

KCOM

# Sustainability report 2020/21



# Sustainability

We are committed to operating in a sustainable way that considers environmental, social and governance (ESG) concerns. When making key business decisions we consider their potential impact on

- > The communities in which we operate;
- > Our people;
- > Our customers and supply chain; and
- > The environment.

Our sustainability strategy is underpinned by three objectives:

- 1** To use our communications technology expertise and services to create a positive impact on stakeholders and minimise our impact on the environment;
- 2** To promote our values, both as an employer and in our dealings with external stakeholders; and
- 3** To engage and empower our people to make a positive contribution to our sustainability strategy.



## 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.

Page 3

## 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.

Page - 5

## 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.

Page 8

## 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.

Page - 10

# 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 – both as a major employer and as the region’s main communications provider – means we consider the impact on this community when making certain business decisions. 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.

In line with the expansion of our network to new towns and villages across East Yorkshire and North Lincolnshire during the year, we have also extended our community investment activities to cover these areas, with a focus on building relationships with local stakeholders and identifying opportunities to support existing community groups.

## 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, 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 actively engaged in improving the region’s potential as a member of the Hull and East Yorkshire Digital Skills Partnership (DSP), part of the Hull and East Yorkshire Local Enterprise Partnership. The partnership brings together public, private and education organisations to help increase the digital capability of individuals and businesses throughout the region, creating a more vibrant future for all.

We also supported Tech Week Humber, a week-long exhibition and conference to highlight and grow the local technology scene. As part of the event, we hosted an ‘innovation hothouse’ where businesses and students devised technology-based solutions to tackle challenges faced by the education and healthcare sectors.

In the months leading up to Christmas, we supported local businesses by setting up an online market where they could promote their products and services to a local audience. The market was highly successful, with over 180 traders who provided positive feedback regarding the impact it had on sales. We have since established the market as an ongoing hub for local traders.

## Supporting the region’s young people

As a major employer and supplier of services in the region we are committed to 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.

While lockdown restrictions and the resulting disruption to school activities meant we were unable to carry out our normal school-based activities in the first half of the year, from October we were able to support careers events and employability skills sessions at 12 local schools.

We continued our partnership with Ron Dearing University Technical College, through which we provide learning support for STEM subjects (science, technology, engineering and maths) as well as support with employability skills.





## Charity and community support

During the year we continued our support of community groups and charities in Hull, East Yorkshire and North Lincolnshire by donating funds, employee time and business services.

In the early weeks of the Covid-19 pandemic we made our employees and vehicles available to local community hubs to help with the delivery of essential supplies to vulnerable residents across East Yorkshire.

Through our community grants programme, which provided 12 grants each year to charities, community groups, sports clubs and schools in the region, we also made donations to local foodbanks at that time to support their efforts in responding to peaks in demand caused by increased financial hardship.

In July, we donated 26 Microsoft tablets to Hull University Teaching Hospitals NHS Trust to help patients connect with loved ones who could not visit. The tablets also enable patients from diverse communities to access translation services when seeking medical support in hospital departments and helped staff to access health and mindfulness apps during their breaks to help support their mental health and wellbeing.

In September we began a new partnership with Hull City AFC as a platform to expand the range of community-focused activities we support through the club. The new partnership includes the continuation of our successful KCOM Kits initiative, which provides kits for youth football teams.

At Christmas our people demonstrated their continued desire to make a positive difference in the communities we serve by working with Hull-based charity Hull Children's University to donate gifts to local children in care. They also raised funds for the regional branch of mental health charity Mind and a local foodbank, which were matched by company donations.

## 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.

### Employee wellbeing

In the first half of the year, we expanded the scope of our People team to include responsibility for wellbeing, health and safety. This, together with the creation of a new, Group-wide wellbeing, health and safety leadership role, reflects our increased focus on these matters and provides senior policy and operational support for our work with the Board sub-committee on wellbeing, health and safety, which meets bi-monthly to monitor performance and progress.

We subsequently expanded our wellbeing programme provide support and information to cover a wider range of topics, covering not just physical and mental wellbeing but also social, financial and workplace wellbeing. These are all promoted through our monthly wellbeing, health and safety newsletter.

Throughout the Covid-19 pandemic we have supported employees in a variety of ways:

- > Employees able to work from home were provided with the tools to set up a workstation in their home;
- > Customer-facing engineers were provided with PPE to protect them and our customers from infection;
- > We provided lateral flow testing kits to all engineers to reduce the potential for transmission of the virus;
- > Covid-secure working environments were created in our offices for those unable to work from home;
- > Regular updates on government guidance have been provided and employees encouraged to get their vaccination;

- > We encouraged employees to keep connected with each other and physically active through our online social club;
- > We commissioned personal trainers to run online fitness classes for employees;
- > We provided a range of webinars covering topics such as parenting, mindfulness and mental wellbeing; and
- > We asked employees their views and preferences regarding future ways of working to inform our plans for returning to our offices post-pandemic.

During the year we continued to focus on raising awareness of mental health issues and offering support for employees experiencing poor mental health. We trained an additional 15 mental health first aiders so that we now have one mental health first aider for every 40 employees. We have also held webinars for managers to understand how they can support employees with mental health issues and to help them understand the role of our mental health first aiders.

The introduction of our monthly wellbeing, health and safety newsletter is used to promote national awareness campaigns such as Time To Talk Day and Brew Monday, putting a spotlight on and helping to reduce the stigma surrounding mental health problems and encouraging employees to connect with each other during periods of lockdown.

To help employees work together and participate in discussions about wellbeing, health and safety we have introduced monthly wellbeing, health and safety team conversations where teams can raise any concerns or share experiences and knowledge about wellbeing topics, including how they could work differently in the future.

Our ELT have participated in several safety tours where they have been able to see what arrangements are in place for our employees and to talk to them about what works well and where there might be opportunities to make improvements.



## Employee engagement

We recognise employee engagement as a key factor in motivating and retaining people and aim to create an environment where our people can have meaningful input into decisions that affect their working lives.

We consult with our people on planned organisational change on an ongoing basis through our Employee Voice Forum, which has representation from across our business and provides an opportunity for colleagues to give feedback on change programmes.

We conduct regular engagement surveys and during the year our average engagement across all teams increased by almost 10 per cent from 6.2 to 6.8.

## Recruitment, selection and onboarding

During the year we continued to improve our recruitment, selection and onboarding processes and began a programme of improvements to enhance our ability to recruit the best people and introduce them to our business in a way that enables them to make the most of their capabilities as early as possible.

We have:

- > Sought to widen the pool of potential candidates for our roles by highlighting our commitment to inclusiveness and diversity: for example, by promoting that we are a 'forces friendly' employer throughout the advertising and application process to support former members of the armed forces to return to work;
- > Carried out direct recruitment wherever possible to improve engagement with candidates and better convey the benefits we offer;
- > Enhanced the onboarding process to improve the experience of new starters at every touchpoint of their early relationship with us, from their acceptance of our employment offer through to their extended induction period;

- > Continued to build a pipeline of future talent for roles where we are likely to face future demand – such as engineering – by creating talent pools for entry level roles and holding assessment centres for key roles; and
- > Held workshops to upskill hiring managers on attracting, recruiting and onboarding the best talent fairly and consistently.



## Learning and development

Through our learning and development platform, the Academy, we make available content, e-learning and workshops on areas including health and safety, regulation and compliance, finance and leadership.

During the year we launched 'Academy Live', a series of short, digital workshops adapted from content previously delivered in face-to-face workshops.

As a result of Covid-19 lockdown restrictions, the great majority of our office-based employees worked from home during the year. To help them in the transition to working and managing teams remotely, we have developed and delivered new learning materials covering content from creating a successful remote working culture to reducing isolation.

In addition to this, we have continued to deliver the 'Inspire' four-month middle management level leadership programme, adapting it for online delivery. The programme was completed by 24 employees during the year, developing their capabilities in areas such as performance development, change management and coaching.

## Reward and recognition

Our overall approach to reward is to pay our people appropriately for the role they perform, using market rates that are based on robust, externally validated benchmarking data and reviewed annually. We aim to pay people relative to the median of the market rate, recognising their level of development in the role.

As part of our commitment to recognising and valuing the contribution our people make to our business, we continue to pay the real living wage as the minimum salary for employees and apply any increases to it as early as is feasible.

Our peer-to-peer recognition platform, through which our people can acknowledge and reward the efforts and contribution of their colleagues through a thankyou message or by nominating them to receive a shopping voucher, continues to be well-used. During the year our employees gave a total of 2,461 acknowledgments to colleagues.

## Human rights

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





Diversity and inclusion

We are committed to providing equal opportunities and will not tolerate discrimination of any kind. Our people are expected to embrace a culture of diversity and to act respectfully and with consideration for others. We make sure our people 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.

During the year we established the Diversity and Inclusion Steering Group to support the design of policies and processes that will help us achieve our goal of creating a positive, inclusive workplace where everyone can thrive.

The group has led initiatives such as our commitment to the Social Mobility Pledge, through which we hope to tackle the opportunity gap faced by those from disadvantaged backgrounds; and the introduction of software to help employees with dyslexia and others who experience difficulty with reading and writing.

We have also joined the Diversity Champions programme run by Stonewall, the UK charity that campaigns for the equality of LGBTQIA+ people, to help us develop policies and practices that embed inclusion.

As at 31 March 2021 the gender diversity of the business was as set out below:

	Male	Female	Female %
Board Directors	5	0	0%
Executive Leadership Team (ELT) <sup>1</sup> .	6	2	25%
Other employees	872	379	30.4%

<sup>1</sup> The ELT is defined as the senior leaders who have overall responsibility for key functional areas. It includes Board member Dale Raneberg.

Our gender pay gap report for the year, based on the snapshot date of 5 April 2020, showed a mean pay gap of 29.3 per cent and a median pay gap of 39.3 per cent.

Our pay gap is driven principally 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.

As achieving significantly greater gender balance in these parts of our business is a challenge that is likely to take some years to resolve, we do not expect to reduce our gender pay gap substantially in the short term. However, we will continue to focus on encouraging more diverse participation in these areas while also addressing other factors contributing to our gender pay gap, including the under-representation of women in senior roles.

Our diversity and inclusion steering group has established a gender balance network with the goal of driving greater gender balance across all areas and throughout all levels of the business. It has identified several potential activities to support this goal, from improving family-friendly policies to providing support for employees for any issues that arise as a result of the menopause.

Customer and suppliers

Sustainable relationships with customers and suppliers are vital to our success.

Relationships with customers

As well as treating our suppliers fairly and doing business with them in a sustainable way, we have a responsibility to make sure that has a positive effect on them and society more widely. 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.

The Covid-19 pandemic created a range of challenges for both our National Business customers and the many consumers and businesses we serve in Hull, East Yorkshire and North Lincolnshire. Our teams worked tirelessly throughout the year to support them in adapting to these challenges and keep them connected at a time when it is more important than ever.

At the start of the pandemic, we worked with many of our National Business customers to enable their employees to move to home working, as well as supporting others to increase their contact centre capacity to handle new demands resulting from the circumstances.

The pandemic disproportionately affected many consumers who were already vulnerable as well as creating vulnerability among others. We participated in government forums set up to coordinate the response of the communications industry to the pandemic and put in place measures to support customers in need of extra help to stay connected.

These included removing broadband data caps for customers on fixed data packages, establishing a dedicated helpline and priority engineer visits for vulnerable customers and NHS workers, and flexible payment plans for those experiencing financial difficulties. We also offered free increased broadband speeds



for clinicians to enable access to files while working from home.

We also launched a new low cost ‘Flex’ social access package and expanded the eligibility to include care home residents, customers using a “Lifeline” phone alarm service, care leavers and individuals on the government’s Covid-19 Shielded Patients List.

Online safety remains a key concern for many of our customers and we have continued to raise awareness of online safety issues.

As well as regularly raising awareness of online and telephone scams among our consumer customers, we have established a facility on our website to enable customers to report nuisance or scam calls so that we can investigate and, where possible, block the numbers they originate from.





We recognise the vital role of parents and carers in helping their children use the internet safely. We make the most of our support of leading online safety organisation Internet Matters to raise awareness of online risks among parents and carers and share expert advice and resources to address them.

In response to the growth in online gaming among children and young people, and to mark Safer Internet Day 2021, we commissioned a video featuring a well-known online gaming expert to share safety advice and tips for families.

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.

Relationships with suppliers

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

We 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.

Our business continuity planning activities place significant attention on ensuring that if key suppliers are affected by a business disruption, we can continue supplying services to our customers. This approach has stood us in good stead throughout the UK's exit from the EU and the Covid-19 pandemic and we continue to manage closely the supply of key goods and services.

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.kcom.com](http://www.kcom.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. In accordance with the Streamlined Energy Carbon Reporting requirements, we are disclosing our environmental impact both in terms of CO2e tonnage and energy consumed in kWh. Our CO2e tonnage has been subject to independent limited assurance under ISAE 3000 and ISAE 3410. The limited assurance report and our reporting criteria used to prepare these metrics can be found on our website: <https://www.kcom.com/responsibility/corporate-governance/reporting/>.

In previous years our biggest environmental impact has come from the electricity we consume in our offices, data centres and various network sites, both nationally and in the Hull and East Yorkshire region. During the year 82 per cent of our CO2e emissions came from our electricity usage.

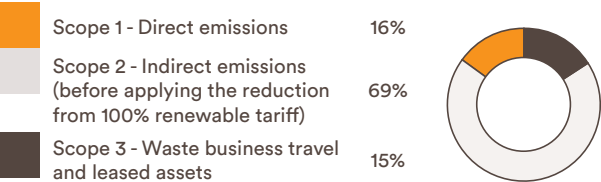
Scope 2 CO2e emissions have been calculated using a location-based UK grid-average emissions factor provided by DEFRA. Included in this year's report is a second, market-based figure, which represents our move at the start of the financial year to use energy from 100 per cent renewable sources, backed by Ofgem's Renewable Energy Guarantees of Origin (REGO) certificate across our sites. The market-based figure for Scope 2 CO2e emissions shows a reduction of 5,839 tCO2e due to the purchase of electricity from a 100% renewable tariff.

Each year we seek to reduce our emissions wherever possible through various energy-saving schemes. During the year we have introduced a small fleet of electric vehicles for use by employees undertaking short journeys around our Hull and East Yorkshire estate. We have also invested in a new waste compressor which has reduced our operational costs by £5.5k per annum and our carbon emissions from 1.24tonne CO2e to 0.04CO2e.

The Covid-19 pandemic has presented many new challenges, none more so than the need to protect employees and those people they come into contact within the course of their work from the spread of the virus. The mandatory requirement for personal protective equipment (PPE) to be worn in many work environments generated more single-use material we needed to manage carefully. We partnered with local waste provider ReWorked on a recycling scheme for PPE and other single use plastics that means all the PPE used by our engineers is upcycled into useful items such as flower beds and benches.

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 97.7 per cent of our waste is recycled, with the actual tonnage of waste that has gone to landfill falling from 5.5 tonnes to 5.3 tonnes. The current amount of our waste going to landfill should be representative of levels in future years.

Breakdown of our emissions based on CO2e tonnes



Performance against targets

Area	Target for the year under review	Target met?
Total CO2e	Reduce 2019/2020 levels by 50 per cent	Yes <sup>1</sup>
Waste sent to landfill	Maintain current levels of waste to landfill	Yes
Energy efficiency in transport	Not to exceed 2019/2020 levels of 1,022 tonnes	Yes

<sup>1</sup> Target met based on market-based methodology – emissions calculated in line with the REGO-certified 100% renewable energy tariff supplied to KCOM

