

FE RESPONSTBILITY REPORT 2013

Ernst & Young LLP has been engaged by EE to provide external assurance over specific elements of EE's Responsibility Report 2013. We have reviewed statements and data relating to the following topics:

Improving digital skills

Boosting youth employment

Environmental impact

Ethical supply chain

Child safety

Our full assurance statement, with conclusions and observations can be found on page 30.



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#### Introduction and approach

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# INTRODUCTION FROM OUR CEO

Being responsible and having a positive impact on the communities around us is key to our business.

It's one of the reasons that we pioneered 4G for Britain in 2012. Prior to this, the UK had fallen behind in vital mobile communications infrastructure, missing out on the significant socio-economic benefits that faster mobile internet and reliable voice calls is proven to bring. By investing in our voice network and delivering superfast 4G services that now reach over 70% of the population, we have enabled the UK to catch up and overtake countries around the world. It means that British consumers and businesses now have access to one of the world's leading communications networks. For us to continue to build this infrastructure, and deliver further benefits to the UK, we want people up and down the country to join us, stay with us, and for our communities to be prosperous. Delivering this will not only be beneficial for our company – but for the country and the people and businesses of Britain too.

#### Better Britain

Our responsibility approach, which we call 'Better Britain' is built on the back of our success in building a new digital infrastructure for the country. It supports individuals and communities in two ways. Firstly, by working to improve people's digital skills ensuring they have the same opportunities and access as others; and secondly by using our scale as one of the country's biggest and most successful companies to boost youth employment.

Around all of this is the way we operate as a company – with our suppliers, the industry and our customers – to ensure our actions and leadership build trust.

#### Improving digital skills

We have continued to build our digital skills activity across 2013 through our partnership with Go ON UK and the digital inclusion initiatives we deliver. This is an area we are fully committed to due to the social benefits it brings – from increasing employment opportunities, to lowering the cost of living, to reducing isolation. We set the goal to improve the digital skills of one million people by the end of 2015 and we have delivered a range of activities to meet this, including our online resources ee.co.uk/digital-living and ee.co.uk/digital-skills which 160,000 people have viewed, and our Techy Tea Parties which have helped over 1,000 people.

Looking to 2014, our focus is on engaging customers in our social agenda which we will be doing through our flagship activity EE National Techy Tea Party Day – a national event in September where we hold digital skills events across all our retail stores and offices, and encourage other organisations to do the same.

#### Boosting youth employment

Last year, we set ourselves a target to take on 500 apprentices by the end of 2015. Our apprenticeship scheme has been an even bigger success than we anticipated, and we will now recruit 1,300 apprentices into our business by the end of 2015. We know our scheme has changed the lives of many of our apprentices and it was great to be recognised for our achievements by the Deputy Prime Minister at the Opening Doors Award for Best Recruitment scheme. It's an area that I am incredibly passionate about and I am excited about offering more opportunities to young people.

#### Building trust

As the UK's largest communications company – and one of the biggest businesses in Britain – we are working hard to ensure our customers, partners and stakeholders understand our vision and how we are executing it.

We aim to deliver the best network and best service so that our customers trust us with their digital lives.

With mobile connectivity becoming ever more central to the way people work, transact, communicate and entertain themselves, we are becoming ever more important and valuable to individuals and businesses across the UK.

It means the position of trust we hold – and the responsibility we have – becomes ever greater.

That's why, as well as ensuring we run a responsible, sustainable business, we are looking at the broader trends that affect our business, such as the cost of living and the digitalisation of society, making sure we address these areas in a way that supports our customers and sets our business up for a successful future.

I look forward to sharing more about each of these elements in our future reports.

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Olaf Swantee, CEO, EE

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# OUR RESPONSIBILITY APPROACH

#### Better Britain

Across 2013 we built on our commitment to be the most trusted communications company that shares the power of connectivity with everyone in the UK. We have also evolved our thinking and conducted a more sophisticated opportunity assessment, which indicated the need to incorporate youth employment

into our approach. We also identified the need for a simple framework that clearly demonstrates our ambition and activity. 'Better Britain' summarises our refreshed approach that captures our responsibility activity and demonstrates where we are focusing.

# BEITER BRIMIN

# INCREASING DIGITAL SKILLS

Improve the digital skills of one million people

- National Techy Tea Party Day
- > Go ON UK partnership
- > EE Digital Champions
- > Online and in-store resources

# BOOSTING YOUTH EMPLOYMENT

Help 1,500 young people into employment

- **>** Apprenticeships
- > Graduate places
- > Work inspiration sessions
- > Work experience places

#### **BUILDING TRUST AND SUSTAINABILITY**

#### Issue Management

- > Priority issues
- > Horizon scanning

# Stakeholder Engagement

- > External Advisory Board
- > Bi-annual news email

#### Reporting & Benchmarkin

- > Responsibility report
- > BITC CR Index

#### Our 2015 goals

In our 2012 report we set three headline goals to achieve by the end of 2015:

1

# To improve the digital skills of one million people

We are continuing to progress towards this goal and share more about our commitment in this area in the digital skills section of this report.

2

# Recruit 500 apprentices into the business

We are due to hit this target in early 2014 and are therefore expanding it to 'help 1,500 young people into employment' by the end of 2015. We will continue to grow our apprenticeship scheme and will also pilot a work inspiration programme in 2014.

3

# Reduce our carbon emissions and waste to landfill by 50%

Moving forward, we are managing environment as part of our Issue Management process. It remains critical to building trust and ensuring business sustainability. We share progress against our goal in the environmental impact section of this report.

# IMPROVING DIGITAL SKILLS

At EE we believe that technology is brilliant and through our award-winning network and leading products we're inspiring people to get connected and make the most of the digital world.

However we recognise that many people are lacking the skills they need to make the most out of the technology at their fingertips. This might be because they didn't grow up with it and are lacking confidence, or because they don't have the necessary equipment and connectivity. So for lots of people the idea of going digital is a bit daunting.

We believe that being connected has endless benefits, from keeping in touch with friends and family, to saving money; from finding employment, to reducing loneliness. We want to share these benefits with everyone.

## **OUR GOAL**

To improve the digital skills of one million people by 2015.

We set this goal in 2013 and across the year we've started our journey to meeting it.

Our first step was to get our employees behind our digital inclusion agenda – from those at the very top, right down to the frontline. We launched a range of engagement activities to enable our people to get involved.

We then worked with local charities and leading digital inclusion organisations, including Go ON UK, which we are a Founder Partner of, to develop activity and resources that will boost digital skills. This includes our Techy Tea Parties, Digital Living website ee.co.uk/digital-living and our Digital Business website ee.co.uk/digital-skills. We also invested in training our frontline employees on

device operating systems so they can deliver tailored support to customers.

We have delivered a range of activities to help people build their digital skills. This includes delivering 138,000 Advice for Parents guides to our stores and promoting our online consumer and business resources, which have received 160,000 views. Research shows¹ we help 1 in 5 of our customers learn something about the internet or their device during an interaction with us in person or over the phone. We have also directly helped 1,069 people through our digital skills sessions. This marks good progress toward meeting our target – and next year we plan to enhance our measurement process to enable us to report on the number of digital skills we have improved across all of our activity.

#### TNS Customer Focus Tracker, March 2014, sample size 219, across PAYM and PAYG on EE, Orange and T-Mobile

# 2013 highlights



#### Techy Tea Parties

At a Techy Tea Party guests from Age UK, or other local charities, spend around two hours one-to-one with an EE Digital Champion who helps them with their tech challenges. This might be teaching them how to text, showing them how an iPad works or setting up an email account. Across 2013 we held 68 Techy Tea Parties, with 565 of our employees volunteering to improve the digital skills of 861 people.

Our guests bring the kit they want to learn more about and our champions bring their devices so they can demonstrate what technology can do. Our employees don't need to be tech experts – it's about spending time with someone from their local community, over some tea and biscuits.

We held Techy Tea Parties in 28 different locations across the UK and the feedback has been incredibly positive. In Q4 89% of participants told us they were more likely to use technology and 90% of our digital champions said they felt they'd helped someone with their digital skills.

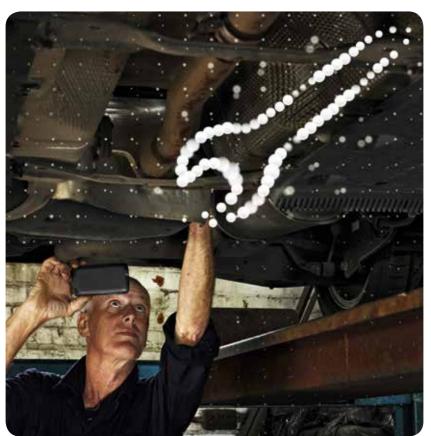
Our volunteering didn't stop there. We worked with the Career Development Group to help job seekers build their CVs and use the internet to search and apply for jobs and through Code Club our employees went into schools to teach children how to code.

# 2013 highlights

#### Getting our people behind digital skills

In April we launched a company-wide campaign to engage our people in addressing digital inclusion and to encourage them to get involved in volunteering. The multi-channel campaign included an email from CEO Olaf Swantee, news stories on our intranet and posters across our sites. It included an internal video that featured family members of our employees whose lives had been improved by getting connected. The results were very positive. Our employee engagement score that measures the extent to which we enable employees to give back to the local community increased by almost 10 percentage points between November 2012 and May 2013.





#### Digital Business website

In November we launched an online toolkit to help small businesses build their digital business capability. Research shows only a third of SMEs have a digital presence and only 14% sell their products online.

The resources, which can be found at ee.co.uk/digital-skills cover the following areas: Digital Marketing, e-Commerce, Social Media, Safety and Security and Websites. Each resource provides advice and support to help businesses get the most of the digital world when promoting and selling their products and services.

## **CASE STUDY**

#### Go ON North East

In 2013 we supported Go ON North East, a pathfinder project that aims to supercharge digital skills activity across the North East. The pathfinder launched on October 1st, kicking off six months of concentrated activity across the region.

We launched a series of initiatives to support Go ON North East. We committed to bringing superfast 4G to four cities across the region by the end of 2013 and to donate 50 4G mobile WiFi devices to outreach projects led by community groups and employability initiatives in the social housing sector, and we are hosting digital skills sessions both in the community and in our North East contact centre locations.

This is the first regional pathfinder being rolled out by Go ON UK which will create a replicable model for other UK regions.





# EE National Techy Tea Party Day

Our big focus for 2014 is to engage our customers and the nation in the digital skills agenda. We will do this by launching EE National Techy Tea Party Day. On September 9 we will hold Techy Tea Parties across our stores and encourage charities and other businesses to do the same. The objective is to improve the digital skills of thousands of people and to raise awareness of the issue of digital exclusion.

We will also continue to work with Go ON UK and the Government's



Digital Inclusion taskforce to further strengthen digital inclusion activity across the UK.

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We invest significantly in the UK, both in our network and as a large employer with a strong presence in the regions.

As four of our six contact centres are in areas of above-average youth unemployment, we can make a significant impact at a local level by offering apprenticeships and work inspiration.

We've publically stated our ambition to be number one for service and our people are key to achieving this. Earlier this year we committed to offer 1,000 new roles in the UK through repatriation, and to increase our 2015 apprenticeship target from 500 to 1,300. We know that UK-based contact centres deliver better customer experience, hence our decision to bring roles back to Britain. Our apprentices are more engaged and committed than the average employee and therefore also support our ability to deliver high-quality service.

#### 2013 highlights

- > Recruited 463 apprentices: 352 in Customer Service, 97 in Sales & Retail and 14 in Corporate departments
- > Recognised by the Deputy Prime Minister at the Opening Doors Awards for Best Recruitment scheme
- > Launched Retail apprenticeship scheme in July 2013 – now nationwide
- > Offered full-time employment to all apprentices who passed the scheme
- > Achieved lower levels of early attrition and sickness, and higher Employee Net Promoter Score with apprentices than with the average employee
- > Recognised by National Apprenticeship Service, receiving highly commended in regional awards and featuring in their Top 100 Employer List
- > Launched new graduate scheme, currently 11 recruits across the business
- > Worked with the charity Access to offer 10 work experience places in our Sales Team

## **OUR GOAL**

In our 2012 Responsibility Report we announced our goal to recruit 500 apprentices into our business by 2015.

On page 7 we explain how we are expanding this to a broader goal to help 1,500 young people into employment. Our focus will continue to be on our apprenticeship scheme, but we will also run work inspiration initiatives.

We launched our apprenticeship scheme in Customer Services in 2012. Across 2013 we continued to build it in Customer Services and launched the scheme in three new areas - Retail, Sales and Non-Consumer Operations. In Customer Services and Retail we offer Intermediate (level 2) apprenticeships and in our Sales and Non-Consumer Operations areas we are offering Advanced (level 3) apprenticeships, which are bespoke apprentice roles.

All our schemes are for 15 months and involve a mix of training, on-the-job learning, coaching and mentoring, and we have also incorporated e-learning into a number of the schemes.

# **CASE STUDIES**



#### Joe Booth, 21, North Tyneside

scheme back in 2012, I was working in a bar, picking up shifts here and there. I'd tried college but didn't do well at

school and studying just wasn't for me. I didn't have sales experience but I was confident it was something I'd be able to do. I applied, had a few interviews, and before I knew it was part of EE's upgrades and retentions team in North Tyneside.

I expected to be put on the phones straight away and to have to figure it out as we went along. Instead, we had a month of classroom-based training that taught us everything we needed to know about how to support a customer.

When I saw EE's apprenticeship I had a brilliant 15 months on the scheme and when I was offered a permanent role a huge grin reached my ears. The thought of going back to what I was doing before was horrible so I was well chuffed to be staying at EE.

> Working at EE has been great for me. It's provided me with consistency and enabled me to better structure my life. The environment in the call centre is cool. People might think we're just sitting on the phones but everyone is really friendly and you feel comfortable. One day I'd like to go on to be a team leader but right now I feel like I'm still learning new things every day.



#### Andrew Lavender, 26, Doxford

I used to work in a small family pub and when the recession hit I was let go. I couldn't afford the rent for my flat, was evicted, and had to move into

a homeless hostel. I worked temporary contracts for companies, while still applying for jobs. Nothing ever came of these, which is when I went on a call centre course. I was put forward for an EE apprenticeship, had an interview and was offered a place.

Since working at EE I have moved into a shared house and am now looking to move into my own house. I have a daughter I don't talk about much as I feel I've let her down. Now with this opportunity EE has given me, she will be able to have her own room and she can stay over at weekends. It's now within my reach, and only because the EE apprenticeship gave me the chance and saw my



- > Continue to expand our award-winning apprenticeship scheme, significantly growing it over the next two years – 1,300 by end of 2015
- > Expand the EE graduate scheme with minimum 16 roles in 2014
- > Launch work inspiration sessions, inviting students into our offices to support their future career plans

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# RESPONSIBILITY MANAGEMENT

At EE we have a formal process and structure for managing responsibility.

The responsibility strategy was approved by the EE Management Team in 2012 and is reviewed on an annual basis. The Responsibility Team works closely with Stephen Harris, EE's Responsibility Board Member, to develop and deliver responsibility activity. Internal review meetings are held monthly to discuss the current status of issues and performance reports are delivered on a quarterly basis. Responsibility matters are also integrated into the company's regular Management Team meetings as necessary.

#### Identifying our priority issues

In 2012, we identified the most critical issues to our business and our stakeholders. These are the issues we proactively manage. Every year, we make sure we continue to address the most critical issues to our business and stakeholders by applying our risk assessment methodology to a list of potential topics. A number of our previously managed issues have progressed to a positive position and moved off our priority list. We also now have a number of new priority issues, as shown in the table below.

To determine the most important responsibility issues for EE, we use an assessment matrix that compares the level of risk against business performance. This risk assessment considers both the likelihood and the severity of impact on our communities, stakeholders and reputation. An issue is a priority when risk is high and performance is low.

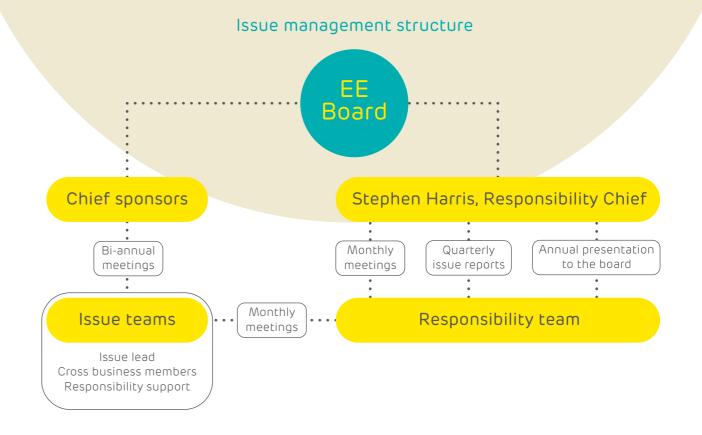
#### Priority issues

Ongoing priority issues	Board sponsor	KPI	2013 performance	2014 target	
Environmental impact	Stephen Harris, Chief Corporate & Strategy Officer	Year-on-year absolute carbon reduction <sup>1</sup>	9%	5%	
Environmental impact		Year-on-year waste to landfill reduction	45%	8%	
Ebbiral avaaly abaia	Neal Milson, Chief Financial Officer	% of high-risk suppliers who have completed EcoVadis survey	64%	100%	
Ethical supply chain		% of Bronze / Non-ranked suppliers with improvement plans	N/a	100%	
Customers	Patrick Bradley,	% of frontline employees undergoing training	New programme	60%	
with disabilities	Chief HR Officer	Score in Business Disability Forum benchmark	24%	35%	
Responsible marketing and selling <sup>2</sup>	Marc Allera, Chief Commercial Officer	No. of ASA investigations upheld	1	0	
		No. of selling related complaints to EE (all products/services)	Benchmark	25% reduction	
Unexpected high bills <sup>2</sup>	Neal Milson, Chief Financial Officer	No. of billing related complaints to EE (all products/services)	Benchmark	25% reduction	
New Priority Issues					
Data protection	Fotis Karonis, Chief Technology Officer	% of employees who undergo Customer Data Protection e-learning	37%	70%	
Customer privacy	Gerry McQuade, Chief Marketing Officer – Non Consumer Mobile	Permissions dashboard live on MyEE app/ EE website	N/a	In place	
		No. of engagement meetings with interested stakeholders	N/a	10	
	Francoise Clemes, Chief of Customer Service	No. of complaints received	Benchmark	25% reduction	
		Time taken to handle complaints	New measure	90% in 48 hrs	
	Fotis Karonis,	Launch of customer feedback project	N/a	In place	
Network information	Chief Technology Officer	Response rate to community enquiries	100% in 10 days	100% in 5 days	

<sup>&</sup>lt;sup>1</sup> Aligned to GHG Protocol Corporate Standard concept of scopes of emissions.

Priority issues are managed through a formal governance structure that is shown in the diagram below. Each issue is assigned a board level sponsor who acts as an ambassador for the issue across the business. The board member assigns an issue lead

to work with the Responsibility Team to develop an action plan and KPIs for the issue. This team meets on a monthly basis to ensure activity is progressing. Issue reports are then delivered to the Responsibility Board Member and Management Team on a quarterly basis.



#### Managed issues

In addition to our priority issues we continue to manage the following areas Child safety; Embedding responsibility; Supporting our employees; Investing in communities; Future workforce and Responsible network delivery.

#### Maximising our opportunities

In 2012 we announced our commitment to improve digital skills as we saw this as our biggest opportunity area. This year we have applied a new methodology to the opportunity space in order to formally identify our areas of focus. We conducted an independent assessment of our market and created a list of potential opportunities. We then assessed each opportunity based on the positive impact that EE acting in this area would deliver, against

the likelihood of our business acting. Improving digital skills remains the top opportunity for us, and in addition to this we identified our role as an employer, especially in areas of high unemployment. We have therefore been formally supporting youth employment and integrated this into our responsibility approach.

#### Horizon scanning

We have received feedback, for example from our new External Advisory Board, that we need to take a longer-term view of our responsibility approach and to the issues and opportunities we consider. We have started the first stage of this by identifying the most important trends that will affect society and our business. In 2014 we will develop plans that outline whether we believe action is required around each trend and, if so, what that action will be.

Carbon footprint includes scope 1: direct GHG, scope 2: electricity and indirect GHG.

<sup>&</sup>lt;sup>2</sup> Previously one issue – now separated.

<sup>2013</sup> targets for Priority Issue areas can be found at ee.co.uk/being-responsible

In 2013 we launched our new stakeholder engagement programme. This involved identifying different stakeholder tiers and engaging them, dependent on their tier.

Activity has included the creation of the External Advisory Board, holding one-to-one meetings with key stakeholders, delivering a bi-annual news email and conducting surveys with specific stakeholder groups.

#### External Advisory Board

Our flagship engagement activity has been establishing our External Advisory Board. The board is composed of senior business leaders and sustainability specialists who meet twice a year to help us develop and improve our responsibility strategy and activity. We invite the board to provide feedback on what we do well and the areas where we can improve. We're committed to integrating the views of the board into our activity and will also use the board as a forum where we can share our ideas for the future.

The board is chaired by Marc Allera, Chief Commercial Officer, and Stephen Harris, Chief Corporate and Strategy Officer. The board members are:

- > Graham Walker, Chief Executive, Go ON UK
- > Justine Roberts, CEO, Mumsnet
- Dr Alan Knight,
  Sustainability Director, Business in the Community
- Hugh Jones, Managing Director, Advisory, Carbon Trust
- Roger Darlington,
   Consumer affairs and
   communications industry specialist











"EE connects the world, what a great contribution to improving the lives of millions of people... But with greatness comes great responsibility. A better connected world brings great challenge too... The External Advisory Board is the place for those honest and frank conversations. Together we share and acknowledge all the positive EE brings to the world but we also unpick and debate the uncomfortable bits. That is CR and sustainability at its best. It's great to be involved."

Dr Alan Knight, Sustainability Director, Business in the Community



"In the age of social media, consumers don't want businesses to simply broadcast to them, they want a genuine dialogue and engagement and to know businesses are acting responsibly. It's great that EE are taking that engagement seriously and I'm pleased to be able to reflect Mumsnet users' concerns to their senior people via the External Advisory Board."

Justine Roberts, CEO of Mumsnet



"EE's External Advisory Board applies rigour and challenge to EE's CR commitments including the ambition of helping one million UK adults improve their digital skills by 2015. The other board members are impressive, challenging and I have to say great company! I believe that positive ethics and community values will increasingly be at the heart of every successful business. Being so open to ideas and external challenge suggests EE is aiming to be a leader amongst UK businesses."

Graham Walker, Chief Executive, Go ON UK



"It is not easy or comfortable for a company to accept challenges from stakeholders, but EE is to be commended for setting up the External Advisory Board and populating it with knowledgeable and independent voices. I have really appreciated the opportunity to raise at a senior level in EE important issues of customer service and I have been encouraged by the responsiveness of the company to my concerns. If we continue the dialogue in this challenging but constructive manner, EE will be a more successful company and its customers will be the real winners."

Roger Darlington, Consumer affairs and communications industry specialist



"With over 27 million customers and one of the most recognisable brands in the UK, EE has a substantial environmental impact, as well as a broad reach and potential for influence on society. I joined the External Advisory Board to provide an objective viewpoint and to challenge the company when needed. I've found the board to be both positive and progressive, however I would encourage EE to broaden its sustainability ambitions. EE needs to reach out beyond its own operations and along its value chain, and in so doing develop sustainable products and services which themselves promote or enable more sustainable lifestyles."

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Hugh Jones, Managing Director Advisory, Carbon Trust

# We are committed to reducing our environmental impact.

To date we have focused on reducing our company's environmental footprint, balancing this against the societal benefits that increased connectivity brings to our customers. Moving forward we are looking to understand and improve the impact we have up and down our supply chain. As part of this we are also looking to maximise the potential environmental benefits that connectivity and our products offer to our customers.

## **OUR GOAL**

In our 2012 Responsibility Report we set the goal to reduce our carbon emissions and waste to landfill by 50%.

We are still working towards a 50% absolute carbon reduction. However, we are adjusting our 2015 target to align with our current reduction forecast. This is because a number of the planned improvements have not yet delivered the efficiency savings that initial predictions anticipated. Our 2015 target is therefore to achieve a 30% absolute carbon reduction against our 2010 baseline. This remains a significant reduction in carbon emissions, especially as we are seeing a large growth in the amount of data on our network. Our carbon footprint reduction since 2010 can be seen in chart below.

We are maintaining our waste target and can report a 40% reduction against our 2011 baseline.

#### Annual carbon emissions<sup>1</sup>



## **CASE STUDY**

#### M2M technology

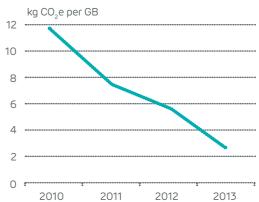
Machine to machine technology (M2M) has the potential to have a positive impact on the environment through improved efficiency and energy conservation. Smart buildings, smart meters, smart grids and efficient vehicles can all play a lead role in reducing carbon emissions over the next few decades.

Such 'intelligent' technology is already integrated into mainstream services and people's homes.
Energy companies' use of smart meters is a brilliant example.
The ability to control your heating remotely means you can switch it off, saving energy and money, when you're not returning home. EE is already active in M2M technology through smart metering, connected devices and fleet management, and is looking to expand into other areas such as global logistics and wellbeing solutions.

A great recent example is the new AGA iTotal Control oven which holds an EE SIM. This allows AGA customers to control their oven from a remote location using text messaging, a dedicated smart phone app or a dedicated website. This is a positive example of how EE is enabling customers to improve efficiency in the way energy is used in our everyday lives.

# **2013** highlights

- Achieved a 9%<sup>1-2</sup> absolute reduction in carbon emissions across 2013, amounting to a reduction of 22,000 tonnes of CO<sub>2</sub>e. To ensure a positive customer experience, the decision was taken to slow the consolidation of RAN (Radio Access Network) and core network. The 2G equipment refresh also delivered slightly lower efficiency improvements than anticipated
- > Worked with the Carbon Trust to calculate and certify the lifecycle carbon emissions for one minute of voice calls (0.85g CO<sub>2</sub>e) and 1 MB of data (10g CO<sub>2</sub>e) on the EE network<sup>3</sup>, helping us to track its efficiency
- > Reduced waste to landfill in 2013 to 644 tonnes which is an absolute reduction of 525 tonnes, meaning a reduction of 45% against our 2012 figure. This is largely due to the introduction of dry mixed recycling in circa 200 retail stores. Overall we have delivered a 40% reduction against our 2011 baseline of 1,074 tonnes and need to deliver a further 10% across 2014 and 2015 to meet our 50% reduction target
- Implementation of single stream recycling in corporate sites will be delivered in Q1 2014, slightly behind the planned date due to focusing on rolling out smarter working across our offices, including a clear desk policy and an online booking systems
- > Achieved a reduction in Kg CO2/GB data, despite significant increase in data use across our network (see chart to the right)
- Maintained our environmental management system (ISO14001) across all our directly managed sites with the precautionary approach being embedded in our aspects and impacts assessment process
- Recycled 63,667 mobile phones through our online and in-store recycling scheme ee.co.uk/recycle





#### **2014** plan

- Broaden the assessment of our environmental impact beyond our own operations to our supply chain and customers
- Work with the Carbon Trust to understand the positive impact our products and services, such as M2M technology and remote working, have on carbon emissions
- Deliver internal communications to encourage employees to reduce their environmental impact for example by switching off screens and recycling
- Deliver single stream recycling across all corporate and contact centre sites
- Audit our highest risk suppliers and collect environmental data from them. Conduct initial assessment on data
- Increase the extent of our carbon emissions reporting to include selected scope 3 emissions sources
- Continue to promote phone recycling in store and online ee.co.uk/recycle
- 1 Carbon footprint includes scope 1: direct GHG, scope 2: electricity and indirect GHG. Our revised baseline for 2010, 2011 and 2012 reflects publication of revised Department for Environment, Farming and Rural Affairs reporting factors in 2013 and revision of EE scope of data to include RAN sites for which we have no billing or direct metering information but are under our direct operational control.
- Where measured energy consumption and waste disposal data for our sites is not available, this is estimated using data from comparable locations. Energy and waste data does not include RAN sites that are operated by Mobile Broadband Network Limited, the joint venture that manages our heritage T-Mobile sites.
- 3 This is a Cradle to Grave Inventory using the following standards, GHG Protocol Product Lifecycle Accounting and Reporting Standard and PAS 2050:2011 using 2012 data.
- 4 Waste data does not include additional "structural" waste streams (e.g., steel, cable and concrete) that arose during 2013 as a result of the consolidation of our RAN sites. Waste to landfill from our retail fit-out programme is also excluded as data is unavailable for our 2011 baseline.

We recognise that the impact of our business, and hence the aspects that we need to consider in relation to being responsible, extends beyond our own operations, to our supply chain.

We're working with our highest-risk suppliers to drive improvements in ethical standards and require them to support our principles. We ask all suppliers to sign up to our EE Supplier Ethical Charter, available on our website, which sets out our values in this area.

We have hundreds of suppliers, many located outside of the UK, and a complex production and distribution process for our devices and network equipment, which presents challenges when it comes to assessing and influencing behaviour. However we've made big steps forward in understanding the sustainability performance of our highest-risk suppliers.





- Partnered with EcoVadis, a leading provider of web-based supply chain sustainability assessment, analysis and accreditation, enabling us to audit and monitor the sustainability performance of our suppliers
- Agreed criteria for identifying high-risk suppliers within our supply chain and requested all those identified in 2013 complete the EcoVadis survey
- Assessed a quarter of completed EcoVadis surveys, of which 90% were ranked Silver or Gold
- Launched a series of training sessions on sustainability with EE Procurement Managers
- Implemented Government-backed Supply Chain Finance scheme enabling EE suppliers to secure finance and improve cash-flow, which is especially valuable for SMEs



## **2014** plan

- Complete the remaining 2013 assessments and request a further 30 suppliers, newly identified as high risk, to complete EcoVadis survey, resulting in completed assessments with all 130 high risk suppliers, circa 20% of total contracted suppliers
- Work with suppliers defined by the assessment as 'Bronze' or 'Not ranked' to agree improvement plans and monitoring approach
- Launch a further series of mandatory training for EE Procurement Managers on sustainability and ethical supply chain practice

# SUPPORTING CUSTOMERS WITHDISABILITIES

We want everyone to be able to get connected and experience the many brilliant benefits that technology brings, including those with disabilities.

We recognise customers with disabilities often have specific requirements, and that digital technology can help these people with their communication and functional needs. It's therefore important that

we deliver our products and services in a way that enables customers with disabilities to access and use them and get the most out of being connected.





- Submitted first entry into the Business Disability Forum annual benchmark audit, the only mobile communications company to do so
- Analysed results of the audit and developed an action plan to address key priorities
- Recruited an accessibility specialist who has delivered training to 55 members of the digital team and implemented new coding frameworks and policies
- Completed a retail audit and confirmed all stores fitted with hearing loops
- > Expanded the remit of the Employee Forum on Disability, an internal stakeholder group, to cover customer issues



#### **2014** plan

- Deliver new employee
   e-learning on supporting
   customers with disabilities
   for all frontline employees
- Implement Next Generation Text Relay and Video Relay, providing hard of hearing or speech impaired customers with a broader range of service options
- Launch customer flagging project to better identify and manage our customers with disability requirements
- Conduct research into the over 55s market to understand the needs of older customers, some of who may have accessibility requirements, and communicate relevant propositions to them
- Improve EE's priority device fault repair service for customers with disabilities

# RESPONSIBLE MARKETING AND SELLING

With a range of price plans to meet all customer needs, getting the right one can seem a complicated process.

It's therefore critical that we communicate our price plans and products in a way that is transparent, clear and meets our customers' needs. We are committed to making sure we communicate in an honest way and our teams put the customer, and their requirements, at the centre of our sales and service.



- Enhanced the process for tracking sales and commission and introduced the ability to claim back commission payments if we believe misconduct has occurred
- Launched new 'Customer Trust' training, a series of mandatory compliance training modules that ensure our people are acting in line with regulation
- Increased the level of employee communication regarding mis-selling and compliance to help build a culture of responsible selling
- Reduced the average transaction time in store by over
   10 minutes through process simplification
- Introduced a personalised Welcome Wallet for all customers which includes all the details of their purchase, and where to go for help





#### **2014** plan

- Roll out training on ethics to all frontline staff which highlights the importance of responsible selling
- Streamline the sales processes across our business to reduce the speed of sale and ensure a more efficient customer experience
- Draft guidelines for marketing teams and agencies to support the development of transparent communication
- Build responsibility check points in to brand and marketing briefs to ensure messaging is checked for transparency

# 

We are committed to delivering clear and transparent information to our customers about their price plans and billing to minimise the risk of being surprised when they receive their bill.

Pricing and billing in the mobile phone sector can seem complicated and we are aware a significant number of customers' calls are related to billing questions. We are focused on identifying and tackling the cause of unexpected high bills and are looking at our communication around billing to ensure it is simple and transparent.



- Launched an online data use calculator to help customers understand which plan is best suited to their internet habits shop.ee.co.uk/data-calculator
- Updated the MyEE app to give customers greater control and flexibility in how they access their mobile account and keep track of their mobile use, available to all customers
- Delivered targeted communications to assist customers in understanding migration to the EE billing experience
- Implemented Propensity to Call project to better understand our customers' reasons for calling, enabling us to implement solutions to support them
- Aligned and lowered roaming prices across our price plans, focusing in areas where people travel most, such as North America



# **2014** plan

- Introduce a new cap on customer bills in instances where a handset has been reported lost or stolen
- Improve communication regarding mid-contract price rises so our customers are fully informed at point of sale
- > Further reduce roaming prices in the EU





Online data calculator

In order to provide services to our customers we hold elements of their personal data. It is of the highest importance that we store, handle and protect this data to the highest security standards.

We take a two-fold approach to protecting our customers' data. We use technical solutions to ensure it is secure, and we support this by delivering communications training and awareness programmes to our employees to make sure they handle customer data in an appropriate way.



## 2013 highlights

- Launched mandatory Data Protection and Information Security training to all employees, directly reporting training completion rates to the Board
- Simplified document classifications and data handling and communicated updates to the business
- Achieved re-certification for ISO27001 standard and PC DSS audit for EE and T-Mobile products
- Received a high rating following a consensual Information Commissioner's Office audit of our compliance with the Privacy and Electronic Communications Regulations. Audit reviewed our processes and controls for the protection of personal customer data, our training, asset management, supplier controls and project processes
- Switched on a new security system which activated a set of security settings, ensuring data is protected on all company mobile devices





#### **2014** plan

- Deliver a business-wide internal engagement campaign, regarding IT security and data protection, to all employees to raise awareness, encourage participation in training and drive positive behaviour change
- Complete laptop refresh across full estate, resulting in further improved security features such as encrypted hard drives and encrypted removable media devices
- Combine all internal legacy data protection policies, standards and procedures into a single, streamlined set for all channels and brands

# CUSTOMER PRIVACY

As our customers use their device to call, surf and shop, they are creating data which we hold.

It is essential that we store this data in a safe manner and you can read more about this in our data protection section.

This data can also be used to better understand our customers and refine the services we offer to them and to enable third parties to do the same. We believe it's important that when we use this data insight, we do so in a way that is transparent and brings benefits to our customers.

There are two ways in which we do this:

- **1. EE Recommends** we promote relevant marketing messages to our customers about products and campaigns that are relevant to them
- **2. EE Market Research** marketing insights provided to public and private sector organisations based on aggregated and anonymised network information

This is a new area for our business and a new management issue. It is critical that we use our customers' data in a responsible manner.



# 2013 highlights

- Development of Permissions Dashboard underway enabling customers to manage their marketing preferences
- Research conducted with customers to explore their opinions regarding customer privacy and to help inform the most appropriate approach for the Permissions Dashboard
- > EE Recommends launched with clear guidelines regarding type of campaigns EE Recommends wouldn't support



# **2014** plan

- Implement the Permissions Dashboard as part of the MyEE app and EE website alongside the launch of EE's customer data charter that clearly states EE's commitment to its customers regarding the use of data
- > Engage with stakeholders to discuss viewpoints on the positive and negative use of data
- Review the list of clients that EE works with in the data and marketing space to make sure it meets responsibility criteria



# CUSTOMER COMPLAINTS AND POLICIES

Delivering the best service is at the core of our company vision.

However we recognise that sometimes our customers are not happy with the experience they receive and we could do better. In these situations it's essential that we have an efficient complaints handling

process, which enables issues to be resolved quickly and efficiently. It's also important that all customer issues are dealt with consistently and that we have the policies in place to support this.



#### 2013 highlights

- Agreed to a Complaints Roadmap that will see multiple areas of the business who manage complaints merged into a single team
- Commenced a Complaints Reduction and Prevention Plan, including a Complaints Dashboard
- > Refreshed the team's KPIs to focus on quality and retention rather than volume
- Implemented an initiative which sees the full Board take responsibility for complaints, rather than just our service areas
- Launched the Social Hub which enables us to continuously track social trends and sentiment meaning we're able to immediately address any concerns



#### **2014** plan

- Launch a new web area for customer queries which provides a direct online complaint route
- Conduct a service policy review for issues related to complaints to make sure policies exist, are appropriate and are consistent for all customers
- Improve customer service capabilities in EE stores and invest £50 million in improving service-related IT systems
- Implement new call coding methodology to improve our monitoring, understanding and reporting of complaints
- > Repatriate 1,000 jobs to Britain to improve level of service and customer satisfaction
- Integrate a customer service performance measure into all employees' bonus assessment

# NETWORKINEORWATION

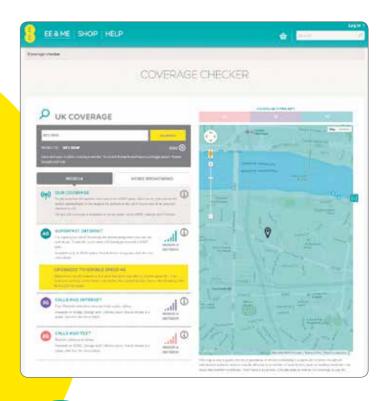
Our network continues to go from strength to strength, and by the end of 2013 almost 70% of the UK population had 4GEE coverage.

However, occasionally our network doesn't perform as well as we would like due to technical problems, outages often linked to the weather, or projects that are being delivered to improve the network. It's key that when this happens we are able to provide up-to-date information to our customers. This means

our frontline teams need to understand our network and be able communicate information about its performance with our customers. We also understand that some people have concerns over the safety of network equipment and work with local communities to address any concerns they may have.



- Delivered three levels of Network Accreditation e-learning for employees which trained them on how the network is structured and operates
- Integrated a coverage check into the joining process for all new customers
- Increased the level of internal communications regarding our network, including regular updates on network issues and future plans, and a dedicated group on internal social network
- Updated and better promoted the EE online Coverage Checker which enables customers to see the level of 2G, 3G and 4G coverage in their area
- Recruited a dedicated team into our service function who are able to respond to customers' network queries





# **2014** plan

- Launch of online 'real-time' network status tool that allows customers to see if there's a temporary network fault or planned disruption in their area, and the status of the issue
- > Deliver clearer signposting for customers to find the online Coverage Checker tool
- Offer Signal Boxes to customers who are having significant network issues
- Engage with customers prior to and following local network integration activity to review the customer experience

# ISSUES UNDER OBSERVATION

Across 2013 we transitioned a number of issues from priority to managed issues, and continued to manage a series of other issues that are of importance to our business. We include a summary of each of the issues below, and provide further detail about them at ee.co.uk/being-responsible

#### Embedding responsibility

To be a responsible business we need to integrate responsibility into how we think and behave; we need to make it part of our culture from the top down and bottom up. We made significant progress in this area across 2013, incorporating responsibility messaging across the employee journey and integrating a responsibility assessment into the product development process and company performance dashboard.

#### Future workforce

Ensuring we build a robust workforce for the future has new evolved into our Youth Employment activity, which you can read about on page 12.

#### Supporting our employees

Our people are one of our most important assets and we are committed to developing them and ensuring they feel engaged and supported as they play their part in our business. Across 2013 we have extended our people offering including launching new career frameworks, improving our performance management system, rolling out a series of wellbeing events and extending the EE recognition scheme.

#### Investing in communities

EE's community focus is on digital skills, which you can read more about on page 8. In addition to this we have a strong community investment programme. All employees are entitled to two days volunteering which can be used for the digital skills volunteering opportunities we organise, or for our employee's own activity. We also support our employees' fundraising activity by helping them with set up costs and topping them up once they've fundraised. In 2013 we supported our employees to fundraise nearly £350,000 for charity. We also supported Unicef UK's Philippines appeal raising £1.3 million through text and online donations.

## Contribution to public finances

EE is a UK-based business with no off-shore tax arrangements, and we strictly adhere to both the letter and spirit of UK tax law. We have transparent financial accounts and a conservative and responsible approach to tax which is reflected in HMRC's view that EE's attitude to tax planning represents a "low risk". Under standard accounting practices, our £17 billion investments in building a 21st century digital infrastructure for Britain are expensed against our revenues for the period of time the investment is used. As a result of

these investments, and since corporation tax is calculated on profits, rather than revenues, EE had no corporation tax due in 2013. EE does anticipate that it will have corporation tax due at some point in the coming years. EE is a significant contributor to the UK Treasury. In addition to hundreds of millions of pounds paid to HMRC through employment taxes and VAT, EE has contributed more than £9 billion to Treasury for the use of mobile airwaves since 2000. In 2013, EE contributed over £620 million to Treasury for the use of mobile airwaves.

# CHILDSAFETY

Being digitally connected is really important to young people and brings lots of benefits.

It enables them to communicate and get the latest information. It also provides education and support. But we know there can also be downsides to the internet and children can access inappropriate material or give away personal details. Young people

can also display irresponsible behaviour, being unaware of the potential consequences. It's important that we provide information to young people, parents and carers to help educate them and protect them online.



# 2013 highlights

- Implemented default 'on' mobile content filters for all new contract customers with an updated choice of three settings on all devices – Strict, Moderate and Off – enabling people to choose the level of security right for them
- Worked with the mobile industry to appoint the BBFC (British Board of Film Classification) as an independent body to determine framework for 18 content for Moderate default filter
- > Ensured all EE WiFi hotspots filter 18 content and the Internet Watch Foundation (IWF) list
- Engaged with the UK Council for Child Internet Safety, Mobile Broadband Group and Government, and held meetings with relevant ministers and advisors, to share best practice in child safety and aid cross-industry collaboration
- Increased level of industry funding to IWF to enable them to proactively address child abuse images, and deliver awareness raising campaigns



- **2014** plan
- Launch new resources on sexting on the Digital Living pages and implement a campaign targeted towards parents and carers to promote all safety resources available at ee.co.uk/digital-living
- Deliver mandatory child safety training for all customer-facing employees
- Integrate messaging regarding child safety into EE Shared Plans which are targeted towards families
- Develop independent classification framework for Strict filter setting
- Implement new Norton parental control on home broadband – more robust and flexible than previous product
- Install 'Active choice' where all new broadband customers are automatically presented with a page which requires them to make a choice on whether to download parental controls software

# INDEPENDENT ASSURANCE STATEMENT FROM EY

EE's Responsibility Report 2013 (the Report) has been prepared by the management of EE Limited (EE) who are responsible for the collection and presentation of the information within it. Our responsibility, in accordance with EE management's instructions, is to carry out a 'limited level' assurance engagement on specific statements (Selected Topics) and the 2013 performance data (Selected Data) as listed below.

Selected Topics	Selected Data		
	Number of Advice for Parents guides distributed		
Improving digital skills	Number of views of online digital skills resources		
	Number of people attending digital skills sessions		
Boosting youth employment	Number of apprentices in the business		
Environmental impact	% annual reduction in absolute carbon emissions and % annual reduction in waste to landfill		
Ethical supply chain	% of high-risk suppliers who have completed the EcoVadis survey		
Child safety	Number of communication 'touchpoints' messaging about online safety		

We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

#### What did we do to form our conclusions?

Our assurance engagement has been planned and performed in accordance with ISAE30001.

The Selected Topics and Data have been evaluated against the following criteria:

#### Completeness

Whether all material data sources have been included and that boundaries have been appropriately defined and reported.

#### Accuracy

- > Whether the site-level data has been accurately collated to company-level.
- > Whether there is supporting information for the data reported by the reporting units to company-level.
- > Whether the statements made are consistent with the explanation and evidence provided.

In order to form our conclusions we undertook the steps outlined below:

- 1. Interviewed a selection of senior managers and reviewed documentation to understand the current status of Selected Topics.
- 2. Carried out the following activities to review the Selected Data.
  - a. Interviewed a selection of 'data owners' responsible for managing, collating, and reviewing data.
  - b. Reviewed and challenged supporting evidence from a sample of site data.
  - c. Tested whether the data has been collected, consolidated and reported appropriately at company-level.
- 3. Reviewed information and explanation relating to 50 statements regarding the Selected Topics in the Report.

#### Level of assurance

Our evidence gathering procedures have been designed to obtain a sufficient level of evidence to provide a limited level of assurance in accordance with ISAE3000.

#### Limitations of our review

We have only sought evidence to support the Selected Data and Selected Topics (as set out above), we do not provide conclusions on any other data or topics.

We have not provided assurance over statements made by EE that are of an aspirational nature.

#### REPORT VALIDATION

#### Our conclusions

Based on our review:

#### Completeness

Have all material data sources been included and boundaries appropriately reported?

> We are not aware of any reporting units which have been excluded from the scope of the Selected Data.

#### Accuracy

Has the site-level data been accurately collated to company-level?

- Nothing has come to our attention that causes us to believe that the Selected Data have not been properly collated from the information reported by reporting units.
- > We are not aware of any errors that would materially affect the reported Selected Data.

Are the statements made consistent with the explanation and evidence provided?

**>** We have reviewed information or explanations on selected statements made regarding the Selected Topics and we are not aware of any misstatements in the assertions made.

#### Our observations

Our observations and areas for improvement will be raised in a separate report to EE's management. Selected observations are provided below. These observations do not affect our conclusions on the Report set out above.

- > Through our management interviews it was clear that the newly appointed External Advisory Board is influencing management to consider longer-term sustainability challenges and opportunities. We would encourage EE to disclose in future reporting the topics discussed and response taken.
- > This year the carbon target for 2015 has been revised from 50% to a 30% reduction compared to the 2010 baseline, as insufficient progress had been made. EE need to ensure that robust action plans, governance and regular progress reporting processes are in place to support the achievement of 2015 and longer-term targets.
- > Our work highlighted errors in some of the data sets, all of which were addressed prior to publication of the Report.

  The data processes should be improved by clearly defining accountability, improving documentation and implementing a structured sign-off review process.
- > EE have clearly set out the activities undertaken to improve digital skills in the UK. They are currently monitoring progress through a selection of inputs and some output measures. However, further work is needed to measure how these activities have enhanced digital skills.

#### Our independence

As auditors to EE, Ernst & Young are required to comply with the requirements set out in the Auditing Practices Board's Ethical Standards for Auditors. Ernst & Young's independence policies apply to the firm, partners and professional staff. These policies prohibit any financial interests in our clients that would or might be seen to impair independence. Each year, partners and staff are required to confirm their compliance with the firm's policies.

We confirm annually to EE whether there have been any events including the provision of prohibited services that could impair our independence or objectivity. There were no such events or services in 2013.

Ernst & Young LLP

London

April 2014



# GLOBAL REPORTING INITIATIVE

EE has chosen to report in accordance with Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, GRI-4.0 Core. We have done this to make it easier for us and for our stakeholders to understand our performance in relation to other companies inside and outside our industry.

GRI-4.0 core general standard disclosures, specific standard disclosures and performance indicators are contained within a separate downloadable document, available at **ee.co.uk/being-responsible**. London Benchmarking Group data regarding community investment is also included within this document.

<sup>1</sup> International Federation of Accountants' International Standard for Assurance Engagements Other Than Audits or Reviews of Historical Financial Information.

