

KCOM

# Sustainability report 2021/22



# 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.

Responsibility for our sustainability strategy and activities lies with our Chief People Officer, who is a member of our Executive Leadership Team. Our Sustainability Working Group coordinate initiatives around the sustainability strategy and during 2022 have been developing our business net zero plan.

During the year we participated in the GRESB Global ESG Benchmark for Real Assets, which assesses and benchmarks the ESG performance of real estate and infrastructure assets receiving a score of 86. As well as providing standardised and validated data to investors, the assessment allows us to identify opportunities to improve the sustainability of our business.





# 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, East Yorkshire and North Lincolnshire means we consider the impact on this community when making business decisions. Our community engagement work is focused on activities which support the growth and sustainability of the region's economy, and which increase life opportunities for residents.

As we have expanded 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.

We have introduced two days of paid volunteering time for all employees and have provided a number of group volunteering activities including tree planting and beach cleans for employees to participate in.

## 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 are also back to partner with Tech Week Humber 2022, a week-long festival of events connecting enterprise and education in all things Tech.

In the months leading up to Christmas, we continued to support local businesses by hosting an online marketplace where they could promote their products and services to a local audience.

## 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.

We have been able to support careers events with various schools and colleges, some with particular focus on Women in Manufacturing and Engineering. We have also been able to provide several schools with a good insight in to how we connect homes and businesses with our full fibre broadband service.

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.

Our community grants programme provided 18 grants of up to £1,000 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.

We have continued our partnership with Hull City AFC as a platform to expand the range of community-focused activities we support through the club including the continuation of our successful KCOM Kits initiative, which has now provided more than a 100 full team kits for local 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.

Also in December, our Christmas Wishlist charity campaign helped 31 community groups and charities across our region, supporting local foodbanks, children's charities and various other charities through both financial help, gift donations and more than 100 hours of KCOM employee volunteering time.

The success of this campaign, and our wider community engagement, was recognised this year at the national Better Society Awards 2022 when KCOM won the Commitment to the Local Community Award.



# 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

Supporting our employee wellbeing continues to be important to us. The group Wellbeing, Health and Safety team provide operational support for our work with the Board sub-committee on wellbeing, health and safety, which meets bi-monthly to monitor performance and progress. Our wellbeing programme provides support and information covering a wide range of topics including physical, mental social, financial and workplace wellbeing. These are all promoted through our monthly wellbeing, health and safety newsletter. We have introduced a wellbeing day for all employees which can be taken at any time through the year to be used in whichever way employees feel will support their wellbeing.

Throughout the Covid-19 pandemic we have continued our support for 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 wellbeing site;
- > We provided a range of webinars covering topics such as health and mental wellbeing;
- > We asked employees their views and preferences regarding future ways of working to inform our plans for returning to our offices post-pandemic;
- > Offering all employees a financial coaching session; and
- > Offering all employees access to health benefits which include remote GP appointments, mental health support and a remote health check.

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 18 mental health first aiders to ensure we 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.

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.

To help employees work together and participate in discussions about wellbeing, health and safety we have 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 has 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.

To support our return to our offices we have invested in fresh air ventilation to reduce the potential for transmission of airborne viruses, and we have reconfigured our workspaces to support hybrid working.

## 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 conducted a number of surveys through the year to hear opinions about future ways of working as we moved towards hybrid working for some roles. This was in addition to our annual engagement survey which gives employees the opportunity to express their opinions about what it means to work at KCOM.



## Recruitment, selection and onboarding

During the year we continued to improve our recruitment, selection and onboarding processes 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:

- > Continued 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. We have also signed up to the Care Leavers Covenant to provide care leavers with work experience opportunities to help prepare them for employment and / or independent living;
- > 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. In addition, we have:

- > Supported our customer experience teams in the launch of their mindset and behavioural framework to allow our advisors to give a great experience when interacting with customers. We then followed up with delivering training sessions to support the new system for how our teams interact with customers;
- > Ran two cohorts of Inspire our leadership development programme;
- > Supported the business in facilitating Future of Work focus groups to ensure that our return to the office was focused on what employees wanted;
- > Ran regular sessions to new employees to welcome them to KCOM;
- > Ran a one-year reflection event for our apprentices to review progress and to celebrate success; and

- > Ran bite sized workshops around the Performance development and management, focusing on goal setting, development planning, performance reviews and talent identification and calibration meetings.

## 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 1,721 acknowledgments to colleagues.



## 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.

The Diversity and Inclusion Steering Group continued 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.

As of 31 March 2022, the gender diversity of the business was as set out below:

	Male	Female	Female %
Board Directors	5	1	16.7%
Executive Leadership Team (ELT) <sup>1</sup>	5	1	16.7%
Other employees	512	235	31.5%

<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 2022, showed a mean pay gap of 22.4 percent and a median pay gap of 29.0 percent.

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 because of the menopause.

## 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.



# Customer 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.

Our industry-leading adoption and promotion of our Flex social tariff, which is available to families on certain benefits struggling with the cost-of-living crisis, was also recognised by the Government with praise from then Digital Secretary Nadine Dorries for its affordability and our adoption of Open banking technology to make it more accessible.

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.

Recognising the growth in online gaming among children and young people we continue to play our part in Safer Internet Day every year. In 2022 we delivered workshops and



a competition in local schools where we raised awareness of respect and relationships online. The winners of the competition got to showcase their creativity at Hull City's stadium as part of our Community Partnership.

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. Going forward, the business intends to embed a preference for using local suppliers and partners within procurement processes in order to support local businesses and communities.

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 <https://www.kcom.com/responsibility/corporate-governance/modern-slavery-statement/>.



# Environment

We recognise our business has a responsibility to minimise its impact on the environment and consequently we make decisions with environmental sustainability in mind. We're committed to reducing our carbon footprint, developing plans to cut Scope 1 and 2 greenhouse gas emissions to net zero by 2040. To help us achieve this, we've partnered with the University of Hull to develop our carbon reduction plan and to carry out a Scope 3 mapping exercise designed to assess greenhouse gas emissions embedded in our value chain. This exercise will allow us to work more closely with our suppliers on ways to reduce our scope 3 emissions.

As in previous years, most of our greenhouse gas emissions resulted from the electricity we consume in our offices, data centres and various network sites. For reporting Scope 2 emissions associated with purchased electricity we have chosen to report both location-based and market-based figures. A location-based method reflects the average emissions intensity of grids on which energy consumption occurs (using mostly grid-average emission factor data). A market-based method reflects emissions from electricity that companies have purposefully chosen and reflects our decision to purchase electricity via a 100% renewable tariff, (backed by Ofgem REGO (Renewable Energy Guarantees of Origin) certificates. During the year 76 per cent of our Scope 1&2 location-based CO2e emissions resulted from our electricity usage.

Each year we seek to reduce our emissions wherever possible through various energy-saving schemes. During the year we have installed solar panels at our Salvesen Way stores and offices which generate around 18 per cent of the consumed electricity at the site. We have a small fleet of electric vehicles for use by employees undertaking short journeys around our Hull and East Yorkshire estate.

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 98 per cent of our waste is recycled, with the actual tonnage of waste that has gone to landfill remaining consistent under 1 ton. The current amount of our waste going to landfill should be representative of levels in future years.

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. Items marked **A** denote that the metric 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/>.

## Emissions in tonnes of CO2e and GWh

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

	FY 21/22		FY 20/21 - Restated*	
	Energy GWh	CO2e Tonnes	Energy GWh	CO2e Tonnes
<b>Scope 1<sup>a</sup> (direct emissions)</b>				
Gas consumption	0.25	47	0.26	49
Oil consumption	1.02	247	0.76	188
Fugitive emissions – refrigerants		159		102
Company owned vehicle emissions <sup>b</sup>	2.12	488	2.08	479
<b>Total Scope 1</b>	<b>3.39</b>	<b>A 941</b>	<b>3.1</b>	<b>818</b>
<b>Scope 2<sup>c</sup> (electricity)</b>				
Total consumption (LB <sup>d</sup> )	14.19	A 3,012	16.22	3,443
Renewable consumption (MB <sup>e</sup> )	14.19	A -	16.22	-
<b>Total Scopes 1 &amp; 2 (LB)</b>	<b>17.58</b>	<b>A 3,953</b>	<b>19.32</b>	<b>4,261</b>
<b>Total Scopes 1 &amp; 2 (MB)</b>	<b>17.58</b>	<b>A 941</b>	<b>19.32</b>	<b>818</b>
<b>Intensity ratio Scopes 1 &amp; 2 tonnes CO2e per '000 revenue<sup>f</sup></b>		<b>A 0.0392</b>		<b>0.0439</b>
<b>% change from previous year (Scope 1 &amp; 2 MB tCO2e)</b>		<b>+15%</b>		<b>-</b>
<b>Scope 3<sup>g</sup> (indirect emissions)</b>				
Waste		3		1
Commercial travel <sup>h</sup>		166		97
<b>Scope 3 emissions CO2e tonnes</b>		<b>169</b>		<b>98</b>
<b>Total scope 1, 2 &amp; 3 (LB)</b>		<b>4,122</b>		<b>4,359</b>
<b>Total scope 1, 2 &amp; 3 (MB)</b>		<b>1,110</b>		<b>916</b>

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. Not inclusive of electric vehicles

c - Scope 2: indirect emissions from the generation of purchased electricity.

d - LB - Location-based methodology - emissions calculated in line with the UK grid-average emissions factor provided by the UK government.

e - MB - 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.

- employee vehicles - converted from mileage.

- air travel - converted from travel distance.

- rail, bus, taxi - converted from quantity of journeys/average journey distance.

CO2e emissions have been calculated using the UK government conversion factors for company reporting of greenhouse gas emissions.

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.

FY21/22 figures are exclusive of emissions produced during activities associated with business areas included in the divestiture.

\*Restated 20/21 figures have been recalculated to produce revised figures exclusive of emissions associated with business areas included in the divestiture, the intention being to enable a like for like comparison between both years which is reflective of the current organisational structure.



## Performance against targets

Area	Actual	Target for the year under review	Target met?	Future target for 2022/2023
Total CO <sub>2</sub> e (MB)	1,110 Tonnes CO <sub>2</sub> e	To reduce 2020/21 levels	No	To reduce 2021/2022 levels
Waste sent to landfill	0.77 Tonnes	To reduce 2020/21 levels of waste to landfill	Yes	To reduce current levels of waste to landfill
Energy efficiency in transport	654 Tonnes CO <sub>2</sub> e	To reduce 2020/2021 levels	No	To reduce 2021/2022 levels

An increase in Total CO<sub>2</sub>e (MB) can largely be attributed to the replenishment of refrigerants used during the operation and maintenance of air conditioning equipment. Business travel journeys and the resultant emissions are believed to have increased on the prior year, which were below average was due to travel restrictions during the COVID-19 pandemic.