



KCOM Group Limited's Greenhouse Gas Emissions and Intensity Ratio

Year ended 31 March 2021

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1 Management Statement

The Directors of KCOM Group Limited are and shall be responsible for this Management Statement and for reporting the Scope 1 & 2 emissions and intensity ratio in accordance with the reporting criteria set out in Section 4 of this report. In doing so we have:

- designed, implemented and maintained internal controls and processes over information relevant to the measurement and preparation of the Scope 1 & 2 emissions and intensity ratio that is free from material misstatement, whether due to fraud or error;
- established objective reporting criteria for measuring and preparing the Scope 1 & 2 emissions and intensity ratio and applied them consistently;
- presented information, including the criteria, in a manner that provides relevant, reliable, comparable and understandable information; and
- measured and reported the Scope 1 & 2 emissions and intensity ratio based on the reporting criteria.



Samantha Booth
Chief Financial Officer On
behalf of KCOM Group Limited
15.12.21



Independent Limited Assurance Report to the Directors of KCOM Group Limited

The Board of Directors of KCOM Group Limited (“KCOM”, “the Group”) engaged us to provide limited assurance on the information described below and set out in KCOM Group Limited’s Greenhouse Gas Emissions and Intensity Ratio report for the year ended 31 March 2021.

Our conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 March 2021 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of what we say in the remainder of our report.

Selected Information

The scope of our work was limited to assurance over the information

marked with the symbol **A** in KCOM’s Greenhouse Gas Emissions and Intensity Ratio report (the “Selected Information”) on the KCOM websiteⁱ. The Selected Information is summarised in the table below and the Reporting Criteria against which it was assessed are included in the Greenhouse Gas Emissions and Intensity Ratio report. Our assurance does not extend to information in respect of earlier periods or to any other information included in the Greenhouse Gas Emissions and Intensity Ratio report for the year ended 31 March 2020/21.

Selected Information	Reported Performance FY21
Scope 1 emissions (tCO ₂ e)	1,388
Scope 2 emissions (tCO ₂ e)	5,839
Intensity ratio (tCO ₂ e per £'000 revenue)	0.0285

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) ‘Assurance Engagements other than Audits or Reviews of Historical Financial Information’ and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our Independence and quality Control

We complied with the Institute of Chartered Accountants in England and Wales (ICAEW) Code of Ethics, which includes independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, that are at least as demanding as the applicable provisions of the IESBA Code of Ethics.

We apply International Standard on Quality Control (UK) 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Our work was carried out by an independent team with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The Selected Information needs to be read and understood together with the Reporting Criteria, which KCOM is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time. The Reporting Criteria used for the reporting of the Selected Information are as at 31 March 2021.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of KCOM’s management, including the Group Sustainability Team and those with responsibility for sustainability management and Group sustainability reporting;
- evaluated the design of the key structures, systems, processes and controls for managing, recording and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- considered the disclosure and presentation of the Selected Information.

KCOM Group Limited’s responsibilities

The Directors of KCOM are responsible for:

- designing, implementing and maintaining internal controls over information relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing objective Reporting Criteria for preparing the Selected Information;
- measuring and reporting the Selected Information based on the Reporting Criteria; and
- the content of the Greenhouse Gas Emissions and Intensity Ratio report for the year ended 31 March 2020/21.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Directors of KCOM.

This report, including our conclusions, has been prepared solely for the Board of Directors of KCOM in accordance with the agreement between us dated 9 August 2021, in order to assist the Directors in reporting KCOM's sustainability reporting performance and activities. We permit this report to be disclosed in Greenhouse Gas Emissions

ⁱThe maintenance and integrity of KCOM's website is the responsibility of the Directors; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on KCOM's website.

and Intensity Ratio report for the year ended 31 March 2021, to assist the Directors in responding to their governance responsibilities by obtaining an independent assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Board of Directors and KCOM for our work or this report except where terms are expressly agreed between us in writing.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP

Chartered Accountants

Leeds

15th December 2021

3 KCOM GHG Emissions Reporting 2021

3.1 Emissions in tonnes of CO₂e and kWh

The table below sets out our annual emissions in tonnes of CO₂e and kWh by Scope:

Greenhouse Gas (GHG) emissions include carbon dioxide equivalents (tCO₂e), comprised of CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆ emissions, during the reporting year.

	FY 20/21	
	Energy GWh	CO ₂ e Tonnes
Scope 1^a (direct emissions)		
Gas consumption	0.44	80
Oil consumption	0.69	188
Fugitive emissions – refrigerants		639
Company owned vehicle emissions ^b	1.88	481
Total Scope 1	3.01	A 1,388
Scope 2^c (electricity)		
Total consumption (LB ^d)	25	A 5,839
Renewable consumption (MB ^e)	25	0
Total scope 2 CO₂e market-based (MB) adjustment	25	0
Total scopes 1 & 2 (MB)	28.01	1,388
Intensity ratio scopes 1 & 2 tonnes CO ₂ e per '000 revenue ^f		A 0.0285
% change from previous year (Scope 1&2)		83%
Scope 3^g (indirect emissions)		
Waste		1
Electricity	4.95	1,155
Commercial travel ^h	0.35	99
Scope 3 emissions CO₂e tonnes	5.3	1,255
Total scope 1,2 & 3 (market-based)	33.31	2,643

- a. **Scope 1:** direct emissions from our own operations- gas and oil consumption, fugitive refrigerant emissions, company-owned vehicle emissions.
- b. Company owned vehicle emissions converted from litres fuel. Replaces previous methodology - converted from litres fuel / mileage.
- c. **Scope 2:** indirect emissions from the generation of purchased electricity.
- d. location-based methodology - emissions calculated in line with the UK grid-average emissions factor provided by Defra.
- e. market-based methodology – emissions calculated in line with the REGO-certified 100% renewable energy tariff supplied to KCOM.
- f. Inclusive of location-based methodology for consumption of electricity only.
- g. **Scope 3:** other indirect emissions occurring from the generation of purchased electricity at leased assets, waste, and employee travel.
- h. employee vehicles - converted from mileage.
air travel – converted from travel distance.
rail, bus, taxi – converted from quantity of journeys/average journey distance.

4 KCOM GHG Emissions Reporting Criteria 2021

- The organisational boundary of the 2020/21 footprint is aligned with the Greenhouse Gas (GHG) Protocol 'Operational Control' approach under which a company accounts for 100% of emissions from operations over which it or one of its subsidiaries has operational control.
- Scope 1 emissions relate to the combustion of natural gas (kWh), transport fuel (mileage), diesel (litres), gas oil (litres) and fugitive emissions resulting from the use of refrigeration and air conditioning equipment (kilograms).
- Scope 2 emissions relate to purchased electricity (kWh).
- Scope 3 emissions relate to business travel in addition to electricity and waste to landfill from sites where service provision is controlled by a third party.
- Intensity ratio is calculated based on Scopes 1 and 2 only.
- Operational control is defined as any operation over which the Group has the full authority to introduce and implement its operating policies.
- Where subsidiaries, sites or joint ventures are deemed not to be under operational control of the Group or are not material to the Group, their energy and fuel usage have not been included within the scope of the GHG emissions reported.
- CO₂, CH₄, N₂O, HFCs, PFCs, and SF₆ emissions are measured. NF₃ emissions are not included in the organisational boundary.
- CO₂e emissions for the Group have been determined on the basis of measured or estimated energy and fuel use, multiplied by the relevant emission factors from the Calculated GHG emissions consisting of the combined Scope 1 and Scope 2 emissions within the organisational boundaries of the Group. The source of the emissions factors is from the following sources:

<https://www.gov.uk/government/publications/greenhouse-gas-reporting-conversion-factors-2020>

Refrigerant R417A is not captured in the DEFRA tables but can be agreed to:

<https://www.climalife.co.uk/refrigerants-hfc-refrigerants-r417a-freon-mo59>

- Emission sources included in the scope of GHG emissions reported which are deemed material to the Group include:
 - Electricity consumption
 - Gas consumption
 - Fuel combustion – diesel (generator and vehicles) and gas oil
 - Refrigeration – air conditioning
 - Transportation – staff travel, business miles and vehicles.

No emissions sources are excluded from the scope of GHG emissions reported.



4.1 Assumptions

The following assumptions have been made when calculating the following source of emissions:

4.1.1 Electricity

Where actual electricity use for any operation or period of time is not available, an estimate of usage is made based upon the best available information (i.e. applying an average across a similar period). This approach applies to both Scope 2 and Scope 3 electricity.

4.1.2 Refrigerants

Refrigerants data is based on data obtained from the third-party supplier of the refrigerants.

4.1.3 Natural Gas

Gas consumption has been based on invoiced amounts, but where data for a period of time is not available, an estimate of usage is made based upon the best available information (i.e. applying an average across a similar period).

4.1.4 Diesel & Petrol

Diesel consumption relating to company vehicles is based on quantities recorded on the company fuel cards.

Diesel consumption in 2020/21 relating to power generators at 2 sites, Manchester Switch and Coventry Road LDN, is based on data obtained from the third-party supplier of the generator maintenance.

Petrol consumption relating to company vehicles is based on quantities recorded on the company fuel cards.

4.1.5 Gas oil

Gas oil consumption is based on meter readings from the boilers at Carr Lane, Hull.

4.1.6 Transportation – Business Miles

Business mileage relating to company cars is obtained from company expense systems – Concur, Keyed in and Capita reporting systems.

The Scope 3 emissions from business miles includes air, bus, taxi and rail travel and business mileage from privately-owned vehicles. Information is obtained from company expense systems – Concur, Keyed in and Capita reporting systems.

These systems provide mileage information for cars. However, the air travel is manually calculated based on destination and bus, taxi and rail travel is calculated by applying an average distance factor to the quantity of journeys made.



4.1.7 Waste

- The waste from operationally controlled sites is fully recycled and is based on data obtained from the third-party supplier.
- The small (approx. 2.5%) of total waste that is not recycled that is included within Scope 3 emissions is an estimate of waste from sites where service provision is controlled by a third party.

4.2 Adjustments

- A prior year adjustment is made in the event of an error being identified or a significant business development (acquisition, disposal, new business activity) that requires restatement to reflect changes in comparability.
- The methodology used for calculation of carbon dioxide equivalent emissions as a result of fuel consumption by company vehicles has been modified for FY20/21 reporting onwards .

Previous methodology applied in 19/20 reporting, and years prior, involved conversion to tCO₂e of mileage figures derived from fuel consumption. It is considered that the revised methodology involving direct conversion of fuel litres to tCO₂e produces more accurate results.