

KCOM

Sustainability report 2019/20



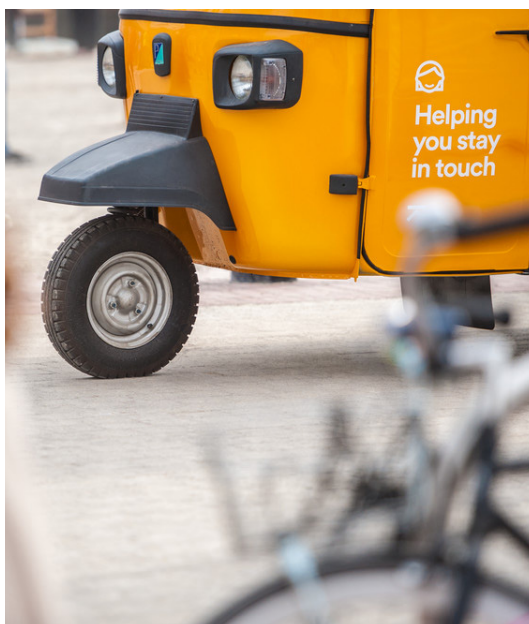
Sustainability

We are committed to operating in a sustainable way. 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.

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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 – 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.

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 also supported Humber Business Week, the region’s flagship event for business and entrepreneurship; and the inaugural Tech Expo Humber, a two-day exhibition and conference to highlight and grow the local technology scene.

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.

During the year – through the keen participation of our Hull-based employees – we supported learning activities across

the region, increasing both the number of schools and colleges we engaged with and the number of activities we delivered compared to the previous year. More than half of the 1,655 volunteering hours our employees spent supporting the community during the year were in schools and colleges.

We engaged with 26 primary schools through 74 separate events or activities. These included 41 sessions of our “Simnet Challenge”, an interactive session that teaches children how the internet works; and 26 sessions of our increasingly popular and relevant day-long “KCOM Key Skills” programme, through which pupils learn about effective communication, staying safe online and spotting fake news.

We supported 25 secondary schools and colleges, taking part in 52 events or activities including 22 careers fairs and events and 20 employability skills sessions covering areas including interview techniques and responsible use of social media.

We continued our partnership with Ron Dearing University Technical College, through which we provide learning support for STEM subjects (science, technology, engineering and maths). Other STEM activities we supported included the STEM 2019 event, Teen Tech 2019 and the regional WiME (Women into Manufacturing and Engineering) exhibition.

Charity and community support

During the year we supported over 60 community groups and charities in Hull and East Yorkshire by donating funds, employee time and business services.

We relaunched our long-established KCOM Community Grants scheme, through which we award 12 grants each year to local charities seeking funding for projects or events. In addition to doubling the value of each grant to £1,000, we have increased community involvement and engagement in the scheme by introducing an online voting process that



enables members of the public to vote for the charity or community group they feel most deserves our support from a shortlist of six.

In addition to our grants scheme, we supported local charities and community groups by providing employee volunteering time; free use of our city centre Learning Zone for meetings and events; and raffle prizes for fundraising activities.

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. 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.

The desire of our people to make a positive difference in the communities we serve was demonstrated through employee collections of food and other items for Hull Foodbank and homeless charities and our annual Christmas appeal for gifts for children from disadvantaged communities.

Beyond Hull and East Yorkshire, charity committees at our main offices continued to coordinate employee support for community groups and projects local to them, combining social activities with fundraising opportunities. Through activities organised by the committees our employees donated more than £5,000 during the year to regional branches of charities including Mind, RSPCA, Shelter and Macmillan Cancer Care.

We 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.

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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 well as regularly promoting the support available from our fully trained Mental Health First Aiders many of our people managers took part in a two-day learning programme to help them identify and support team members and other colleagues who may be experiencing a mental health issue.

We continued to use national awareness platforms such as Time To Talk Day and Mental Health Awareness Week to put a spotlight on and help reduce the stigma surrounding mental health problems, running activities in conjunction with charities Mind and RSPCA to help our people manage their own mental wellbeing. We recognise that organisational change can be a source of stress and during the year offered half-day learning sessions to all employees to help them manage themselves and support others through change.

We worked with a new provider of health screening sessions to improve the employee experience of these annual confidential tests, which aim to help employees identify potential health problems. Of the 27 per cent of employees who attended a session, 99 per cent rated it excellent or very good and 71 per cent said they intended to make positive lifestyle changes following the session.

Having begun to monitor and plan for the impact of the COVID-19 pandemic in January, we were well prepared with measures to protect the health and safety of our employees as soon as they were required, in line with all the relevant government guidance. With the vast majority of our people able to work effectively from home we implemented this in advance of official government advice to do so, assisting them to settle into new ways of working and helping them adapt to home schooling.

For employees who remained in our offices we put in place measures including social distancing and deep cleaning to limit the risk of infection.

Measures to protect our field engineers, who are classed as key workers, included the provision of high-quality personal protective equipment and clear guidance regarding safe working practices.

Throughout the pandemic we have continued to provide advice and support to our people relating to their health, safety and wellbeing.

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.

The regular employee engagement surveys we conduct highlight opportunities to make improvements and address any areas of concern at a business-wide level, as well as giving people managers timely feedback and insight into how they can support and increase engagement among their teams.

Throughout the process of being acquired by new owners we supplemented existing communications and engagement channels with additional face-to-face briefings to update employees on developments and answer their questions.

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. Our employee ideas scheme, Brainwaves, gives our people the opportunity to make suggestions aimed at improving our business.

Recruitment, selection and onboarding

During the year we reviewed 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 registered as a 'disability confident' employer throughout the advertising and application process;
- > 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; and
- > Placed increased focus on building a pipeline of potential future applicants for roles where we are likely to face future demand. Ongoing activities to support this include regular attendance at careers events and the creation of 'talent pools' for entry-level roles in areas such as field engineering.

Learning and development

To make it easier for our people to gain access to and make the most of all the learning opportunities available to them we have introduced the Academy, a new learning and development platform that brings together content, e-learning and workshops on areas including health and safety, regulation and compliance, finance and leadership.

In recognition of the importance of developing future leaders throughout the business, during the year we introduced two new leadership programmes.

- > Our 'Aspire' programme is a 12 to 14-month team leader / supervisor apprenticeship designed to build a pipeline of early career technical and leadership talent with the potential to progress to more senior roles in the business.
- > 'Inspire' is a 4-month foundation level leadership programme covering the core skills required for leading people, including performance management and change management.

41 employees took part in these programmes during the year.

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 the median of the market rate, recognising their level of development in the role.

We introduced a more structured approach to the pay review process during the year to drive greater consistency and fairness and provide more transparency for employees in how their pay is determined.

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 565 employees gave a total of 2,327 acknowledgments to colleagues.

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 are 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 are 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
- > Ensuring a healthy work/life balance

As at 31 March 2020 the gender diversity of the business was as set out below:

	Male	Female	Female %
Board Directors	5	0	0%
Executive Leadership Team (ELT) ¹ .	6	1	14%
Other employees	927	417	31%

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

Our most recent gender pay gap report, based on the snapshot date of 5 April 2019, showed a mean pay gap of 29.8 per cent and a median pay gap of 36.8 per cent. The long-term nature of the work we need to do to bring greater balance to our business is reflected in the minimal shift in our pay gap.

As 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.

Relationships with customers

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. 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.

To address the barriers to digital inclusion in our Hull and East Yorkshire market we have continued to run monthly “IT and Biscuits” drop-in sessions in our city centre learning zone where local residents can develop their online skills at their own pace with one-to-one support from our employee volunteers.

We have also supported the efforts of local authorities to increase digital inclusion. In addition to working with Hull City Council to provide training for “digital champions” who have gone on to volunteer at community centres to help others who wish to do more online, our employee volunteers have staffed 34 digital skills sessions at East Riding of Yorkshire Council libraries during the year.

Online safety remains a key concern for many of our customers and we have continued to raise awareness of online safety issues. As part of our KCOM Key Skills programme we regularly talk to primary-aged children about staying safe online. To mark Safer Internet Day 2020 we brought together 100 children and staff from 18 local primary schools for a programme of online safety education and activities, supported by footballers from Hull City Association Football Club. The learning materials created for and during the day were used to reinforce the online safety message long after the event.

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.

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.

Towards the end of the year the COVID-19 pandemic created challenges for our customers across Hull and East Yorkshire, disproportionately affecting many of those already vulnerable and 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 expanded the eligibility for our low-cost social access package 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.

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 most recent economic impact study found our Hull and East Yorkshire operations support almost 1,600 full-time equivalent jobs in the region with a total value to the local economy of £187 million annually. While a large proportion of this value is attributable to our direct employment of approximately 800 people in Hull and East Yorkshire, almost all of whom live and spend much of their income in the region, it is also a result of our 'buy local' approach. This approach contributes significantly to the success of the 82 Hull and East Yorkshire businesses on our preferred supplier list and has a positive trickle-down effect on the wider local economy.

During the year we increased our focus on proactive vendor management, categorising our suppliers based on spend level and risk and prioritising our efforts accordingly.

Our business continuity planning activities place significant attention 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. This approach stood us in good stead when the COVID-19 pandemic began and we have continued 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.



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. However, the commentary below refers to CO₂e tonnage as this is considered the key internal metric for measuring performance. Their report and our reporting criteria used to prepare these numbers can be found on our website: <https://www.kcom.com/responsibility/corporate-governance/reporting/>.

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 79.5 per cent 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 1,888 tonnes or 18.3 per cent. This reflects a 9.6 per cent reduction in the number of kilowatt hours of electricity used as 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 per cent of our waste is recycled, with the actual tonnage of waste that has gone to landfill falling from 6.2 tonnes to 5.5 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

