

KCOM

Sustainability report 2018/19



Sustainability

Our sustainability strategy covers four areas which we take into account when making key business decisions: the communities in which we operate; our people; the relationships we have with our customers and suppliers; and the environment. Responsibility for our sustainability strategy sits with our Chief Executive.

Our sustainability strategy is fully integrated and aligned with our business strategy. It is underpinned by three key objectives:

- 1** To use our expertise in communications technology to create a positive impact on all our stakeholders and the communities in which we operate;
- 2** To promote our values, both internally and in the way we do business with external stakeholders; and
- 3** To engage and empower our people so they can make a positive contribution to our sustainability strategy and the causes that matter to them.



Community

Our aim is to operate in a way that benefits local communities as well as supporting our strategic business aims. Our significant presence in Hull and East Yorkshire, in terms of both employees and customers, means our business decisions are made with consideration of the potential impact on that community in mind.

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People

Much of the value we deliver to customers is through the expertise and experience of our people. Our sustainability relies on our ability to attract people with the right skills and behaviours and to motivate, develop, support, recognise and reward them appropriately.

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Customers and suppliers

Sustainable relationships with customers and suppliers are vital to our success. We have a responsibility to treat them fairly and with the highest ethical standards, and to do business in a way that has a positive effect on them and on society more widely.

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Environment

We believe all businesses have a responsibility to minimise any negative impact they have on the environment and we make decisions with environmental sustainability in mind.

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Community

We aim to operate in a way that benefits local communities as well as supporting our strategic business aims. Our significant presence in Hull and East Yorkshire means we make certain business decisions with the potential impact of that community in mind. Our community relations programme is focused on activities which support the growth and sustainability of the region's economy and which increase life opportunities for residents.

Playing our part in the local business community

During the year we continued to be an active member of local business organisations. We are a Principal Partner of Humber Bondholders, which promotes the region as a destination for inward investment; a Key Partner of For Entrepreneurs Only, a community interest company that helps local entrepreneurs create jobs and wealth; and a Partner of C4DI (Centre For Digital Innovation), a technology hub that is helping to drive the development of the region's digital sector. We are also joint hosts of the annual Hull and Humber Tech Awards, which showcase success in the region's digital economy.

Supporting the region's young people

As a major employer and supplier of services in the region we have a stake in inspiring the next generation and helping local young people reach their full potential by giving them the skills and confidence to excel in a digital world.

During the year we supported learning activities in schools and colleges across the region. We engaged with 19 primary schools, offering two education programmes: our "Simnet Challenge", an interactive session that teaches children how the internet works; and our new, day-long "KCOM Key Skills" programme, through which pupils learn about effective communication, staying safe online and spotting fake news.

We continued our partnership with Ron Dearing University Technical College, through which we provide learning support for STEM subjects (science, technology, engineering and maths). We also supported the college and 21 other secondary schools and colleges with their careers provision, participating in careers fairs and talks, mock interview sessions and employability skills days.

Charity and community support

During the year we supported over 100 community groups in Hull and East Yorkshire by donating funds, employee time and business services.

We introduced charity committees in our main offices to replace our previous national charity partnership programme to give employees the opportunity to support charities and community groups local to them. Through these committees we donated more than £30,000 during the year to regional charities including Glossop Mountain Rescue, Wakefield Hospice and Exeter Neo-Natal Unit as well as local branches of national charities such as Mind, Macmillan Cancer Care and British Heart Foundation.

We have continued our patronage of The Prince's Trust, the UK's leading youth charity, which changes young lives by offering training, personal development, business start-up support, advice and mentoring.



Our people spent 1,770 hours volunteering.



We held learning activities in 40 local school and colleges.



We provided support to over 100 local charities and community groups.

People

Much of the value we deliver to customers is through the expertise and experience of our people. Our sustainability relies on our ability to attract people with the right skills and behaviours and to motivate, develop, support and reward them appropriately.

Reward and recognition

As part of our commitment to recognising and valuing the contribution our people make to our business, during the year we adopted the real living wage as the minimum salary for employees. As well as allowing people to meet the costs of living based on independent calculations, paying real living wage rates brings the potential benefits of increased retention and differentiation in the recruitment market for apprenticeships and other entry-level roles.

We also understand the importance of recognition in boosting employee engagement, satisfaction and productivity. Following a careful review of our approach to recognition, at the start of the year we introduced a new, peer-to-peer recognition platform through which our people can acknowledge and reward the work and actions of their colleagues. The platform has been well-received: it has been used by over 500 employees to give 2,965 acknowledgements since it was launched.

We have also introduced a new, more personalised approach to recognising long service that allows us to mark service milestones in a way that is more meaningful for employees.

Employee wellbeing

Through our wellbeing programme we aim to encourage the physical and mental health and wellbeing of our people by providing information, self-help tools and support.

During the year we increased our focus on raising awareness of mental health issues and support for employees experiencing poor mental health. As part of this, 32 employees across our main sites have now been fully trained as Mental Health First Aiders so they can help guide people in distress to relevant help, have the knowledge to identify people who may be developing a mental health issue, and intervene before an issue potentially escalates. Many of our people managers have also taken part in mental health awareness training to help them identify and support team members who may be experiencing a mental health issue.

Our annual free confidential health screening sessions were attended by 463 employees across our eight main sites. These sessions help employees identify potential health problems.

Gender diversity and pay

We have clear policies in place to ensure men and women are given equal opportunities throughout their careers with us.

We're committed to providing equal opportunities and will not tolerate discrimination of any kind. We do this by making sure everyone has the same opportunities to grow and succeed.

Our people are expected to embrace a culture of diversity and to act respectfully and with consideration for others. We're always exploring how we can help every member of our team make the most of their talents through:

- Fair and equal promotion and pay policies;
- Transparent recruitment processes;
- Individual career development; and
- Ensuring a healthy work/life balance;

As at the end of the year the gender diversity of the Group was as set out below:

	Male	Female	Female%
Board Directors	3	3	40%
Executive Leadership Team (ELT) ¹	6	3	33%
Other Employees	1043	493	32%

¹ The ELT is defined as the senior leaders who have overall responsibility for key functional areas. It includes Executive Board Directors Graham Sutherland and Anna Bielby.

Our most recent gender pay gap report, based on the snapshot date of 4 April 2018, showed a mean pay gap of 30.6% and a median pay gap of 35.2%. On a like-for-like basis, we have seen little movement in our gender pay figures since the previous report, highlighting that there remains much work to be done to bring greater balance to our business.

We are committed to achieving this balance and have a series of initiatives in place to reach our goal. The Board of Directors is also focused on driving improvement in this area. Based on our assessment that the current pay gap is principally driven by the ratio of male to female employees within certain specific functional areas of our business, such as the traditionally male-dominated technical and engineering workstreams, we are placing significant focus on encouraging more diverse participation in these areas. Our efforts include participation in schools-based activities to encourage more girls and young women to consider careers in technology and engineering.

Human rights

We respect fundamental human rights consistent with the United Nations Universal Declaration of Human Rights and we ensure that all of our internal policies are consistent with this. We do not have any current human rights issues.



Customers and suppliers

Sustainable relationships with customers and suppliers are vital to our success. We have a responsibility to treat customers fairly, with the highest ethical standards, and to do business in a way that has a positive effect on them and society more widely.

Relationships with customers

We also believe we have a responsibility to our customers to tackle issues that are important to them in relation to the products and services they buy from us.

In our Hull and East Yorkshire market we have continued to strive to address the barriers to digital inclusion faced by many in the community. In addition to hosting our own regular internet drop-in sessions, where customers can develop their online skills in a relaxed environment, we have continued to work with local authorities to facilitate similar events in local libraries and to train “digital champions” who can provide support in community centres to residents who wish to do more online.

We have continued to raise awareness among our customers of online safety issues. As well as giving online safety talks to children in local primary schools, through our support of leading online safety organisation Internet Matters we are able to raise awareness of online risks among parents and carers and signpost them towards the best guidance to reduce these risks.

We are committed to treating all our customers with understanding and respect, including those who are in a vulnerable situation, whether caused by age, injury, physical or mental illness, physical or learning disability or by events such as bereavement. We aim to provide extra help and assistance to vulnerable consumers wherever we can. During the year we have increased our efforts to ensure all our people are aware of how vulnerability can affect consumers and the support and services we offer.

We have also carried out role-specific training to help colleagues in frontline roles gain a deeper understanding of vulnerability so they are able to identify and help consumers who may need extra support.

Relationships with suppliers

As well as treating our suppliers fairly and doing business with them in a sustainable way, we also have a responsibility to make sure that our suppliers operate with high ethical standards.

We therefore expect suppliers to sign up to our Supplier and Partner Code of Conduct and we work closely with key suppliers to ensure we understand their approach to sustainability and the way in which their business operates. We also carry out regular credit checks on all suppliers.

In addition, our business continuity planning activities place significant focus on ensuring that in the event that key suppliers are affected by a business disruption we are able to continue supplying services to our customers. We test our business continuity plans regularly to ensure continuous improvement.

We are committed to doing all we can to assist in the eradication of slavery and human trafficking. We have a zero tolerance approach to any slavery or human trafficking activity within our business or in our supply chain. Our most recent Modern Slavery Act Transparency Statement is available on our website www.kcomltd.com.



Environment

We believe all businesses have a responsibility to minimise any negative impact they have on the environment and consequently we make decisions with environmental sustainability in mind.

Our biggest environmental impact comes from the electricity we use in our offices, data centres and various network sites, both nationally and in the Hull and East Yorkshire region. During the year 79.1% of our CO₂e emissions came from our electricity usage.

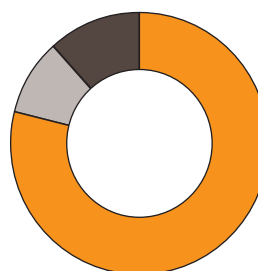
Each year we seek to reduce our emissions wherever possible through various energy-saving schemes. In the year the CO₂e tonnes produced from our electricity usage has fallen by 2,926 tonnes (22.1%). This reflects a three per cent reduction in the number of kilowatt hours of electricity used. This is compared to the prior year and a lower

carbon factor published by the Department for Business, Energy and Industrial Strategy, which are the factors we use each year to calculate the conversion of our electricity usage and other carbon emissions into CO₂e tonnes.

We continually review and improve the recycling facilities we have in place at our offices, with the aim of making it as easy as possible for our people to recycle any waste we produce. Over 97% of our waste is recycled, with the actual tonnage of waste that has gone to landfill falling significantly from 17.5 tonnes to 6.2 tonnes. This was our first full year with a new waste management supplier and consequently much more of our waste is now recycled as Refuse Derived Fuel (RDF). The amount of waste we send to landfill during the next few years is expected to be of a similar level to that of the past 12 months.

Breakdown of our emissions

■ Premises – electricity	79.10%
■ Premises – other fuel and waste	9.50%
■ Business travel	11.40%



Emissions in the year

The table below sets out our annual emissions in tonnes of CO₂e.

	Year ended 31 March 2019 CO ₂ e	Year ended 31 March 2018 CO ₂ e
Combustion of fuel and operation of facilities	2,725	2,934
Purchase of electricity	10,296	13,222
Total	13,021	16,156
Tonnes of CO ₂ e per £'000 of revenue	0.046	0.054

Our carbon emissions from combustion of fuel and operation of facilities has fallen in the year by 7% due to reduced usage of refrigerant gases.

Information for our carbon emissions reporting comes from our own internal systems, third party travel companies, suppliers of fuel, waste collection and recycling services and from our electricity supplier.

Area	Actual	Target for the year under review	Target met?	Future target for 2019/20
Total CO2e	13,021 tonnes	Not to exceed 2017/18 levels of 16,156 tonnes	Yes	Not to exceed 2018/19 levels of 13,021 tonnes
Waste sent to landfill	6 tonnes	No target was set in 2018/19	N/A	Not to exceed 2018/19 levels of waste to landfill
Energy efficiency in transport	1,491 tonnes	Not to exceed 1,432 tonnes	No	Not to exceed 2018/19 levels of 1,491 tonnes