

## Corporate Social Responsibility

### Governance framework for Corporate Social Responsibility

The Group fully supports the expectations of its key stakeholders in conducting its business activities in a highly responsible manner that creates a positive impact on the community, its people and the environment it operates in. Consequently, the Group actively promotes the effective management of its Corporate Social Responsibility agenda, recognising its importance to the long term sustainability of all of its businesses.

The Group is committed to acting as a “good corporate citizen” by applying the highest standards of Corporate Social Responsibility (CSR) in all aspects of its operations, both internally and externally. Therefore, the Group recognises that its social and environmental impacts have to be managed in just the same way as its commercial and financial performance. The Group’s approach to CSR is to effectively and actively manage the impact that their operational activities, could or do have, both within the Group and also on external stakeholders and the environment.

The Group formally communicates its approach to CSR and the activities undertaken through detail provided on its corporate website. Its ongoing commitment to CSR is evidenced by continued membership and hence compliance with, the FTSE4Good Index Series which lists the Group as having a low-impact on the environment.

The Group has considered the issues that are material to its businesses in achieving the best possible outcome for its stakeholders and has identified the key areas of focus upon which its current CSR agenda is based. Accordingly the key issues covered by the term “Corporate Social Responsibility” include:

- The Group’s impact on its staff and people
- The Group’s impact on its viewers, listeners and regulators
- The Group’s impact on its commercial associates
- The Group’s impact on the community and society
- The Group’s impact on the environment

The Group Chief Executive is responsible for reporting CSR performance directly to the Board. The Group Chief Executive ensures that the CSR agenda is delivered collectively at an executive level through the senior management team, which has cross-Group representation. This team is responsible for reviewing and prioritising CSR issues, establishing policies and strategies to deliver the CSR agenda and ensuring that the various targets are met.

### Staff and people

#### Organisational structure and staff

The considerable downturn, which arose in late 2008 and persisted throughout 2009 in the trading conditions in the media industry and the economy in general, required a renewed focus on staffing structures and skills alignment. By necessity the businesses were restructured to reflect, amongst other things, the changing broadcast output requirements and the declining advertising market. The Group’s people strategy focused on ensuring that it had the necessary capabilities and resources appropriate for the restructured business. Accordingly, in consultation with staff and unions, a skills retraining programme, to align their skills to meet new challenges in broadcasting output, was offered to all staff affected by the restructure. Additionally an attractive voluntary severance scheme was drawn up to minimise the extent of any potential compulsory redundancy arrangements required.

The employment framework and terms of employment are being changed to reflect the developments in the media industry. This includes expansion of freelance staff resources and increased use of fixed-term contracts which supports the longer-term viability of sustained employment for staff. The Group created approximately 250 new posts across a wide range of jobs and cross-platform functions.

The Group’s resourcing, training and development are focused on ensuring that there is an appropriate mix of skills, knowledge and experience to meet the Group’s business needs. Whilst difficult trading conditions puts pressure on training budgets, the Group encourages staff to take a proactive approach to

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developing their careers and recognises the importance of developing staff skills to maintain the highest standards. During the year staff received training covering a broad range of areas including cross platform skills, law, environmental issues, health and safety, finance, IT and marketing. In addition to training, the Group supports work-related and further education developmental courses for staff. In 2009 a number of key executives undertook a Leadership Development Programme to further develop their potential talent and skills.

### **Performance and recognition**

The Group recognises the key contribution of its staff for its continued success and it needs to retain its highly motivated workforce whilst continuing to attract high calibre candidates to progress innovative business strategies. All employees have the opportunity to discuss their performance, rewards and ongoing training and development needs. Attractive reward packages are offered incorporating both financial and non-financial benefits and incentives and opportunities for further career development. Flexible working arrangements are offered where appropriate and options include part-time hours, reduced hours working and compressed hours. The Group is a member of Employers for Childcare and offers a childcare voucher scheme for staff.

Staff demonstrated their awareness of the harsh trading conditions experienced by the media industry in 2009 by agreeing to a pay freeze across the entire Group. Additionally no bonuses were payable to the Directors and senior staff.

### **Diversity in employment**

The Group is fully committed to promoting diversity in the workplace. It recognises the enrichment that this brings to all aspects of its business by reflecting the audience and customers it serves. Staff undertake diversity training to ensure that all aspects are understood and that the Group complies fully with statutory legislation.

The Group is committed to ensuring that the highest standards of behaviour are exhibited in all its commercial endeavours and in the treatment of staff. A Code of Business Conduct is issued to staff and covers areas such as employment legislation, diversity, respect and the conduct expected in the workplace. To support the required ethical behaviour, a whistleblowing mechanism is in place whereby staff may raise concerns via a confidential process. A robust disciplinary mechanism has been established to appropriately address instances of unethical or discriminatory behaviour.

### **Communication and participation with staff**

The Group is committed to open and collaborative working with its staff, engaging in consultation via the establishment of joint committees attended by staff and senior management. The joint committees review matters relating to health and safety, environment, information technology, operations and sports and social activities. The Group also operates a Staff Representative group and holds regular information and consultation meetings with them on issues of strategic or key operational importance. There are regular staff bulletins, face-to-face briefings and union involvement as appropriate. The Group ensures that there are regular feedback sessions with staff on both a formal and informal basis and maintains an open and participative approach to communication and feedback.

### **Health and safety care for staff**

The Group recognises it has responsibilities for aspects of staff welfare, most importantly in protection of their health and safety in the workplace. The Group is compliant with health and safety legislation requirements and undertakes regular risk assessments of all operating locations, especially in outside broadcasting locations where there can be significant hazards and involvement with the public. Staff involved in such activities are regularly trained and updated on the health and safety aspects inherent in their working arrangements.

Concentrated effort has been directed to strengthening and formalising the governance structure for the coordinated management of health and safety across the Group. Documentation and reporting procedures have been standardised to provide the necessary documentary evidence to support an annual assurance

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assessment for the Board. All health and safety incidents and accidents are reported and the Group uses this information to monitor performance. It is pleased to note that there have been minimal health and safety incidents in the year. Summary tables are provided below.

### *Total number of accidents reported*

	2009	2008
Number of fatalities	-	-
Number of serious incidents	-	-
Number of minor incidents	18	15
	18	15
	18	15

### *Total number of accidents reported*

	2009
Accidents to staff	16
Accidents to public	-
Accidents to contractors / other third parties	2
	18
	18

### *Accident causes*

	2009
Slips, trips and falls	7
Lifting and carrying	1
Hit by objects	5
Other	5
	18
	18

## Viewers, listeners and regulators

### **Regulators and broadcasting commitments**

The Group recognises the impact that broadcasting operations can potentially have on society and accordingly the quality and content of its output is of utmost importance. Reflecting this potential impact the Group is subject to stringent regulatory broadcasting codes and requirements that have been established in the media industry. It is regulated by independent regulatory bodies including Ofcom, the Broadcasting Authority of Ireland and the Committee on Advertising Practices.

The Group remains fully committed to its regional television output through UTV Television. It has exceeded the minimum number of home-produced production hours in news and current affairs, in order to satisfy the requirements of the Channel 3 Public Service Broadcasting (PSB) license as determined by Ofcom. The minimum local production requirement for UTV for the year was a total of 321 hours and this has been exceeded with the delivery of 351 hours. UTV exceeded the minimum regulatory requirement for subtitling with more than 95% of all its regional programming being subtitled. As part of the ITV network, UTV must provide audio description for 15% and visual signing for 5.4% of output, both targets were met. Additionally UTV proposed to commission at least 25% of non-news and current affairs output from the independent sector and this has been significantly exceeded with more than 35% of non-news regional programming being externally sourced in 2009.

Regulatory compliance and social responsibilities are priorities for Radio GB. This Division ensures compliance with on-air regulatory codes through the work of its dedicated Compliance Officer and training programmes. Training is individually tailored for the needs of talkSPORT and the local radio stations and staff are encouraged to develop a consultative approach in ensuring that all station programming is appropriate, referring any questions to senior colleagues for advice and input. In 2009 the Radio GB Division joined other leading UK commercial radio operators in creating new "Editorial Trust" and "Premium Rate Services" Codes of Conduct. These documents outline the best practice that the

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Division commits to follow in maintaining listener trust, running competitions and handling telephony interactions.

All Radio Ireland stations are licensed by the Broadcasting Authority of Ireland, formerly the Broadcasting Commission of Ireland, and comply with the programme policy statements which include agreed quotas for news, current affairs and Irish music output. With the exception of some minor entertainment/comedy cuts, all of the output of the stations is internally produced and this ensures that there is stringent editorial control, compliance with all licensing commitments, advertising codes, and standards of taste and decency.

### Content

As a licensed public service broadcaster the Group takes considerable care in ensuring that the content of its television offering satisfies the remit of the license and is fully compliant with the Ofcom Codes. In 2009 all staff involved in news and programme production were given training in compliance with the Ofcom Code which was carried out by a senior partner in a major media law practice. All UTV output is scrutinised by both the Regional Advisory Committee and the Religious Advisory Panel. The Regional Advisory Committee is chaired by a Board Director and attended by the Managing Director of Television and other senior staff.

UTV takes every possible step to ensure that programmes transmitted both locally and as part of the ITV network do not offend the diverse audience. It ensures that appropriate announcements are made with regards to programme content and that there are clear signposts on any programming that could cause harm or offence to part of the audience. This enables the audience to make informed decisions about the programming they choose to watch. UTV also ensures that all of its local advertising content, promotional output and duration of advertising messages are compliant with the various regulations in order that the audience is being fairly treated and not being misled.

### Audience involvement

Viewers and listeners are of paramount importance and each of the Business Divisions engages with their audience across many platforms. Audience feedback and interaction are positively encouraged through text, phone, email and post. Both positive and negative comments are seen at the highest level of Group management and addressed accordingly.

Audience interaction plays a particularly important role in shaping the output and character of talkSPORT, with dedicated voice and SMS systems ensuring that all listener communications are handled fairly and transparently. In Radio Ireland audience involvement is critical to the success of the stations and the audiences are actively encouraged to become involved in the station's output, in particular through the current affairs shows where audience participation and reaction generally set the agenda. The listeners are also encouraged to interact in providing news and traffic information, entering into competitions or by becoming involved in the many charitable activities that are promoted.

One of the ways the audience enjoys interacting is through premium rate telephone services (PRS). These services are used within programmes to facilitate interaction by viewers through voting or entering competitions. UTV aims to ensure that all interactions are conducted in a manner that is fair and transparent to the viewer and that the viewer can trust. Consequently the Group endeavours to meet the highest standards in all its PRS interactions with its audience and to ensure that the various regulatory codes, standards and guidelines covering PRS are met. The Group has established an internal compliance team which meets regularly to review the PRS offerings and evaluates the associated potential risk of failing the audience. The Board Director responsible for compliance makes an annual declaration to Ofcom in regard to the standard and quality of the PRS services.

### Digital issues

UTV fully participates in Ofcom's development of Digital Participation Network and Group representatives attend all related meetings.

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### Commercial associates

As a commercial organisation the Group pursues the best possible economic returns for its shareholders. In making these economic decisions, it takes due regard of the impact that they may have on other stakeholders including staff, customers and suppliers. In 2008 the Group established a formal Code of Business Conduct which outlines the fundamental values and principles it expects all staff to uphold in all aspects of their operational activities. These include the ethical conduct expected to be demonstrated in engagements and relationships with its customers and suppliers.

The main customers of the Group are the advertisers both agency-sourced and directly-sourced. The Group ensures that all advertising customers are provided with terms of business which clearly outlines the way in which business will be conducted.

The Group conducts its business with a diverse range of suppliers and aims to treat all in a consistent and fair manner both in the selection of suppliers and in the ongoing trading arrangements. The Group selects suppliers on the basis of quality, value for money and the environmental / social responsibility of the products and services being supplied. The Group aims to support the local economy by sourcing much of its goods and services from local suppliers, although this does have to be balanced with the very real need for efficient and economic procurement arrangements. The Group's specialist suppliers include local independent production companies which supports the continued development of these small ventures.

### Community and society

The majority of the Group's business and outputs are at the very heart of the community and have an influential role. The Group continually endeavours to forge stronger relations both in the business community and in the general community and by doing so, promotes the long term sustainability of the media industry and future employment prospects in the local community.

### Media literacy and accessibility

The Group is committed to the promotion of media literacy in the wider community. Staff and management are involved in seminars, debates and training with the local community to assist them in understanding how television and radio is created and how under-represented groups can gain access to programme-makers. The Group continues to contribute to the community both financially and with support in-kind such as offering the free provision of its studio facilities to many local voluntary, charitable, sporting and enterprise bodies. On a weekly basis, the television studios welcome groups, including adults with learning disabilities, elderly people, teachers and students of all ages, to gain an insight into media operations across its various platforms. In partnership with the Northern Ireland Commissioner for Children and Young People, the Group welcomed a number of young people onto the airwaves as part of an initiative called 'We Want the Airwaves' which coincided with the 20th anniversary of the signing of the United Nations Convention on the Rights of the Child.

### Skills transfer and investment

Seventy students from across Northern Ireland participated in UTV Television's week-long work shadowing programme designed to give students an insight into a career in the media industry and future career paths, which was operated in conjunction with the Charter Work Experience Programme. UTV Television continued to operate a publicly-advertised training scheme, Skills Focus, in conjunction with Northern Ireland Screen and facilitated a number of workshops for trainees.

The Group continued its work with the University of Ulster and the Northern Ireland Skillset Academy and hosted their Graduation in Film Presentation for the students studying for an MA in Documentary Production.

The Group has for many years been supporting both regional universities in Northern Ireland by providing full-time one-year placements for seven students in the various disciplines including finance, IT, maintenance, library and content, as part of their on-going degree course education and hence contributes to the training and development of the future workforce.

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Each of the Radio Ireland stations has a structured policy of work experience for transitional year students and work placement/internships for those who are participating in media related courses at educational institutions.

### Support for the business community

The annual UTV Television Business Eye Awards continued to attract huge support from the local business community, celebrating the best of local companies during one of the most difficult economic times. The Group is a member of Opportunity Now, a business-led campaign which works with employers to realise the economic potential and business benefits that women at all levels contribute to the workforce.

Each of the radio stations in Ireland and GB is an important part of the local business community and many staff are actively involved with their local business association and/or Chamber of Commerce, to promote business growth and success of the local area. The GB radio stations also offer online business directories to support local businesses and services. Senior Radio Ireland staff are involved in radio industry bodies such as the industry representative body IBI, the industry training body Learning Waves, and the industry research body JNLR.

The Group is a member of a number of business groups including Business in the Community (BITC) which operate across the UK and Ireland and is committed to continually improving its positive impact on society. The Group's Chief Executive is a member of the Board of BITC in Northern Ireland.

### Community support initiatives

The Group supported a number of off-air community events in 2009 including the Belfast Mela, which is an international showcase of music, dance, art and food. As their media partner, UTV Television created greater awareness of the event through strong editorial features on television, radio and online. The event attracted an audience of more than 22,000 people making it the largest multi-cultural event in the whole of Northern Ireland.

The radio stations in Ireland and GB aim to be embedded at the heart of the communities they serve, which is reflected in the relationships established with local events, good causes, festivals, educational institutions and community groups. Each of the radio stations has a policy of promoting community initiatives on-air and they are often the primary source of local information, with many initiatives broadcast within the "community diary" features. The GB radio stations also help to run events which celebrate local people and local culture and in 2009 these included the "Heroes in the Community Awards" in Blackpool and the "Liverpool Style Awards".

### Charitable activities

The Group has made donations to many good causes throughout the year that assist in supporting the sustainability and development of the local social community. This financial assistance was further supported by staff offering their free time to support various initiatives and fundraising events and many on-air personalities participated in a wide range of charity and community based public events.

The Group provides significant assistance to local charities across its GB and Irish radio stations. Through direct fundraising and by partnership with local charities, the local radio stations in GB helped to raise significant funding for good causes, with beneficiaries including Swansea's Penllergaer Splash Appeal and Bolton Hospice. A number of the local radio stations also ran successful Christmas toy appeals. At a UK national level, talkSPORT's speech format allows it to give significant editorial attention to deserving campaigns and in 2009 these included the Everyman prostate and testicular cancer campaign and "Help for Heroes". Meanwhile, Sport Magazine's sport focus has seen it develop a long-term corporate partnership with the international children's sport charity "Right to Play".

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The Radio Ireland stations promote charitable events free of charge on-air, as well as organising larger charity events on an annual basis. Examples of these are: “Cork 4 Kids” fundraiser on Cork’s 96FM which raised over €300,000 for Cork’s two children’s hospitals, FM104’s “Help a Dublin Child” which raised in excess of €100,000 for Temple Street Children’s Hospital, U105’s “105 Hour Challenge” which raised over £40,000 for the Northern Ireland Hospice and Q102’s charity auction which raised in excess of €30,000 for St. Michael’s House.

The Group has a policy that no political donations are made.

### Environment

The Group recognises that its business activities inevitably have an impact on the environment and is committed to reducing any potential damaging effects and improving its performance on environmental matters. The Group Environmental Policy was established in 1996 with the aim of encouraging all existing and new investments in business activities to be evaluated, not just in terms of the economic benefits to the Group and community, but also in terms of assessing each activity’s potential impact on the environment. Assessments concentrate on specific areas including energy consumption, travel-related fuel consumption, water use, waste products produced and opportunities for recycling. This policy has been widened recently to include consideration of green purchasing with regards to supplier issues.

The Group fully involves its staff in delivering the Environmental Policy through the operation of an Environmental Management System (EMS) which attained ISO-14001 accreditation in 1997 and is audited twice a year by the British Standards Institute to ensure standards in the EMS system are maintained. The EMS system enables the Group to measure, access and control the environmental impacts of its activities and delivers many benefits including reducing costs, improving efficiencies, ensuring compliance with legislation and leading to continuous improvement in environmental performance. The Group has a long established Environmental Committee to direct and manage the EMS system. The Committee engages with the Carbon Trust to both advise on operations and to undertake audits on specific environmental aspects as required. Both general and specific environmental updates are communicated to staff by way of a regular newsletter.

### Energy consumption

The Group is aiming to reduce energy use and associated carbon emissions by 10% over the next five years from 2010, using 2009 as the baseline. This target represents an expected annual reduction of 800,000 KWH, equivalent to 438 tonnes of CO<sub>2</sub> which will be achieved through a number of energy saving initiatives. The Group has engaged with the Carbon Trust who carried out an independent energy audit which resulted in a series of recommendations ranging from improving staff awareness to enhanced metering and the replacement of elements of heating and lighting plant with higher efficiency units.

### Travel-related fuel consumption

The Group is aiming to reduce transport-related carbon emissions by 10% over the next five years. This target represents an expected annual reduction of four tonnes of CO<sub>2</sub>. The Group is developing a number of ideas and initiatives to facilitate this reduction and presently staff are encouraged to use public transport and share car journeys, where practicable. The Group operates a vehicle fleet and the CO<sub>2</sub> emissions of replacement vehicles are an increasingly important factor in the replacement decision-making process.

### Water consumption

Only a small number of buildings across the Group are served with metered water supplies and in the majority of cases, the local authorities levy a flat-rate water charge based on their assumptions of usage. In the buildings where water supplies are metered, it is planned to examine usage per head and this information will help develop usage profiles across the Group, after which the potential for reduction will be assessed.

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### Waste products and recycling

The Group has been running a recycling programme for consumables for a number of years. These consumables include toners, mobile phones, electrical items, paper, cardboard, cans, plastic and glass. The Group currently recycles 23% of its waste products and has a target to increase this by 1% per year. Fully accredited waste disposal companies are used to ensure that waste is properly dealt with.

### Capturing and reporting environmental impact data

Climate change issues have come to the fore as key sustainable development issues with many governments now taking proactive steps to reduce CO<sub>2</sub> emissions through national policies. These include the introduction of emissions trading programmes, voluntary programmes, carbon or energy taxes and regulations and standards on energy efficiency and emissions. In order to ensure long-term success in a competitive business environment and to be prepared for future national and regional climate policies, the Group recognises the need to be able to understand and manage these emission issues and risks. Consequently, the Group is seeking to build on its approach to tackling carbon emissions by establishing more quantitative methods of monitoring and is introducing systems that will specifically collect data relating to CO<sub>2</sub> emissions and allow more sophisticated analysis and evaluation of the Group's energy and fuel usage. During 2010, resources will be allocated to developing the systems for collecting consumption data and this will then be used as base-line data for setting target reductions in the future.

The Carbon Reduction Commitment (CRC) is a new statutory carbon emissions trading scheme based on electricity consumption and it is being introduced in 2010. It is mandatory for all companies that consume electricity through a half-hourly electricity meter to register and organizations that consume in excess of 6,000 MWh must purchase carbon offset allowances from the Government. As the consumption of the Group through half-hour meters is just over 2,000 MWh it will be necessary to report data but it will not be necessary to purchase offsets.

In 2009, the Group responded to a request from the Carbon Disclosure Project (CDP) to provide information on its energy usage and CO<sub>2</sub> emissions. The CDP is the largest investor coalition in the world and it produces an annual report to provide investors with information regarding the current and prospective impact of climate change on their portfolios. The Group reported to CDP that its CO<sub>2</sub> emissions in 2008 for both Scope 1 (use of fossil fuels on site and in vehicles) and Scope 2 (use of electricity) was 4,000 tonnes of CO<sub>2</sub>.

Many companies have calculated their carbon footprints but they have difficulties in assessing how well their performance compares with others. ENDS Carbon is a leading provider of carbon performance benchmarking and works with companies to develop fair and robust metrics to enable them to evaluate how effective their carbon management is relative to their peers and to identify opportunities for improvement. In 2009, the Group responded to a request from ENDS Carbon to make quantitative CO<sub>2</sub> data publicly available. This information was used in the Brand Emissions Leaders Project that rated the carbon emissions performance of over 600 major UK and global brands, both public and private, against their competitors. This rating will provide a baseline for future assessment of performance.

Every year UTV participates in "ARENA" Network's Environmental Benchmarking Survey. This survey aims to raise the profile of environmental issues in Northern Ireland's business community and to encourage improvement in environmental management and performance.

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### Targets

The table below outlines the Group's environmental impact in the year, where it has been possible to measure. The table also sets out the targets for 2010 and the key actions to be taken to achieve the target and / or to capture the baseline data.

<i>Environmental Impact</i>	<i>2009</i>	<i>2010 target</i>	<i>Proposed actions to achieve target</i>
CO <sup>2</sup> energy consumption (tonnes)	2,768	2% decrease	Progressive replacement of heating and lighting plant with higher efficiency units
CO <sup>2</sup> fuel consumption (tonnes)	1,283	2% decrease	Encourage staff to use public transport. Where possible, share car journeys Replace fleet vehicles with lower CO <sup>2</sup> emission alternatives
Water usage (litres)	n/a	n/a	Collect data on water usage where possible
General waste generated (tonnes)	41,010	1% decrease	Increase staff awareness to waste
Recycled waste generated (tonnes)	9,570	1% increase	Introduce more recycling centres