth and the Anti-Slavery League.

Any complaints arising from reader offers are tracked by the enterprise department and passed on to the relevant supplier, who will then investigate. This data is used to ensure that any areas of poor performance are reviewed and improvements made. In the last financial year, the enterprise department and its suppliers received 340 complaints, representing 0.2% of total sales. This is a significant decrease on the previous year's 579 complaints, 0.5% of sales.

The enterprise department has also launched a website to enable us to monitor the length of time it takes for partner suppliers to answer calls and the number of calls that are abandoned. While we have always had the

How do suppliers rate us?

	How does your relationship with GNL compare with the relationship you have with other customers? (%)		
	Very/quite favourable	Not very/not at all favourable	Don't know
Paying promptly	64	9	27
Treating suppliers fairly	92	3	5
Communicating effectively	95	4	1
Good working relationship	97	2	1

Source: supplier survey, March 2003

There are, of course, occasions where content is reproduced in breach of copyright. A letter is then sent to the organisation informing it of its breach and notifying it not to do it again, with a threat of legal action should it do so. In the past, the syndication department has refused to sell content to organisations including the Ku Klux Klan, German Playboy, a porn website and an Arabic website containing homophobic content

	Agree strongly/slightly	Disagree strongly/slightly	Don't know
GNL is fair and reasonable	98	2	0
Good working relationship	98	2	0
GNL behaves with integrity	95	1	4
We have a long-term relationship	94	2	4
Effective two-way comms	92	7	1
GNL gives us feedback	80	13	7
GNL pays promptly	62	15	23

ability to look at specific numbers after being alerted to a problem by a reader, the new system can alert us before readers complain.

In the coming year we are planning to recruit a team of mystery shoppers from retired Guardian personnel who will be reporting back each month on all aspects of the reader offers service (2004 target 47).

Syndication

On the other side of the supplier relationship we also vet business customers who use our commercial syndication service to reproduce editorial content. The Guardian News Service deals with the commercial licensing of content from all our products to customers looking to republish copy, photographs or graphics in print and digital media.

As a revenue-generating department there is a great pressure to balance the fulfilment of its targets with ensuring that our values are not compromised by selling to unethical customers. To avoid this, new customers are always researched through their websites to make sure there is not a conflict of interests.

Where we regularly supply content to a customer we have a contract in place which includes strict guidelines concerning conditions of content reproduction. These state: "The content may not be used in any publication that contains any material which is illegal, sexually explicit, promotes violence or is discriminatory against race, gender, religion, nationality, disability, sexual orientation or age, or otherwise is derogatory or brings GNL into disrepute."

There are, of course, occasions where content is reproduced in breach of copyright. A letter is then sent to the organisation informing it of its breach and notifying it not to do it again, with a

threat of legal action should it do so.

In the past, the syndication department has refused to sell content to organisations including the Ku Klux Klan, German Playboy, a porn website and an Arabic website containing homophobic content.

Supplier relationships

To discover how suppliers perceive GNL, we commissioned an independent telephone survey carried out by ICM in March 2003. Interviews were conducted with the supplier relationship managers from 100 companies which sell more than £10,000 of goods or services to GNL each year. The sample interviewed represented all the main GNL departments: circulation, IT, advertising, marketing, development, production, editorial, personnel, finance, facilities, and enterprise.

Key suppliers to GNL are approximately 70% service providers and 30% goods providers and the sample interviewed broadly represented this split. Services include press and picture agencies, media and advertising agencies, distribution and wholesalers, legal services, training providers and consultancy. Goods include print production and repro, IT equipment, publications, photographic goods and food. The survey will be repeated in 2005 to benchmark our performance.

The results showed that overall GNL enjoys good relationships with suppliers and that companies believe we have a high degree of integrity.

When asked how satisfied suppliers were with the relationship with GNL, 98% said they were very satisfied or quite satisfied. In terms of how we compare with other customers, the results were generally favourable (see table).

With regard to prompt payments, while the overall score was much lower, this was in part offset by the large number of don't knows. Fewer than 10% of those asked believed that GNL was less favourable than their other customers in terms of paying promptly.

Payment

GNL does take the issue of supplier payment seriously, and aims to pay suppliers according to agreed terms. We use two different processes for supplier payments — one for editorial and the other for non-editorial payments — although they have a number of similarities. All costs are initially recorded and approved in London and the invoices are then sent to our Manchester office where payments are made on a daily basis.

Our average for editorial payments is currently 14 days for the Guardian and 15 days for the Observer, compared with 11 and 16 days respectively in 2003.

For non-editorial payments, the creditors days calculation has worsened over the past year, from 37 days to 44 days.

These figures compare unfavourably with our target of 10 days for editorial payments and 30 days for other purchases, although they are better than then average for medium-sized businesses in general (2003 targets 39 & 40).

We are committed to improving performance and are undertaking detailed analysis to find out exactly where the delays in our processes lie.

We record various dates relating to actions in the procure-to-pay process, and analysis of these will help us identify departments or parts of the process that are not working satisfactorily. We are also looking at how technology,

Transparency and integrity

While the change of format has dominated the board's thinking in the past few months, GNL and its parent company, GMG, have also been improving our corporate transparency and governance. These are issues that the Guardian and Observer have consistently campaigned on in our editorial pages.

GMG

For the first time in 2004, GMG has separated out the turnover and profit/loss of each division, including GNL, in its reports and accounts as well as updated its corporate governance to closely follow the combined code issued by the Institute of Chartered Accountants in England and Wales in 2003.

While our editorial staff have been looking at how we can build trust among our readers, the GMG board has been seeking to build trust in our business operations.

The GMG chairman, Paul Myners, wrote in the latest annual report and accounts: "We operate in a period of unparalleled distrust, of politicians, of people in positions of authority generally, whether in business or public life. I believe that one way of defining a society is by what it fears most.

"We are becoming profoundly afraid of breaches of trust in all walks of life, particularly in business and the professions, with a perceived crisis of trust in society, which places increasing focus on making institutions transparent, whether in the private or public sector. To enhance the transparency and understanding of our own activities we are providing more detail in the segmental analysis of the group's operations across its operating divisions.

"However, transparency on its own is not enough. A company's values and beliefs hold it

together more than its structure and systems. Openness, transparency and accountability are words which have become the unquestioned holy grails of good governance and, while important, have been praised to the exclusion of principles which are actually at the heart of good governance — trust, confidence and integrity — and without which would have little value.

"In a world where celebrity overshadows substance, where fact has to fight hard against innuendo, the possession of trust is a staunch ally in any enterprise, let alone a noble enterprise, which I believe this one to be."

The chairman and all executive directors have undergone a rigorous performance appraisal, which is now being extended to an evaluation of the board, its committees and its independent directors.

On the issue of pay, the salaries of GNL directors are determined by the remuneration committee of GMG. As a private company, GNL does not need to disclose directors' pay. But it does publish the figure for both the chief executive and the Guardian editor, as they both sit on the main GMG board.

In the 2004 accounts, it was reported that the chief executive was paid a total of £402,000, compared with £406,000 the previous year. This was made up of a salary of

The chairman and all executive directors have undergone a rigorous performance appraisal, which is now being extended to an evaluation of the board, its committees and its independent directors

£235,000 plus a performance-related bonus of £150,000 and £17,000 benefits in kind. The editor received a salary plus benefits in kind of £272,000 (£265,000). He has no contractual entitlement to a bonus payment.

GNL

The Guardian board has executive responsibility for running the national newspapers division of GMG, and comprises 18 directors, of whom 14 form the executive board with day-to-day responsibility for running the business. The GNL board takes responsibility for business strategy and planning for each of the Guardian and Observer national titles, and latterly for the websites which make up Guardian Unlimited, as well as other profitable activities which support the national brands.

At strategic level, GNL's business plans for each financial year to the end of March are prepared consistent with the GMG board's timetable, which entails final approval in March each year for the forthcoming year. As well as an operational financial plan, prospective capital investment is identified which will include fixed asset purchases, projects and acquisition targets. Indicative trading for the next three to five years is also set out, as well as statistical information concerning sales targets, headcounts and the like.

The planning cycle for GNL now comprises a rolling three-year plan compiled in late autumn each year, informed by quarterly reforecasting (ie, continual benchmarking), and forms a large part of the preparation leading to annual sign-off of budgets by GMG.

Authority for expenditure is thus a cascade and, after GMG board approval, the budgets are confirmed to managers to ensure consistency and control. Throughout the year

18 directors form the board of Guardian Newspapers Limited

14 of them form the executive board which takes day-to-day responsibility

3 operations fall into their control: the Guardian, the Observer, and Guardian Unlimited

monthly board meetings receive financial reports comparing actual trading to the budget plan and to last the forecast respectively. According to historic trading, assumed prospects and objectives, proactive and/or reactive measures may be implemented. At each point, financial reporting is mirrored to the GMG board.

After each year end, the trading companies in the group are audited, including the consolidated trading accounts. The GMG auditors are Pricewaterhouse Coopers, who were reappointed in 2003 after a formal tendering of the group's account. As a "big four" accounting firm, PwC brings an important objective professional integrity of financial accounting systems, control, and reporting. In the course of their audit of trading, appropriate adoption of statutory and draft legislative standards is monitored and, where necessary, may be recommended for change.

The principles for corporate governance are established by the GMG board, and adhered to by the respective trading divisions. Observance of the principles is then the responsibility of the audit, remuneration, and nomination committees of the GMG board respectively. These are adopted as necessary by the GNL board. On a practical level, there are three disciplines which concern the GNL board: internal control; risk management; and accounting policies.

Apart from the GNL board there is also a divisional board whose function is to provide a bridge between the GNL and GMG boards to enable streamlined information and approval processes. The GNL divisional board is comprised of seven GNL directors, only three of whom are GNL board members. The four other directors include two non-executive directors



GRAHAM TURNER

'We are becoming profoundly afraid of breaches of trust in all walks of life, particularly in business and the professions, with a perceived crisis of trust in society, which places increasing focus on making institutions transparent, whether in the private or public sector'
Paul Myners (above)
chief executive of GMG

of the group, one of whom is the non-executive and independent chairman of GMG, plus the group chief executive and finance director.

Its remit is to oversee strategic direction proposed by the GNL board and to authorise budgets and capital spend projects on behalf of the GMG board where appropriate. The GNL board takes responsibility for the effectiveness of internal controls: financial budget-setting and reports — including capital, risk register maintenance and post-project reviews — and all employee-related procedures and policies.

Governance of CSR at GNL

GNL has a dedicated social and community affairs department which consists of two full-time employees, Jo Confino and Emma Wright. Part of their role is managing the annual social, environmental and ethical audit process and producing the final report. They liaise closely with managers in all areas of the business to ensure that Scott Trust values are considered and, where possible, reflected practically.

To help them consider the widest range of social, environmental and ethical impacts, they also report into and seek feedback from a committee of 10 staff from across the company who have a particular interest in the area. The social and community affairs team regularly report in to Shaun Williams, the director of corporate affairs, on all issues of corporate social responsibility, who in turn acts as champion at GNL board level.

Target setting, approval and implementation

The social and community affairs team consults

LIVING OUR VALUES

SOCIAL ETHICAL
& ENVIRONMENTAL
AUDIT 2003

The Guardian The Observer Guardian Unlimited

Last year's social and ethical report, which was distributed to all GNL employees, the Scott Trust, suppliers who were surveyed, community partners, key players in the CSR industry, and domestic and international media companies

with individual departments to produce appropriate targets and measurements to ensure that areas of poor performance are confronted. Once these have been agreed and approved by the relevant departmental director, they will be owned by that department and appear in the report. Before it is published, the social, environmental and ethical audit, including a summary list of all targets, is signed off by the chief executive, Carolyn McCall, and the Guardian editor, Alan Rusbridger.

In the year after the publication of the report, the social and community affairs team monitors progress by liaising with individual departments and, where necessary, facilitate and advise on how best to achieve objectives.

Once the report is complete, Richard Evans, director of the independent assurance provider ethics etc ... , audits the report using the Institute of Social and Ethical AccountAbility's framework and the AA1000 assurance standard (see page 56 for the auditor's statement).

After publication, the report is sent out to all GNL employees, the Scott Trust, suppliers who were surveyed, community partners, key players in the CSR industry, and domestic and international media companies. In 2003 Ian Mayes, the Guardian readers' editor, dedicated an Open Door column to the audit and directed readers to the Living our values section on Guardian Unlimited, where they could download the document or request a hard copy. All new starters at the company also receive a copy of the report.

Regular progress updates and new CSR initiatives at GNL are posted on the internal intranet for staff, and there are poster campaigns to raise awareness. Updates also appear in summary form in the GMG employee report and the group's annual report and accounts.

Pensions

'The trustees have made a specialist ethical fund available to members'

The management of GNL's pension funds has taken on an ethical dimension this year to bring it more in line with our core values and editorial stance.

After requests for an ethical fund at an annual open members' meeting in December 2003, the trustees agreed to offer Legal & General's Ethical Global Equity Index fund as an option to members in September 2004.

The fund will be open to members of the G&MEN Lifestyle Plan, which covers staff at GNL, the radio division and some of the regional papers, as well as staff in GMG's two other Lifestyle Plans which cover the group's other businesses.

The statement of investment principles determined by the pension trustees has been reviewed to reflect the shift in focus: "The trustees take a positive stance with regard to social, environmental or ethical issues. The plan's main assets are invested in pooled index funds and, as such, the trustees accept that the assets are subject to the investment manager's own policy on socially responsible investment and corporate governance.

"The trustees have reviewed the investment manager's policies and are satisfied this currently corresponds with their responsibilities to the beneficiaries. The trustees will keep under review the availability of suitable funds in the light of possible demand from members. The trustees have made a specialist 'ethical' fund available to members within the current fund range."

The existing Lifestyle Plan funds continue to be invested in L&G's tracker funds. These involve only a mathematical selection criteria and exclude ethical concerns. At the

same time, L&G says it engages with management from hundreds of companies a year and votes at annual general meetings, but does not publicise these activities.

A number of other improvements were made to the G&MEN Lifestyle Plan, which is a money purchase arrangement, approved by the Inland Revenue and is contracted-in to the state scheme.

These included improved company contributions costing an extra £1.4m a year, a simplified contribution structure, and a new category of membership designed to help employees make a start with their pension savings when they cannot afford to pay into it.

Four new stand-alone funds were also made available to members: UK Equity Fund; Overseas Equity Fund; government stocks; Fund and Corporate Bond Fund.

All permanent employees are eligible to join the Lifestyle Plan and are automatically enrolled in the scheme from their first day of employment.

The standard contribution rate for both members and the company is 5% of pay for people aged up to 40. Beyond 40, the company contributes more, with the amounts rising in steps of 1%, every five years, up to 10% for people aged 60-65.

Members may also pay up to 10% in additional voluntary contributions. Any AVCs made receive a 50% top-up from the company.

Members may choose to pay a reduced (half) standard contribution of 2.5% of pay, in which case the company contributions also halve.

Members choosing not to contribute at

Targets 2003

Readers

1 To overhaul the website to make it HTML 4.01 compliant and adhering to the world wide web consortium's (W3C) accessibility guidelines. This will start in 2004. Meanwhile, a range of quick fixes are being investigated.

The task of complying with W3C guidelines began in February 2004 and is ongoing. See 2004 target 2.

★★★★☆

2 To review the inclusion of chatline ads in the Guide and OTV.

All chatline ads were removed from the Guide & OTV in December 2003.

★★★★★

Employees

3 A "total rewards" strategy will be developed.

Completed. For next phase see 2004 target 4.

★★★★★

4 As part of this exercise a pay policy will be developed, giving clear guidelines on how pay decisions should be made and communicated. These guidelines will be available to all staff.

Pay policy formulated but still needs to be communicated, see 2004 target 4.

★★★★★

5 Regular, consistent appraisals to be introduced.

An audit across the business was done and has shown that many departments already carry out regular appraisals, see 2004 target 6.

★★★★☆

6 Introduce a number of measures to help and encourage staff to develop their careers.

Target delayed due to HR department reorganisation, see 2004 target 7.

☆☆☆☆☆

7 Managers will be encouraged to give regular feedback to staff and, if necessary, will be trained how to do this.

Training on giving feedback is now included in management coaching courses, see 2004 target 8.

★★★★☆

8 Diversity: phase two to concentrate on analysing the key findings, developing departmental action plans, monitoring and taking action and benchmarking as well as the appointment of an equality and diversity project manager. RREAS to run diversity awareness workshops.

Completed. For next phase see 2004 targets 9-12.

★★★★★

9 The people department is developing guidelines to assist managers in implementing the work/life balance policy fairly and consistently.

Completed. For next phase see 2004 targets 13-14.

★★★★★

10 A more proactive approach to health and safety, especially RSI, and encourage everyone to take regular screen breaks.

Wellbeing section on company intranet and screen breaks encouraged by subsidised staff activities programme.

★★★★☆

11 Design and implementation of an audit/monitoring system for all health and safety initiatives.

Target delayed due to health and safety director leaving company, see 2004 target 17.

☆☆☆☆☆

12 In the long-term new and refurbished accommodation will become available.

Decision made to partly refurbish headquarters, see 2004 target 18.

★★★★☆

13 Complete replacement of all chairs in 2003.

85% of chairs have been replaced, see 2004 target 19

★★★★★

14 Guidelines for acceptable working conditions will be introduced.

Plans have been delayed to tie in with refurbishment and department moves, see 2004 target 20.

☆☆☆☆☆

15 Each director is committed to improving the working environment. In the meantime,

each department will be asked to consider ways in which their working areas can be improved.

See previous target.

★★★★☆

16 Where they do not already exist, regular departmental meetings will be established.

All departments now have regular meetings.

★★★★★

17 Directors and senior managers will give regular presentations about their areas of the business.

Happening in some areas but a more proactive approach is needed, see 2004 target 21.

★★★★☆

18 Ensure strategic information from the heads of department briefings is cascaded to everyone.

Process in place; monitoring in the coming year.

★★★★★

19 The range of social activities will be increased, with everyone encouraged to put forward suggestions for new activities through the Spike intranet.

Range has been increased but suggestions have not been invited, see 2004 target 23.

★★★★☆

Environment

20 Produce an environmental strategy.

Policy has been produced and is being reviewed, see 2004 target 26.

★★★★☆

21 Apply to the Carbon Trust for a consultant to audit our offices and offer recommendations for cutting energy use.

Completed. Results have fed into our environmental strategy and targets for next year.

★★★★★

22 Procurement department is investigating switching to renewable energy as various fossil fuel contracts come up for renewal.

First renewable contract now in place with a proposal to be put to the board for switching all supplies, see 2004 target 30.

★★★★★

23 A number of items of plant are reaching the end of their lifecycle, thus presenting an opportunity for a replacement programme to reflect high environmental standards.

An external consultant is working at GNL to review what equipment should be replaced and to define specifications, see 2004 target 32.

★★★★☆

24 Review timing settings on urinal system from 24 hours currently set, to relate to departmental office hours.

Reduced to three times every 24 hours, resulting in 19% overall reduction in water consumption.

★★★★★

25 Run a campaign to encourage staff to change their behaviour regarding paper usage, paper reuse and recycling.

New recycling programme promoted through a poster campaign and on Spike, see 2004 target 29.

★★★★☆

26 Devise a comprehensive recycling and reuse strategy to reduce the amount of unnecessary waste to landfill.

Recycling strategy and implementation now under way, see 2004 target 33.

★★★★★

27 Plastic cups for water dispensers: pilot the use of a reusable alternative in a few departments with a view to rolling out the scheme company-wide.

A reusable alternative has not been piloted but plastic cups can now be recycled

★★★★☆

28 IT to ensure special disposal of all computer kit, which falls below the Tools for Schools minimum specifications.

We are now using a certificated service for disposal of obsolete IT equipment in compliance with national and international legislation.

★★★★★

29 GNL is currently testing remanufactured toner cartridges for its printers with a view to switching suppliers.

Remanufactured toners are used on all mono printers. When colour ones become available we will switch to them after a period of testing.

★★★★★

30 Investigate options for purchasing recycled office paper and stationery.

All offices now use 100% recycled paper with the exception of printed stationery and "special" high-grade paper.

★★★★★

31 Reduce the number of fax machines appropriate to need and investigate electronic fax software as an alternative.

Number of fax machines is reducing. When they come up for renewal, their usefulness is reviewed, see 2004 target 35.

★★★★☆

32 Reduce paper usage by setting printers and photocopiers to double-sided printing.

No progress made due to other big IT projects pushing this off the agenda, see 2004 target 36.

☆☆☆☆☆

33 Reduce magazine and paper subscriptions.

18% decrease in subscriptions. Monitoring to continue.

★★★★★

34 Reduce number of Guardian/Observer supplements delivered to offices.

10% reduction in number of incoming papers. Ongoing, see 2004 target 37.

★★★★☆

35 Further investigation into reducing the use of non-recyclable products such as polystyrene takeaway food containers and cups.

No suitable products yet found but the investigation into alternatives is ongoing, see 2004 target 38.

★★★★☆

36 Promote cycle use. Disseminate cycle route information, cycle loan (alternative to season ticket), changing facilities/lockers, affiliation and liaison with local bike groups and council officers.

A new section has been set up on the intranet with information for the bicycle user group, as well as a permanent noticeboard display highlighting London-wide cycle routes. New starters also receive information about cycling to work.

★★★★☆

Suppliers

37 The procurement department to incorporate environmental considerations more seriously into their supplier strategy.

Supplier appraisal before contract award now includes specific sections regarding social, ethical and environmental performance, see 2004 target 45.

★★★★★

38 To exclusively supply Fairtrade tea and coffee to departments. Also look at Fairtrade alternatives for the restaurant where they do not already exist.

Achieved, with ongoing research into other Fairtrade and organic options, see 2004 target 46.

★★★★★

39 Meet internal 10-day target time on RCS contributor payments.

Improvement on picture payment times, which are still way above the 10-day target but little movement on payment for text contributors, see 2004 target 49.

★★★★☆

40 Meet 30-day supplier payment time on Oracle.

Increase from 37 to 44 days for average supplier payment time, see 2004 targets 48 & 50.

☆☆☆☆☆

41 Facilities management planning introduction of consolidated monthly invoicing for different departments using same suppliers. Also looking to transfer to online purchasing where appropriate.

Range of key suppliers now operate consolidated invoicing but still work to be done, see 2004 target 51.

★★★★☆

Targets 2004

A commitment has been made to address all targets over the next financial year unless longer timescales have been specified. All targets have been allocated to individuals within the company. See guardian.co.uk/socialaudit for more details

Readers

1 Host a series of discussion groups for editorial staff to improve awareness of editorial standards and develop best practice.

2 The website redesign will take into account the needs of all our readers and adhere to the world wide web consortium's accessibility guidelines. Third-party suppliers will also be made aware of our accessibility policies and be required to adhere to minimum standards in the future.

3 All future flight offers advertised in our publications will include a voluntary carbon-offset arrangement, such as planting trees or investing in renewable energy.

Employees

4 Refine the salary review process and communicate results to staff.

5 Explore the feasibility of moving towards a more flexible approach in how we offer staff benefits (timescale to be decided).

6 Regular consistent appraisals will be introduced in all departments where the current system is inadequate (April 2006).

7 New section on career development to be devised for the company intranet to encourage staff to develop their careers within GNL.

8 Introduce a modular approach to management training enabling individuals to focus on specific areas of weakness in their management style.

9 Raise the response rate of the equal opportunity monitoring survey from 66% to 75%.

10 Board to consider a series of diversity benchmarking targets.

11 50% of all staff to attend the diversity awareness workshop (December 2005).

12 Apply for the Two Ticks "Positive about disabled people" standard to demonstrate a range of commitments to employing people with disabilities.

13 Audit flexible working practices across GNL.

14 Introduce the home working policy and get the home computing initiative up and running.

15 Ensure that health safety and wellbeing issues are considered in new accommodation project (ongoing).

16 Launch the employee assistance programme and run a series of briefing sessions to communicate the range of support services available to staff through the scheme.

17 Design and implement an audit/monitoring system for all health and safety initiatives.

18 Partial refurbishment of our main building with longer term plans to move to one-site accommodation (2008).

19 Full list of recommendations to be made for new furniture requirements, including completion of chair replacement.

20 Introduce and communicate guidelines for acceptable working conditions on the company intranet, and nominate working environment marshals within each department to take responsibility for clearing up and improving working areas.

21 Monitor presentations that are currently given by one area of the business to another to share expertise and knowledge, and identify other departments which would benefit from this.

22 Increase awareness of Spike through emails, posters, competitions and more interactivity. Develop the site to be more inclusive of Manchester staff.

23 Invite further ideas through the intranet for staff activities.

24 Second a member of staff to work as Innovation Network manager.

25 Analyse the findings from exit interviews.

Environment

26 Environmental policy to be approved by the board and communicated to staff.

27 Introduce a wider GNL environment steering group to oversee implementation of the environment policy.

28 Establish a network of local activists to coordinate the implementation of action plans agreed by the environment steering group.

29 Develop a staff awareness campaign to publicise GNL's environmental initiatives, what this will achieve meaningfully (eg, in terms of CO₂ reductions), and how individual employees can contribute.

30 Submit a green energy proposal to the GNL and GMG boards.



31 Aim to reduce energy use in our buildings.

32 Implement recommendations of external consultant on plant and machinery replacement and refurbishment.

33 Roll out recycling programme across GNL.

34 Investigate options for different types of GNL waste to be reused or disposed of appropriately, rather than going to landfill (ongoing).

35 Investigate electronic fax software as an alternative to conventional faxes, and reduce number of fax machines appropriate to need (ongoing).

36 Reduce paper usage by setting printers to default double-sided printing.

37 Install dispensers in all buildings to reduce incoming Observer issues by 15%, as well as putting Guardian dispensers into satellite buildings to further reduce incoming Guardians.

38 Investigate further ways to reduce the use of non-recyclable food and drink packaging.

39 Discuss the recommendations from csrnetwork's audit of our magazine printsites with our suppliers. Agree a framework for improvements.

40 Ensure that the new presses we buy reflect high environmental standards.

41 Raise the issue of uncertificated wood with the Newspaper Publishers' Association (April 2005)

42 Our paper purchaser, PPML, will gather reliable data on sustainable paper purchasing.

43 PPML to start a dialogue with paper mills that supply our newsprint on developing sustainable practices (April 2006).

Community

44 Monitor how students' self-perceptions have changed during their time spent with volunteer readers or mentors.

Suppliers

45 Raise awareness with existing suppliers of our social, environmental and ethical values.

46 Review catering and sources of products and focus on organic and Fairtrade products where feasible. Encourage restaurant staff to raise awareness, promoting the Fairtrade and organic options that exist.

47 Recruit a team of mystery shoppers to report back each month on all aspects of the Reader Offers service.

48 Perform analysis of various timings of whole procure-to-pay process for non-contributor payments and ascertain where the problems are. Explore ways of making the process more efficient though improved technologies and organisation. Aim to meet the 30-day payment target.

49 RCS team to work with editorial managers to improve the efficiency of payment processing. Aim to reduce the average processing time in London from 10 to eight days and move towards the overall payment target of 10 days.

50 Develop a report to establish the time taken from the date the invoice is received to the date paid and report on an average length of payment time.

51 Continue to identify areas where consolidated monthly invoicing would be effective for company-wide purchasing, to reduce volume of paper invoices and further improve supplier payment efficiency.

Auditor's statement

This is the second social, ethical and environmental audit Guardian Newspapers Ltd has published. In my auditor's statement last year, I said: "I think this first report is remarkably thorough and honest. Where problems or gaps in performance have been identified managers have simply got on with the job of putting things right, quickly and without equivocation or bureaucratic delays ... This learning process of self-awareness and action, linked to the audit, has yet to spread generally through the staff, but the report, and the company's response to it will, I believe, play a key role in achieving that."

Since publication, Living our values has generated not only interest among GNL employees but also significant changes in behaviour. Three examples, described in the current report, are: observable evidence of improvements in environmental awareness in the main offices; evidence that editorial staff are more acutely aware of their responsibility to their key stakeholders, the readers, to write accurately and to accept responsibility when they get it wrong; and management's initiation of "innovation labs" to bring employees across the company together to work on new ideas and practical responses to the organisation's values.

Companies have a duty of accountability for their actions to all their stakeholders, not just those who provide financial capital. Relatively few have accepted that challenge by regularly publishing reports on their economic, environmental and social performance. However, the real challenge is not just to publish a prescribed set of data and benchmarks but to demonstrate how the company responds to the interests and concerns of its stakeholders.

I welcome GNL's introduction of a quick-reference table of relevant targets and

summary information on their achievement or otherwise. I believe this report not only complies with the technical criteria of stakeholder accountability but also demonstrates the real strength of the relationship of Guardian Newspapers Ltd with its readers, its community, its own employees and its owners, The Scott Trust and Guardian Media Group.

Responsibility for the report

The content of the social audit report is entirely the responsibility of GNL's directors. I have not contributed any of the text or information apart from this statement, nor have I designed or commissioned the information and management control systems upon which the content of the report is based.

My responsibility, as auditor, is primarily to GNL's stakeholders — its readers, employees, suppliers, the community, and its owners. My task is to assess and report on the reliability, completeness and balance of the company's report and the extent to which the information provided is material to stakeholders' interests and to which the company understands and responds to their concerns and interests. The directors have agreed to publish my auditor's statement in full.

Independence and impartiality

I am not aware of any relationship with the Scott Trust, Guardian Media Group or Guardian Newspapers Ltd that could affect my ability to act impartially in auditing this report. ethics etc ... is an independent social accounting consultancy and assurance provider. During the past year I have been invited to act as auditor for all GMG divisions' and companies' social audit

reports but have no other business or personal relationship with GNL, the Scott Trust or the Guardian Media Group plc or its directors and managers. Furthermore, I have no business or consultancy relationships with any of the company's stakeholders. Should any potential conflict of interest arise from future relationships with the group or its stakeholders, details of any such relationship will be made public. I am a certified practising member of the Institute of Social and Ethical AccountAbility (ISEA). I have contributed to the development of the ISEA and its AA1000 framework and assurance standards, and also to the GRI (Global Reporting Initiative) 2002 guidelines on sustainability reporting. GNL has paid ethics etc ... £ 11,000 in fees for the audit of this report.

Assurance standard

In assessing the GNL social audit I have used the Institute of Social and Ethical AccountAbility's AA1000 Assurance Standard, and the GRI 2002 guidelines on the credibility of reports and assurance processes. The AA1000 assurance standard sets three principal tests for social and sustainability reports:

- **Materiality:** is the information relevant to stakeholders' concerns and interests and will it help them make informed judgements about the company's performance?
- **Completeness:** does the information provide sufficient evidence that the company understands all its significant social, economic and environmental impacts?
- **Responsiveness:** does the report demonstrate the company's responses and commitment to improving its performance?

Scope and basis of my opinion



My work has covered the whole of Guardian Newspapers Ltd, which produces the Guardian, Guardian Weekly, the Guardian international edition, GuardianUnlimited and the Observer. I have evaluated the quality and scope of information in the report against the three criteria listed above; assessed areas where there is a risk of misrepresentation or under-reporting; reviewed the evidence that supports claims made in the report; interviewed managers and investigated the effectiveness of management systems that monitor performance and generate responses. I have also tested the accuracy and the balance with which measurements of performance and the views of stakeholders are recorded and reported.

Opinion

Considerable progress has been made in developing systems to monitor performance and, where data is limited, in assessing risks and the need for action. In my opinion the company's report satisfies the principal tests of materiality, completeness and responsiveness and gives an honest, reliable and balanced view of the company's performance.

I am also satisfied that the way the company has reported its responses to events in the past year and to competition in the news media industry is consistent with its values of "honesty, integrity, courage, fairness and a sense of duty to its readers and the community".

I have reviewed performance against the targets set in last year's report and believe the achievement scores give a fair reflection of progress made. I have also reviewed the scope of the targets set for the current year. Given the extent and radical nature of current and planned changes within the business I am

'Although new to accountability reporting, Guardian Newspapers Limited is not only providing a beacon for British media companies but setting standards in disclosure for the whole corporate sector'
Richard Evans
social auditor, ethics etc ...

Children learn how produce a newspaper in the visitor and archive centre, the Newsroom

satisfied that responsibility has been defined for achieving these goals and the measures proposed are sufficiently demanding.

Commercial issues and editorial responsibility to readers

The initial chapters of this report, covering the commercial realities for GNL in the past year, the relationship with the Scott Trust and, above all, the application and continuing development of journalistic standards and response to readers are very frank and revealing. They go far beyond the more formulaic "vision statements" found in many corporate social responsibility reports in disclosing both the aspirations and the self-criticisms of the organisation.

The report quotes Bob Phillis's address to the recently launched Media CSR Forum: "Media companies have much in common with other sectors in the area of CSR. At the same time the media also occupies a unique position in supporting the democratic process by making information, knowledge and a range of opinions openly available and ensuring that public and private institutions are accountable for their behaviour. This is social responsibility in its highest form and should also be recognised."

The chapter on feedback demonstrates the importance of this view and the interest GNL's initiative has generated among newspaper editors and schools of journalism.

Employees

The last report, and its employee opinion survey, revealed a number of areas where employees identified weaknesses in people



GRAHAM TURNER

A view over Clerkenwell, home to the Guardian and the Observer, at dusk

management. As I commented in my auditor's statement, managers initiated responses to criticisms of the lack of transparency in the reward system and the inconsistency of feedback and appraisal before the report was even published. Although the company has not yet reached the stage when all its commitments in last year's report can be implemented, I am satisfied, on the basis of my interviews with senior staff and review of working documents and board reports, that changes will happen in most areas within the next year.

The company has decided to survey its employees every two years. This means that a new survey will be carried out early next year and the results published in GNL's next social audit report. It is especially important, in a period of rapid change and development in the business, that the employees are consulted about the performance and values of the company and the changing circumstances. The process for the survey and content of questionnaires will need to be reviewed with employees before the new survey takes place.

Environmental responsibility

The most significant resource allocation after employment costs is paper and print purchasing. GNL commissioned an independent report on the environmental impacts of its print operations and a review of paper and pulp sourcing. The former will be used as a basis for more detailed reporting on existing magazine printing facilities and to inform specifications for the new newsprint presses GNL will have to order.

This report has disclosed all the material information resulting from the paper sourcing investigations so far. Recycling and the sustainable sourcing of virgin pulp for paper produc-

tion are big issues for the industry as a whole, so GNL's commitment to work with its paper suppliers to ensure its own use is consistent with its sustainability policy is welcome, as is its commitment to work with the Newspaper Publishers Association on this issue.

Raising staff awareness about environmental issues, the environment innovation lab, environment "marshals" and progress on establishing an environmental policy and steering group for office operations are beginning to show improvements in environmental performance.

The strategy for switching to green energy supplies is significant as well as the reduction already achieved in water consumption. I accept that some environmental issues cannot be addressed radically until operations are moved to new or refurbished premises.

During the year, GNL has surveyed readers, public regulators and environmental campaigning organisations about the influence of GNL's environmental coverage in its media. The views expressed have provided valuable independent testimony to the importance of the role the Guardian and the Observer play in influencing and informing the public and a wide variety of agencies about environmental issues, concerns, government policies, business behaviour and current scientific research.

At the level of personal and domestic responsibility, Leo Hickman has reported on his experiment in ethical living, documented in G2, and the responses his articles generated from readers and users of his Guardian Unlimited weblog. This innovative approach is a good example of the organisation engaging in the messy business of turning ideals and values into practical day-to-day reality.

Supplier payments

While GNL's payments to suppliers average a shorter time than UK industry in general, they are longer than the targets set and have deteriorated during the past year. Further work is needed internally and with GMG to improve the administration of supplier payments.

Financial disclosures

I have checked the financial data in the report against the Guardian Media Group plc annual report and accounts 2004, audited by PricewaterhouseCoopers LLP. I welcome the disclosure of more detailed information about the financial relationship between GNL and GMG in both reports and the support for corporate social responsibility and accountability in the GMG report and its chairman's statement.

Charitable giving and community involvement

I commend to readers the chapter on community. Both the Christmas charity appeal and the ongoing community programme grow seamlessly out of the fundamental values of the organisation and its journalistic priorities. Efforts to develop innovative ways of evaluating the impact of local involvement in the community around GNL's main offices in Clerkenwell, London, are addressing the benefits people in the community identify rather than emphasising the inputs made by the company.

Influence

Although new to accountability reporting, Guardian Newspapers Limited is not only pro-

Awards

GNL

● **GNL** was named Environmental Newspaper Company of the Year at the Newspaper Awards 2004.

Guardian

● **Felicity Lawrence** was awarded the Derek Cooper Campaigning and Investigative Journalist Prize by the Guild of Food Writers, May 2004.

● The **Guardian** was named Newspaper of the Year at the Picture Editors' Awards, May 2004. **Dan Chung** and **Roger Bamber** won Photographer of the Year and Business and Industry Photographer of the Year at the same awards.

● **Chris McGreal** has been named the winner of the Martha Gellhorn Award, May 2004.

● **Paul Murphy** won the Harold Wincott Award for Financial Journalism, May 2004.

● **James Astill** was awarded the Gaby Rado Memorial Award for his coverage of Rwanda's involvement in the Democratic Republic of Congo.

● **The Foreign Film season**, sponsored by the Teacher Training Agency and negotiated by Carlton Screen Advertising and Guardian Newspapers, won the Hollis First Time Sponsor Award (March 2004).

● The **Guardian** won the Gold award in Best Press Advertising Campaign (colour) for Afro Brush (ad for Space handbook) at the Campaign Press Advertising Awards 2004.

● **Hugo Young**, Posthumous Award Gold Award, British Press Awards, 2004.

● **James Meek**, Foreign Reporter of the Year, British Press Awards, 2004.

● **Tom Jenkins**, Sports Photographer of the Year, British Press Awards, 2004.

● **Nick Davies** won the Europe Prize: Journalism for a Changing World, for his article How Britain lost the war against drugs: the problems of prohibition, February 2004.

● The Guardian's former political columnist **Hugo Young**, was given posthumous recognition with the Gerald Barry lifetime Achievements Award at the What the Papers Say awards, December 2003.

● **Audrey Gillan**, Foreign Correspondent of the Year, What the Papers Say awards, December 2003.

● **David Aaronovitch**, who writes for both the Guardian and the Observer, was voted Columnist of the Year, What the Papers Say awards, December 2003.

● The **Guardian** won four awards — **best front page, best inside pages, best supplements, and best photography** — at the fifth European Newspaper Awards, December 2003.

● **Martin Rowson**, Political Cartoonist of the Year, awarded by the Cartoon Arts Trust.

● **Polly Toynbee** won the Political Journalist of the Year prize in the annual Political Studies

Association awards, November 2003.

● **James Meikle** was named Consumer News Journalist of the Year in the Norwich Union Healthcare Medical Journalism.

● **Sarah Boseley** named Medical Journalist of the Year by the British Medical Association.

● **Jobs and Money** named Best National Newspaper Personal Finance Section and **Jill Treanor** named Business Journalist of the Year at the Association of British Insurer's Financial Media Awards, October 2003.

● **Michael White**, Print Journalist of the Year, by MPs and Peers in the House Magazine/BBC Parliamentary Awards, June 2003.

● **Sarah Boseley** won the Press Award in the One World Media Awards for the Saving Grace supplement.

Major conferences organised by GNL

March 2004

Managing New Realities — integrating the care landscape across health, housing and social care

Business & Society: corporate responsibility in a material world

January 2004

Oxford Media Convention: competition, regulation and renewal
Public services summit

December 2003

Outcomes into practice in adult social care

October 2003
Diversity in Britain: responding to change
Charity investment: planning for financial prosperity — what does the future hold for the voluntary sector?

April 2003

Urban regeneration

Other key events which we sponsored

February 2004

NCVO annual conference

January 2004

Growing pains: can Britain's kids escape a fat future?

November 2003

Conference on asylum seekers

Learning disability today

Charities Aid Foundation

Children: do they count? Children's services conference

October 2003

Charity Awards

National Teaching Awards

August 2003

Al-Qaida debate

June 2003

VSO Only Connect exhibition

Media Guardian forum on war coverage

May 2003

Ethnic Multicultural Media Awards

April 2003

● **Wendy Berliner** won 2003 Edexcel Outstanding Educational Journalism Award.

● **Gary Younge** was named Best Print Newspaper Journalist at the Ethnic Multicultural Media Awards (Emma) June 2003.

● **Jobs and Money** voted Best Personal Finance Section in any national newspaper, Headline Money Awards, May 2003.

Rupert Jones was also named Mortgage Writer of the Year.

● **Anne Karpf** won a CRE Race in the Media Award for a Guardian Weekend article, which investigated the press reaction towards asylum seekers arriving in Britain, April 2003.

● **Richard Norton-Taylor** and **Stuart Millar**, joint winners of 2003 Winston Awards, presented by civil rights group, Privacy International, March 2003.

Observer

● **John Carlin**, Food and Drink Writer of the Year, British Press Awards 2004.

● **Oliver Morgan** was named BCC Business Journalist of the Year, March 2004.

● **Chris Riddell** was named Caricaturist of the Year at the Cartoon Art Trust Awards, December 2003.

● The Observer's **Crime Uncovered** supplement won the Magazine of the Year and the Best Designed Newspaper Supplement of the Year at the Magazine Design Awards 2003.

● The **Observer** won the Best Print Award in the positive media category of the 2003 Windrush achievement prizes for a series of articles on race, asylum and immigration.

● **Andrew Pitts**, editor of Money Observer, won the award for Best Financial Consumer Journalist at the AITC (Association of Investment Trust Companies) Journalist Awards.

● The **circulation team** won The ACE Award for the most effective promotional campaign by a national newspaper, for the work they do on the Observer monthly magazines, in particular, Observer Food Monthly, April 2003.

Guardian Unlimited

● **Guardian Unlimited** won two bronze medals for its infographics portfolios at the 2004 Malofiej Awards, for interactives including Saddam Hussein captured, the Tour de France 2003, and the spread of Sars.

● **Emily Bell**, editor in chief of Guardian Unlimited, won the Consumer Editor of the Year Award of the UK Association of Online Publishers; GU Also won the **Online Sales Team** Award, October 2003.

● **Guardian Unlimited** won the Best Daily Newspaper on the World Wide Web, for the fourth year running at the 2003 Newspaper Awards, April 2003.

● **Guardian.co.uk** was named as the UK's number one News and Media (print) site in Q1 of 2003 by Hitwise.