

Corporate and social responsibility

The board is committed to running the Company in accordance with best practice in corporate governance. This commitment includes recognition by the Company of the importance of taking into account its corporate social responsibilities ("CSR") in operating the business. In this context, Micro Focus seeks to integrate CSR considerations relating particularly to social, ethical and health, safety and environment ("HS&E") issues in its day-to-day operations. The board acknowledges its duty to ensure the Company conducts its activities responsibly and with proper regard for all its stakeholders including employees, shareholders, business partners, suppliers and the local communities.

In exercising its corporate social responsibility, Micro Focus seeks to ensure that:

- The board takes account of the significance of social, ethical and HS&E issues;
- Business practices are managed ethically;
- The business is focused on delivering value to stakeholders;
- Existing legislation, regulations and guidelines are adhered to as a minimum;
- Employees are recognised as key to the business with individual skills and experience being valued and developed; and
- Health, safety and environmental issues are treated as critical areas of concern for the business.

Social

The health, welfare and development of the Company's employees remain a priority. With the intent of attracting, recruiting, developing and retaining key employees, Micro Focus maintains a number of policies and procedures for the benefit of its employees, for example an equal opportunities policy approved by Acas. Employee development is encouraged through appropriate training. Regular and open communication between management and employees is viewed as essential for motivating a highly educated workforce. Briefings are held regularly to provide updates on Company business and to provide opportunity for questions and feedback. Review meetings are also held regularly within each department. The Company maintains both an internet website which is freely accessible and an intranet site accessible to all employees. During the year, a Sharesave scheme and a US ESPP scheme were introduced and the directors actively encourage employee equity participation, subject to compliance with the Group's share dealing policy. Details of the current employee share option schemes and options granted during the year are given in note 24.

Ethical

The Company manages its resources prudently to ensure appropriate investment is made in its research and development programmes and its commercialisation activities. Up-to-date security systems are utilised to protect the Company's IT systems. The Company's intellectual property is protected through an appropriate trademark registration and patenting programme. Close attention is paid to maintaining relationships with key stakeholders including business partners, suppliers and shareholders.

The Company has adopted a Code of Business Conduct and Ethics policy with which all Company staff are required to comply.

Health and safety

The Company has well-developed health and safety policies and procedures, safeguarding staff, contractors and visitors and it complies with current legislation and best practice.

Environment

Micro Focus complies with all local environmental legislation.

The directors acknowledge that the Company's business as a provider of enterprise application management solutions has a minimal direct impact on the environment. The Company has introduced a number of automated processes to reduce the quantity of paper and packaging that is used in the business. Employees are encouraged to eliminate unnecessary travel and use video conferencing facilities and other methods of communication in its place. Computer and other office equipment that has reached the end of its working life are resold, recycled or donated to local organisations as appropriate. Having many offices worldwide, the Company is conscious of its total energy consumption and the amount of waste materials generated and is actively working to reduce both energy usage and the quantity of waste materials produced that cannot be recycled.