

# Powering the digital economy

**Telecity Group plc**  
Report of the Corporate  
Social Responsibility Committee 2012

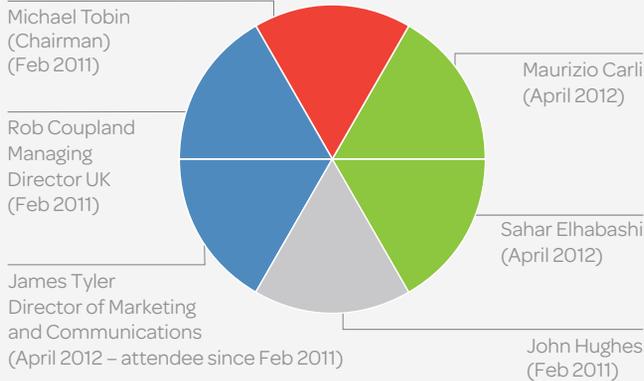
**TelecityGroup**   
where content meets connectivity

# Report of the Corporate Social Responsibility Committee

## Membership of the CSR Committee

The UK Code does not provide guidance for the membership of this Committee. The Board believes that a diverse membership drawn from the Board and management is appropriate.

- Executive Director
- Board Chairman
- Non-Board member of management
- Independent non-executive Director  
(with month of appointment to the committee)



### Specific objectives achieved in 2012

- Monitored existing CSR objectives for the Group and performance against these;
- Identified the next group of quantifiable objectives; and
- Ongoing review of market and reporting requirements as they pertain to the Group's CSR strategy and future activities.

### Specific objectives set for 2013

- Continue to monitor existing CSR objectives and performances against these;
- Monitor newly identified CSR objectives in advance of consideration for publication;
- Continue to identify additional areas for monitoring; and
- Ongoing review of market and reporting requirements as they pertain to the Group's CSR strategy and future activities.

The UK Code does not include provisions specific to CSR Matters.



**Michael Tobin**  
CSR Committee Chairman

In 2011, the Board established a CSR Committee in recognition of the importance it places on these activities in the Group. Following additional appointments in 2012, our Committee now includes two independent non-executive Directors and the Group Marketing and Communications Director, as well as the Board Chairman, the UK Managing Director and me as Chairman.

During 2011, we established targets to measure performance in these areas in order to track the Group's ongoing alignment to being a sustainable business.

The influence of the Committee has continued to feed through into the way the business operates and reports on corporate responsibility and sustainability. We intend this to continue in the future. As well as showing progress on commitments made last year, this report sets out clear performance measures for TelecityGroup's most material corporate responsibility issues. These targets are linked to specific achievement objectives for 2013 and five-year goals for 2016 (set in 2011), offering a clear long-term vision of our approach to corporate responsibility. In addition, I will discuss in this report new initiatives that the Group inaugurated during 2012 and how we intend to report on their progress going forward.

### Future direction

In 2011, we set targets that relate to the most material corporate responsibility issues for the Group and the impacts and influences our business has on stakeholders. These were carbon efficiency, customer satisfaction, employee engagement, accreditation of robust management systems and business integrity. For each of these areas a quantifiable metric with a specific performance target was established for the near term, and a five-year goal was also set.

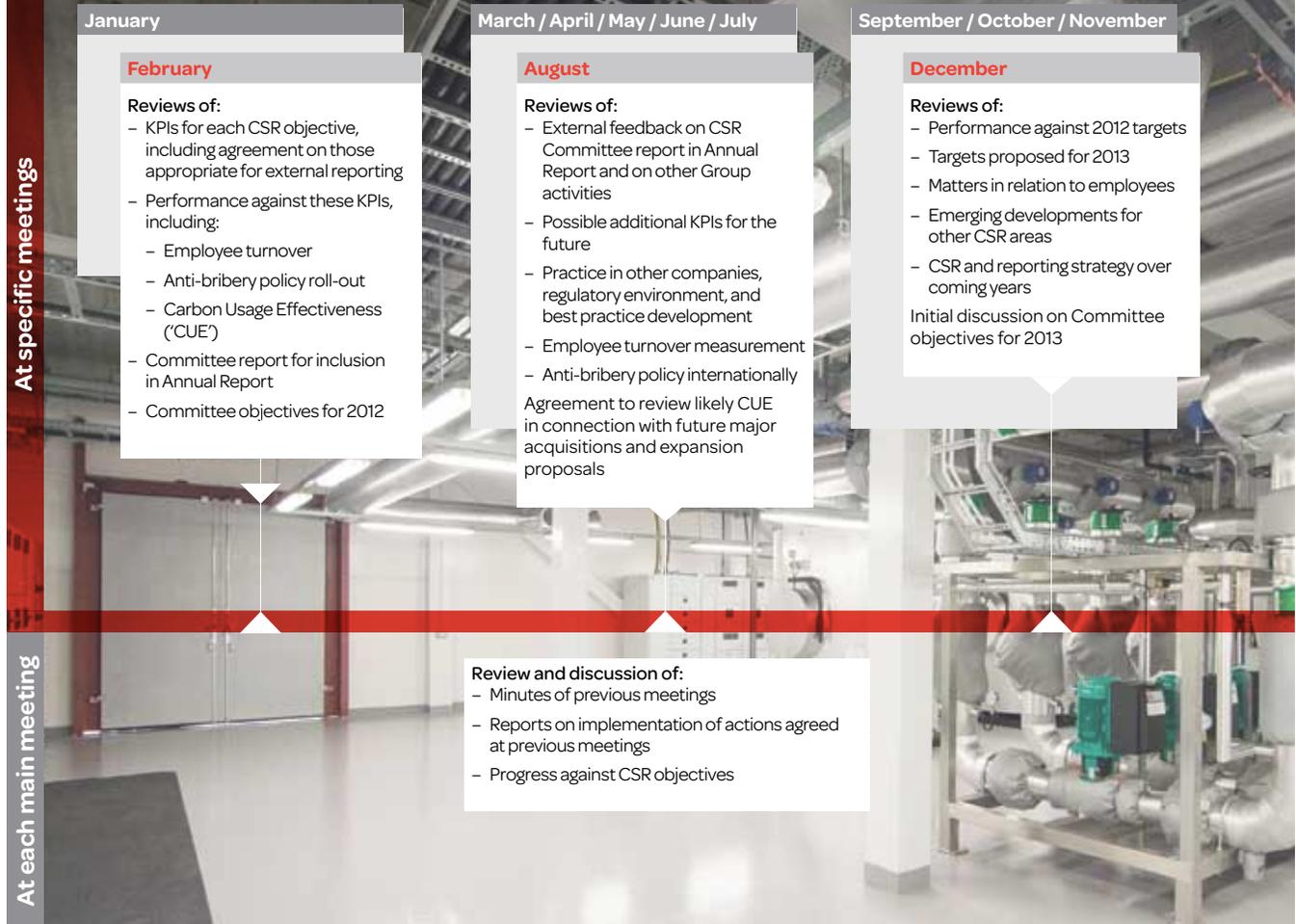
We have continued to monitor the performance of the business in each of these areas and I am pleased to report that in 2012 good progress was made against all of these targets. We will continue to report annually on progress against these longer-term targets. Through this process, stakeholders in the business will have a clear picture of what corporate responsibility means to us at TelecityGroup and how it is an integral part of our sustainable growth strategy.

### Managing environmental impact

TelecityGroup has ambitious expansion plans to meet growing customer demand for premium highly-connected data centre capacity across Europe.

In terms of environmental impacts, a key challenge is to maintain improvements in the energy efficiency of existing facilities and to ensure facilities obtained through acquisition are brought up to standard as quickly as possible. In the past, when companies designed data centres, the key concern was ensuring the resilience of service provision. Whilst this remains a critical success factor, in today's marketplace managing energy use and the environmental impact of facilities is also of great importance.

## CSR Committee calendar for 2012



The Group is ever vigilant of the need to take action when existing facilities, equipment or procedures require retrofitting or upgrading to improve environmental efficiency; there has been significant continued investment in this respect over the past 12 months. We have also initiated more structured programmes to measure our water usage and waste, which are discussed in more detail below.

### Managing and measuring energy use

TelecityGroup's business growth will inevitably mean an increase in power usage for the Group. By virtue of the Group's scale and expertise, IT equipment housed in TelecityGroup data centres is more efficient to run than if it were hosted in organisations' smaller proprietary server rooms.

The IT hardware that supports the digital economy typically resides in highly-connected data centres such as those operated by TelecityGroup. It is our view that the data centre industry has a vital role to play in creating a more environmentally-efficient economy. TelecityGroup is committed to minimising our environmental impact, focussing on improving operational and management processes developed through our Energy Management Programme. This is complemented by the ongoing implementation and adherence to the best environmental management practices contained in the EU Code of Conduct for Data Centres.

### Energy efficiency and emissions reporting

In November 2011, the inaugural 2010/11 CRC (Carbon Reduction Commitment) Energy Efficiency Scheme performance league table was published by the UK's Environment Agency. TelecityGroup was placed 103rd in the league table which ranked over 2,000 organisations in the UK that consume more than 6,000MWh of electricity per year according to a weighted score. TelecityGroup's ranking was the highest (and therefore

best-placed) in the data centre sector. The Group was ranked third in a peer group that incorporated organisations in the wider ICT marketplace.

The CRC performance score took into account the steps a business had taken to implement energy management and reporting procedures. These included installing Automated Voluntary Metering ('AVM') systems and achieving the Carbon Trust Standard accreditation, a rigorous certification process requiring organisations to measure, manage and reduce carbon emissions across their operations. In December 2012 the Government announced that the league table element of the CRC was to be abolished.

### Engaging with industry

Inclusion in the CRC scheme resulted in the imposition of a new tax on all of the constituent members covered by the scheme. While engaging with the required legislation TelecityGroup, along with most operators of data centres in the UK, is seeking to work with the UK Government to replace the CRC scheme with an alternative that encourages further energy efficiency whilst not penalising companies that are helping to drive economic growth. One of the themes of our engagement is to work with key opinion formers inside and outside the industry on the wider environmental impact of the digitalisation of business and commerce.

Data centre operators need to be able to demonstrate the critical role of the sector in mitigating carbon use elsewhere and show that the industry itself is a responsible consumer of energy. To this end, TelecityGroup continues to be an active member of Intellect (the leading trade association representing the UK technology industry) and seeks to make legitimate representations to the UK Government regarding its approaches to climate change policy. On behalf of the data centre industry, Intellect's Data Centre Group is seeking to negotiate a sector-level Climate Change Agreement ('CCA') with UK Government. CCAs are

## Report of the Corporate Social Responsibility Committee *continued*

the result of recognition by Government that unilateral carbon taxes can damage the competitiveness of energy intensive businesses operating in a global market. 54 industry sectors are already covered by the scheme. Participants can exclude eligible sites from CRC and obtain a 65% (rising to 90% later in 2013) discount from the Climate Change Levy (a non-domestic tax on energy derived from fossil fuels). In return they must meet challenging targets for improving their energy efficiency or reducing their carbon emissions. The benefits of a CCA for the sector are significant in both financial and environmental terms. In conjunction with Intellect we have consulted with the Department of Energy and Climate Change ('DECC') which has accepted that a CCA would be a better tool to drive efficiency in data centres than existing policy tools like CRC. We expect to see a decision from DECC in the first few months of 2013. Separately, we remain actively engaged in the Green Grid and also submitted data to the Carbon Disclosure Project in 2012.

### Measuring and reporting energy efficiency, carbon and greenhouse gases ('GHG')

Through 2012, we further improved our environmental management performance by introducing more energy monitoring and targeting systems and installing more sophisticated metering systems and energy analysis. We continue to monitor the Group's annualised power usage effectiveness ('PUE') measure which is also reported to the Board on a bi-monthly basis. While this important metric will remain an internal measure, we are committed to reporting externally on the Group's

carbon usage effectiveness ('CUE') measure which we introduced during 2011. CUE captures a combined picture of the energy efficiency of operations and the carbon intensity of the energy used. It encourages individual data centres both to improve the efficiency of systems and procedures and to seek out low carbon sources of energy.

Combined with internal reporting on PUE, monitoring CUE provides the Group with important information to compare the efficiency of data centres and explore trade-offs in energy efficiency strategies under various use scenarios and different operating conditions.

### Implementing and maintaining Group-wide standards

Through our Group-wide certification to ISO 14001, the international standard for environmental management systems, we are able to effectively implement and manage best practice energy management. As we acquire businesses our Quality Management team spend considerable time ensuring that these new facilities are put through the same rigorous standards and improvement procedures. This is to ensure a consistently high level of quality and systems management is available for our customers in every single one of our facilities.

A new energy management standard, ISO 50001 – which was launched in 2011 and is a parallel standard complementing ISO 14001 (but with an increased focus on best practice in energy management) – is to be implemented across the Group. Certification to ISO 50001 is particularly relevant for energy intensive industries or those facing GHG emissions regulation or legislation. We intend to roll out the new ISO 50001 standard across the Group over the next 24 months.

## Targets and longer-term goals ☺

Target measure	Why it is important	2011 actual	Target for 2012	2012 result	Target for 2013	Goal for 2016
Group CUE (kg CO <sub>2</sub> /kWh – annualised) for TelecityGroup data centre footprint (excluding UK Grid)	Carbon efficiency is a key measure of broader environmental performance	0.651	Improvement of at least 3% reduction from 2011 level <sup>(1)</sup>	0.629 (3.4%)	Improvement of at least 3% reduction from 2012 level <sup>(1)</sup>	Maintain continuous improvement of at least 3% per annum from 2011 level
Workforce engagement (measured as a % of employees participating in employee satisfaction survey)	We want our people to feel a strong commitment to the business	65%	Increase participation rate in employee survey by 5% from 2011 level	76%	Continue trajectory towards 80% participation	Maintain continuous improvement of at least 3% per annum from 2011 level
Workforce satisfaction (as measured by proportion of employees agreeing with the statement in the annual employee survey 'I really enjoy working for TelecityGroup')	Motivated people perform better	77.40%	Achieve improvement in satisfaction score by 5%	79%	Continue trajectory towards achieving 80% satisfaction score or above	Achieve a satisfaction score of 80% or above
Proportion of capital projects contractors compliant with anti-corruption protocol (as measured by % of total capital spend covered by contractors working on capital projects awarded during the year who have signed the protocol)	Business integrity is key to successful and sustainable growth	62% <sup>(2)</sup>	70% of all new major capital projects contractors (by contracts value) to have signed protocol <sup>(3)</sup>	75%	Continue trajectory towards 90% of all new major capital projects contractors (by contracts value) to sign protocol in each year	90% of all new major capital projects contractors (by contracts value) to have signed protocol

(1) Future CUE results may be affected by: a) acquisition of data centre assets which may operate at significantly lower efficiency rates; or b) changes in a national grid supply's carbon emission factor.

(2) Refers to value of new major capital projects awarded in the UK in 2011 ('major' = >£200k value).

(3) Refers to value of all new major capital projects awarded in 2012 across the Group.

## Greenhouse gas emissions

The Greenhouse Gas Emissions (Director's reports) Regulations 2013 are expected to come into effect this year, with compliance expected for reporting from 31 March 2014 onwards. These new regulations will require businesses listed on the London Stock Exchange to report their levels of global greenhouse gas emissions.

In response to this change we intend to publish the Group's GHG emissions to comply with the new regulations. We understand that company GHG disclosures will not require third party audit and verification. However, to demonstrate our commitment to embracing the new reporting requirements, we intend to implement the reporting and best practice framework of the Carbon Trust Standard, which is already held in the UK, across our entire European estate in 2013. The Carbon Trust Standard is based on rigorous assessment and audit process and requires organisations to measure, manage and reduce relative carbon emissions across their own operations. It is awarded for demonstrating an improvement in carbon efficiency, and committing to delivering ongoing year-on-year improvements. The methodology used in the Carbon Trust assessment process is one of those recommended by Defra for this GHG reporting requirement. We believe that implementing the Carbon Trust framework across Europe will not only enable us to meet our reporting requirements but also demonstrate that we have taken genuine action to reduce the Group's environmental impact.

We intend to publish our GHG emissions report in the 2013 Annual Report and will set targets around such emissions in due course.

## Water and waste – making progress

Beyond these issues that are critical to the future success of the business, we recognise that there are other concerns that will be of importance in the near future. For example, many new technologies that drive energy efficiency will also increase water usage through evaporation associated with cooling.

We are now considering water efficiency, recognising the importance of water to the resilience of the Group's sites. To this end, an assessment of existing water measurement techniques and practices is now underway, including a review of water metering capabilities. For data centres where existing metering allows, through 2013 we will put in place consistent Group-wide measurement standards. For facilities where current metering is not sufficient, we will investigate the feasibility of bringing the metering up to the required standard. I look forward to reporting on this progress in our 2013 Annual Report.

Although physical waste is a relatively small proportion of the Group's environmental impact, we are taking measures to ensure we minimise waste and recycle as much unavoidable waste as possible. The Group's certification to ISO 14001 sets stringent tracking measures for waste management. Most of the jurisdictions in which TelecityGroup operates also impose legal requirements in terms of dealing with industrial waste. In 2013, we intend to introduce formal internal measurement of waste into our internal KPIs to enable us to monitor and ultimately reduce our overall wastage levels over time.

## Targets and longer-term goals *continued* ©

Target measure	Why it is important	2011 actual	Target for 2012	2012 result	Target for 2013	Goal for 2016
Achievement and ongoing maintenance of ISO/OHSAS certification	Management systems' external certification improves standards on all aspects of operational performance	Certification maintained in existing data centres  Certification on track for new data centres	Maintain integration of Group-wide compliance and audit systems to retain ISO 14001, ISO 27001, ISO 9001 and OHSAS 18001 certification across all sites. Achieve in data centres acquired during 2011 where not certified	Retained ISO 14001, ISO 27001, ISO 9001 and OHSAS 18001 certification across all existing sites. Achieved same certifications in data centres acquired during 2011 where not certified. Achieved new standard BS 25999-2 in all UK facilities	Retain ISO 14001, ISO 27001, ISO 9001 and OHSAS 18001 certification across all existing sites. Achieve same certifications in data centres acquired during 2012 where not certified. Initiate certification process of ISO 22301 (formerly BS 25999-2) across Group (to be achieved by end of 2015). Initiate ISO 50001 certification across entire estate (to be achieved by end of 2014)	Maintain integration of Group-wide compliance and audit systems to retain ISO 14001, ISO 27001, ISO 9001 and OHSAS 18001 certification across all sites. Achieve ISO 22301 in all sites. Achieve ISO 50001 in all sites
Achievement of external 'CSR issue-specific' certification by independent institutions and agencies	Stakeholders want to engage with companies that have credible external endorsement as a responsible business	Maintained FTSE4Good listing  Achieved Carbon Trust Standard certification  Engaged with Carbon Disclosure Project ('CDP')	Maintain listing in FTSE4Good  Maintain Carbon Trust Standard certification  Continue to engage with CDP	Maintained listing in FTSE4Good  Maintained Carbon Trust Standard  Engaged with CDP	Maintain listing in FTSE4Good  Implement Carbon Trust reporting framework for TelecityGroup GHG emissions across entire estate  Continue to engage with CDP	Maintain listing in FTSE4Good  Achieve and sustain Carbon Trust Standard certification across all Group sites  Continue to engage with CDP

### Responsible procurement

Procurement at TelecitGroup is made up largely of three components: buildings, energy and equipment. In all three areas we try to minimise the Group's environmental impact. For example, a number of data centres use energy from renewable sources. This includes some of our data centres in Paris, Stockholm, Amsterdam, London and in the newly acquired facilities in Helsinki.

Energy efficiency is a key buying criterion for TelecitGroup as part of its overall assessment of the lifecycle running costs of equipment. The Group is continually working with IT infrastructure manufacturers to help develop devices that consume less power without compromising operational efficiency. This process of engagement with suppliers is one important way in which we are trying to influence industry-wide standards for environmental performance.

Through 2012, the Group continued to engage with suppliers working on its capital projects with an anti-corruption initiative that was first introduced in 2011. The anti-corruption protocol provides additional governance on the appointment of major contractors involved in new build projects. The protocol is designed to apply to companies involved in significant contracts and also to significant equipment vendor relationships (where 'major' is defined as any contract value over £200,000). We have also sought to apply the protocol to existing contractors and vendors. During 2011, the initial focus for the adoption of the protocol was in the UK to ensure their compliance to recent anti-bribery legislation (Bribery Act 2010). To this end, in 2011, over 60% of the value of major new UK capital projects were covered by the protocol.

Although the Group only engages with suppliers whom it believes conduct their business in a compliant and ethical manner, it will continue to work to increase the number engaged in the Group's specific anti-bribery protocol. During 2012 focus was extended to cover all geographies in which the Group is engaged in major capital investment projects. As highlighted in last year's report, this is an iterative process as suppliers are typically required to update their own internal procedures (and sometimes their existing contractual relationships with the Group) in order to accord with the new protocol. There is also a certain degree of challenge engaging non-UK domiciled businesses adapting standard procedures to UK law. However, despite these challenges, in 2011 the Group established stretching targets for the roll out of this protocol over several years. Successful progress was made in 2012 against these targets, with 75% of all major capital projects contracted during the year being covered by this protocol. I look forward to reporting next year on the ongoing roll-out of this programme.

### Group-wide ISO compliance and audit

TelecitGroup has continued to develop and strengthen its integrated quality management systems, enabling ISO and related certifications across the Group for security, quality and environmental management, together with occupational health and safety. The delivery of these systems is coordinated by an Operational Standards Team comprising subject matter experts in each area. This team provides support to country managers to ensure they are fully conversant in what needs to be done to maintain performance improvements.

The process of integrating new businesses into these management systems has been maintained in 2012 and beyond with the successful integration of Data Electronics and UK Grid, both acquired in 2011. A similar integration process is already underway for Tenue and Academica, the two businesses acquired in Helsinki in 2012. To further strengthen these processes, in early 2012 the Group launched a new bespoke software system to improve management audit and tracking of any non-conformance.

During the year certification to BS 25999-2, a standard for business continuity management, was achieved across all UK facilities. The standard provides a best practice framework to minimise disruption and maximise recovery time during unexpected events that could bring business to a standstill. BS 25999-2 has subsequently been superseded by BS ISO 22301 to enable easier international adoption and recognition. We intend to roll out this updated standard and achieve certification in the rest of our facilities by the end of 2015.

### Employees

We recognise that the skills, knowledge and commitment of our workforce are vital factors in our continuing success. As a result, we invest significantly in developing the skills and expertise of our people. We seek to challenge and develop all employees to perform at their optimum level. We encourage and support ongoing learning; we endeavour to provide opportunities for individuals to enhance and develop their careers, for example by creating exposure to new experiences, internal transfers and promotions; and we endeavour to create environments where people feel valued and rewarded for their contribution.

Training is also offered to employees at all levels of the business. In 2012, the company sought to offer training across all disciplines, from administration to technical staff, as we firmly believe that by investing in our employees and ensuring they have the necessary skill sets, we can motivate and retain the highest standards and continue excellence across the business.

Within our Succession Planning Programme for the Executive Team, we have tailored specific training programmes around complementing individuals' knowledge and experience by working with key institutions around the world.

By educating employees, and broadening their knowledge and skills, we will continue to have a dedicated and experienced staff base who all contribute to the success of the Group.

Staff commitment is an important element of achieving customer satisfaction – four out of five staff are in roles that are dedicated to direct customer service and customer engineering roles. During the year, our annual employee engagement survey was completed with over 75% of employees taking part. Results showed that over three quarters of respondents (78.99%) agree with the statement that they 'really enjoy working for TelecitGroup'. Though slightly behind the improvement target of 5% which we set ourselves on the 2011 results (77.4%), this was nevertheless a positive move towards reaching our long-term goal of achieving an 80% agreement rating. Feedback from the survey is analysed and programmes subsequently developed to respond to or improve on areas that employees have highlighted as requiring attention.

Working days lost due to sickness and other absences are uniformly low across the Group with an average of less than half a day lost to absence per employee during 2012. We do not intend to set public reporting targets around this data as these levels have remained at such low levels for several years.

Diversity is an important constituent of decision making within the business and is reported on more fully by John Hughes in the report of our Nominations Committee on page 56.



Cooling system check at Condorcet, Paris.

### Health and safety

We firmly believe in the importance of providing a safe and healthy environment, and adequate welfare facilities, for all our staff, contractors, visitors and anyone affected by our operations. We also take very seriously our responsibility to establish and maintain safe working practices. To this end we have implemented an occupational health and safety management system designed around the international standard BS OHSAS 18001:2007. This validates companies that show excellence in health and safety performance, and demonstrates the leadership to reduce risk and create an injury-free workplace. The Group's Health and Safety Policy incorporates a comprehensive reporting system to ensure that the Board is aware of every incident. A uniform accident and incident data collection procedure is also implemented so that we can benchmark our operations as well as monitor our performance.

TelecityGroup is committed to:

- The prevention of injury and ill health;
- Compliance with health and safety regulations, laws and codes of practice relevant to each country where we operate;
- Consulting with staff regarding health and safety policies and procedures;
- Ensuring that all staff and contractors have appropriate competencies to undertake their work safely and without risk to health; and
- Catering for people with disabilities and expectant and/or nursing mothers.

### Customer satisfaction

The customer is at the heart of everything TelecityGroup does in designing, building and operating data centres across Europe. Our success is predicated on providing capacity to support our customers' long-term business growth. We are committed to achieving the highest levels of customer satisfaction and we closely monitor the Group's performance in this area. The 2012 survey indicated that 97% of customers are either satisfied or very satisfied with the level of service that TelecityGroup provides. The Group seeks to maintain this very high level of customer satisfaction and is committed to continuing to report on this measure in the future.

### Community investment

Community investment and charitable partnerships continue to play an important role within our business and we strive to support the local communities in which the business operates. We believe the Group can have most impact by focussing on initiatives that promote education and opportunities for disadvantaged children and young people.

During the year, the business made cash and in-kind donations of over £182,000 to a range of charities including the Make-A-Wish Foundation, Great Ormond Street Hospital and Action for Children. In addition, the Group continued its role as a patron of the Prince's Trust Technology Leadership Group. A list of our charitable donations of £2,000 or more is given in the Directors' report on page 96.

Several members of the Board hold senior advisory positions in certain charities. John Hughes is Ambassador for the Alzheimer's Society. I am a Board member of Byte Night, which raises money for Action for Children, the Technology Leadership Group and the Internet & Media Leadership Group of the Prince's Trust, a member of the fundraising advisory board of Great Ormond Street Hospital and I sit on the fundraising committee of Make A Wish Foundation UK. Finally, I am also Chairman of the Friends of The Loomba Trust, a charity providing education and aid for children of poor widows in India. Brian McArthur-Muscroft is a member of the Corporate Development Board for the National Society for the Prevention of Cruelty to Children. Full details of our charitable work can be found on the Group website at [www.telecitygroup.com](http://www.telecitygroup.com).

On behalf of the Corporate Social Responsibility Committee



**Michael Tobin**

Chairman of the Corporate Social Responsibility Committee

12 February 2013



FTSE4Good is an index designed to objectively measure the performance of companies that meet globally recognised corporate responsibility standards. TelecityGroup's continued membership in the FTSE4Good index acknowledges the Group's commitment to responsible business practice.

Outstanding data centres.  
Expertise you can trust.

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