TelecityGroup

where content meets connectivity

Telecity Group plc

Corporate social responsibility report

2010

Responsibility

In 2009 we set out a clear list of targets for the year which aimed to maintain our position as a responsible leader in our industry. We are pleased to be able to report positive progress against these objectives.

Our 2011 objectives are detailed on page 33

Key to our performance:

Achieved In progress

Environment page 28

Driving energy efficiency and championing innovation to manage and reduce the environmental impact of the digital economy

2010 targets	Activities	2010 result
ISO 14001 certification (environmental management system standard) for all data centres	— TelecityGroup certified for ISO 14001 across all existing data centres in Europe. The Group intends to certify the newly acquired IFL site in Manchester in 2011 — Established the Business Assurance Forum to drive best practice in environmental and operational performance across the Group	Achieved
Carbon Trust Standard certification	— Achieved Carbon Trust Standard (UK): delivered an 11.5% relative improvement in carbon efficiency between January 2007 and December 2009 — Management systems assessed as part of achieving Carbon Trust Standard	Achieved
Continued engagement with the EU and key stakeholders on the EU Code	— All data centres audited to the requirements of the recently updated EU Code — All data centres operate to the Code's best practices for maximising energy efficiency — Active members of the Green Grid	Achieved
Continue to actively address the implications of CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment)	— Carbon Trust Standard accreditation constitutes 50% of the Early Action Metric in the CRC Energy Efficiency Scheme. The Early Action Metric affects a company's relative position in the CRC League Table which is expected to be first published in the second half of 2011 — Invested significantly in energy efficiency projects — Implemented strategy to source more renewable energy with data centres in Paris, Stockholm, Amsterdam and London using energy from renewable sources	In progress Ongoing work to address the CRC Energy Efficiency Scheme in light of changes to regulatory framework

Workplace page 30

Wellbeing and development of employees

2010 targets	Activities	2010 result
Roll out of new Group induction programme	— Implemented enhanced induction programme for new employees across every country	
Business management systems review	— Undertaken a thorough review of the systems supporting Group business and made a significant investment in enhancing them to improve employee productivity and the customer experience	
Roll out new management training programme	— Rolled out enhanced training programme to further develop leadership and management skills	Ongoing programme of employee participation across the Group through 2011
OHSAS 18001 (Health and Safety) certification across all data centres	— Achieved OHSAS 18001 certification for all sites — Implemented a quality management system to deliver Group-wide certification of OHSAS and ISO standards	
Embed new online appraisal system	— Group-wide appraisals completed on time	
Continue to operate employee sharesave schemes	— The Group continued to run employee sharesave schemes with two schemes currently running and intends to run similar initiatives in the future	

Marketplace page 32

Engage with respect and fairness with customers, suppliers and the wider industry

2010 targets	Activities	2010 result
Achieve ISO 9001:2008 standard for business quality management and ISO 27001:2005 standard for security management across business	— Achieved ISO 9001:2008 and ISO 27001:2005 certification for all existing data centres	
Systematically monitor relationships with customers, through satisfaction surveys and feedback procedures, at sites across Europe	— Maintained engagement with customers through ongoing surveys and client reviews	
Ongoing engagement with internet communities through membership of industry groups	— Continued membership of the Internet Watch Foundation ('IWF') — Affiliated as a patron of Euro-IX — Chief Operating Officer appointed to the Board of the Intellect Data Centre Council	
Engage with suppliers and encourage them to adopt the Supplier Code of Conduct	— Engaged suppliers on corporate responsibility issues through the TelecityGroup Supplier Code of Conduct	Continue to embed Code of Conduct in 2011

Community page 33

Focus investment on children, education and opportunity

2010 targets	Activities	2010 result
Further promote employee community involvement activities	— Employees participated in various fundraising events such as Action for Children's Byte Night	
Continued financial and in kind support to charitable and community organisations	— Supported charity and community groups including The Loomba Trust, The Prince's Trust and Action for Children	

Responsibility
continued

Continuing progress. Committed to responsible leadership.

TelecityGroup recognises that being a major international business presents opportunities for us to have a positive impact on wider society.

The Board recognises that maintaining a leadership position in the European network-independent data centre industry involves doing business with integrity and transparency; managing the Group's social and environmental impacts; and maintaining excellent relations with all stakeholders.

TelecityGroup's corporate social responsibility ('CSR') priorities have been identified as:

- The environment – driving energy efficiency and championing innovation to manage and reduce the environmental impact of the digital economy;
- Workplace – wellbeing and development of employees;
- Marketplace – engage with respect and fairness with customers, suppliers and the wider industry; and
- Community – focus on children, education and opportunity.

FTSE4Good

We are pleased to confirm Telecity Group plc remains part of the FTSE4Good Index Series for the second consecutive year.

FTSE Group confirms that Telecity Group plc has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series.

TelecityGroup's membership in the FTSE4Good acknowledges the company's commitment to responsible business practice. The FTSE4Good inclusion criteria cover a number of corporate responsibility themes including environmental management, climate change, human and labour rights, countering bribery and supply chain labour standards. As a constituent of the FTSE4Good Index, TelecityGroup is demonstrating that it has the policies and management systems in place to help address relevant corporate responsibility risks.

Management and governance of CSR

As part of the Board's own comprehensive review of Group CSR matters towards the end of 2010, the Board undertook a review of the oversight structure governing CSR across the Group. While the existing approach has served the Group well in recent years, it was decided there is value in creating a new Corporate Social Responsibility Committee ('CSRC') to provide formal Board oversight of relevant issues and activities.

The CSRC will comprise members of the Board and senior management. Meeting as a standing committee of the Board, its purpose will be to consider the risks and opportunities presented to the business in implementing the Group's CSR objectives. The Board's intention is that the CSRC will be chaired by the Chief Executive Officer ('CEO') who will take formal responsibility for CSR strategy across the Group. Should best practice evolve differently from this, the Board will adjust matters accordingly.

During 2011, the CSRC will initiate an internal review of existing benchmarks associated with core areas of the Group's CSR strategy in order to further enhance CSR management and reporting within the Group. It will establish a series of key performance indicators ('KPIs') on which it intends to report in the 2011 Annual Report. The Committee will assess and monitor these KPIs to ensure their measurability, comparability and effectiveness.

Business-critical social and environment risks are currently included within the corporate risk register. Looking ahead, the CSRC will continue to review the Group's risk identification processes to ensure these remain appropriate.

The CSRC intends to report annually on the Group's continued environmental, social and governance responsibilities.

Key achievements

During 2010 the Group continued to make solid progress on its CSR priorities and achieved the vast majority of objectives set in 2009.

Key achievements include:

- Maintained listing in the FTSE4Good Index
- Achieved the Carbon Trust Standard
- The EU Code of Conduct adopted by all 23 existing sites across Europe
- Significant investment in energy efficiency projects across all sites
- Established the Business Assurance Forum to drive best practice across the Group
- Implemented a Group-wide quality management system which delivered certification of ISO 9001:2008 (Quality), ISO 27001:2005 (Information Security), ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) standards in 2010
- External recognition with a number of environmental and industry awards.

responsibility

We lead our industry in implementing environmental policies. For example, to take advantage of waste heat, one side of our Condorcet, Paris facility supports an Arboretum, where scientific research is carried out on the effects of climate change.

Arboretum in Condorcet, Paris

Responsibility
continued

Environment

Achievements in 2010

- Achieved Carbon Trust Standard through certified improvements in carbon efficiency
- All data centres achieved certification to ISO 14001
- The recently updated (2010 revision) EU Code of Conduct implemented across all sites
- Delivered improved Group-wide power usage effectiveness ('PUE') values
- Invested significantly in energy efficiency projects
- Received external recognition through a number of prestigious awards including: Green Business Awards, BCE Environmental Leadership Award, National eWell-Being Award, Data Centre Europe Award and Data Centre Leaders' Awards for Improved Data Centre Energy Efficiency

Information and communications technology ('ICT') has a vital role to play in creating a more environmentally efficient economy.

The IT system hardware that supports the growing digital economy typically resides in highly connected data centres such as those operated by TelecityGroup where power availability is critical to successful service provision. The Group recognises that to drive a long-term sustainable business it needs to continue to address the challenge of energy management and efficiency in a meaningful way. TelecityGroup has always been closely involved with organisations and initiatives which affect both the data centre industry and the Group's customers, and the Group seeks to lead the sector in implementing effective environmental strategies.

External accreditation

The Group's systematic approach to environmental management has allowed the Group to achieve accreditation to a number of significant standards.

During 2010 the Group achieved the Carbon Trust Standard. This is the world's first carbon award that requires organisations to measure, manage and reduce carbon emissions across their operations. The Group achieved the Carbon Trust Standard by providing evidence that UK operations delivered an 11.5% improvement in carbon efficiency between January 2007 and December 2009.

The Standard constitutes 50% of the Early Action Metric for judging performance in the CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment) (the 'Scheme') which came into effect in April 2010. Following the UK Government's revisions to the Scheme in the latter part of 2010 (as part of the Government Spending Review), the Early Action Metric now contributes solely to a participant's CRC League Table position, the initial publication of which is expected in the second half of 2011.

As reported last year, the Group was the first network-independent data centre to sign up to the EU Code of Conduct for Data Centres (the 'EU Code'). This relatively new initiative provides benchmarks for data centre efficiency and best practice. All data centres have been audited (to the requirements of the recently updated 2010 EU Code) and operate to the Code's best practices for maximising energy efficiency. Currently, more than one third of the data centre capacity accredited under the EU Code is operated by TelecityGroup, which is by far the largest single contributor to the efforts of this voluntary initiative.

International standards

The Arboretum in Condorcet, Paris data centre

Checking air-handling units

Access our interactive CSR report
http://annualreport.telecitygroup.com/2010/csr

The Group remains an active member of the Green Grid, a global consortium which helps influence both developers and end users of data centre technology to provide industry-wide recommendations on best practice, metrics and technologies that improve business computing energy efficiency.

TelecityGroup is also proud to be included in the FTSE4Good Index. This external rating provides a tool for responsible investors to identify and invest in companies that meet globally recognised responsibility standards, including environmental best practice.

Among the many environmental awards won during the year, three stand out. The first was the National eWell-Being Awards 2010 in which TelecityGroup won the Energy Efficiency category. The second was winning the 'Best European Colocation Facility' category of the Data Centre Europe Awards 2010. TelecityGroup was awarded this for its Condorcet centre in Paris which is one of the most technically advanced and energy efficient data centres in Europe. Finally, the Group won 'Improved Data Centre Energy Efficiency' at the annual Data Centre Leaders Awards.

Internal management systems

During 2010 the Group built on the processes established through the Energy Management Programme to share innovations in energy efficiency and drive best practice across the Group. In addition, the Group established the Business Assurance Forum, a new management body with senior representatives from each of the seven countries of operation tasked with driving standards on all aspects of operational performance.

As a result of these activities, auditing the Group's approach to compliance with all ISO standards is now integrated across the business through a Group-wide quality management system which delivered certification of ISO 9001 :2008 (Quality), ISO 27001 :2005 (Information Security), ISO 14001 (Environment) and OHSAS 18001 (Health and Safety) standards in 2010.

TelecityGroup has now been certified for ISO 14001 across all of its existing data centres in Europe (it is the Group's intention that the newly acquired IFL site in the UK will be certified in 2011). This standard provides an internationally recognised accreditation that demonstrates superior environmental management practice within the business.

Environmental performance is measured and monitored across all sites. PUE data is collected monthly and reported to the Board through a quarterly management review of all operational information. Targets for PUE are set by the Board and are adopted by each of the country managers.

Investment and innovation

In taking action to improve environmental performance, the business aims to optimise existing facilities and build the most energy efficient new data centres possible.

During 2010 significant investments were made in energy efficiency projects throughout the Group's existing data centres across Europe.

In terms of new build, the Group aims to ensure that the design and build of each new data centre builds on the best practices, technology, innovation and experience to deliver a more efficient facility than its predecessor in the market.

Awards

TelecityGroup's focus on operational excellence is a key factor in customers choosing TelecityGroup

Responsibility
continued

Testing customer cross-connects in London

Workplace

Achievements in 2010

- Implemented new Group-wide induction programme
- Achieved OHSAS 18001 certification across all existing data centres
- Implemented quality management system to deliver Group-wide certification of OHSAS and ISO standards
- Introduced long-service awards for employees
- Undertook a thorough review of the systems supporting Group business and made a significant investment in enhancing them to improve employee productivity and customer experience
- Continued to run high-participation employee sharesave schemes
- Developed online appraisal system across the Group
- Rolled out new management training programme to further develop leadership and management skills across Group

TelecityGroup is committed to recruiting, developing and retaining the highest calibre individuals, so that it can continue to successfully serve its customers and grow the business. By 2010, almost 470 people were employed across the Group. TelecityGroup's workplace priorities continue to be:

- Health, safety and wellbeing – providing a healthy and safe environment across all sites
- Training and development – developing highly skilled employees in all areas of the business
- Performance management – recruiting, rewarding and developing the very best talent, and providing career development opportunities and regular performance monitoring
- Equal opportunities and diversity – fostering a culture where employees are able to reach their full potential
- Communicating with employees – providing guiding principles on business conduct and ethics, and promoting clear and direct communications with colleagues

TelecityGroup received external validation of its approach by attaining OHSAS 18001, recognising good practice in occupational health and safety management systems.

Health, safety and wellbeing

The Group Health and Safety Manager provides oversight on this issue while Operations Managers control health and safety at site level. Regular audits are conducted to check compliance with regulation, identify areas for improvement and share best practice. Ultimate responsibility for health and safety lies with the Board which reviews performance on a regular basis. In 2010, TelecityGroup received external validation of its approach by attaining OHSAS 18001, the internationally recognised accreditation for good practice in occupational health and safety management systems.

Systems

During the year, TelecityGroup undertook a thorough review of the IT systems supporting Group business and made a significant investment in enhancing them to improve employee productivity and customer experience. This work will continue through 2011.

Training and development

TelecityGroup employees have access to training and development opportunities throughout their careers, including internal and external courses, on-the-job development and coaching. The Group offers a Corporate Sponsorship Scheme which gives financial assistance and time off work to study for a professional qualification in line with business needs.

This year saw the successful implementation of an enhanced induction programme for new employees across all countries of operation. In addition, the Group introduced a new training programme to develop management skills and leadership capability.

Performance management

Attracting, retaining and motivating talented people are all vital to achieving the Group's business strategy. The Group regularly reviews employee remuneration and reward packages to ensure they remain competitive. The award-winning share ownership scheme continued to be popular in 2010 and the Group intends to run a similar initiative in 2011.

A systematic approach to performance management, with annual appraisals for all staff, allows the business to recognise and reward strong performance and identify development opportunities for employees. During the year the Group introduced a long-service award scheme to recognise employees who have been with the Group for over ten years.

Equal opportunities and diversity

TelecityGroup employs people on the basis of their skills and potential, fostering a work environment where employees are able to maximise their talents irrespective of race, gender, age, sexual orientation, disability or religious and political beliefs. This is formalised through the Group Equal Opportunities Policy which sets out how the Group intends to prevent all forms of prejudice and unfair behaviour in the workplace. The policy is supported by a series of guidelines to help employees and managers understand their responsibilities. Employees are able to report confidentially any breaches or concerns they may have through the Group's whistleblowing procedures.

Communicating with employees

The Group recognises the importance of promoting a positive and open working environment and seeks to communicate with employees in a variety of ways including meetings, conferences, online newsletters and poster campaigns. In 2011, the Group intends to develop an employee survey to seek more formal feedback from staff. The Employee Handbook is available to all and provides a comprehensive resource on the values, codes of conduct and policies that operate within TelecityGroup.

Industry accreditations

Over 80% of the Group's employees are in customer-facing roles

Responsibility
continued

Access our CSR report online
http://annualreport.telecitygroup.com/2010

All existing data centres have been awarded the ISO 27001:2005 standard which ensures TelecityGroup adheres to best practice for security controls to protect its customers' information assets.

Marketplace

Achievements in 2010

- Established the Business Assurance Forum to drive best practice
- Maintained engagement with customers through ongoing surveys
- Implemented a Group-wide quality management system
- The Group's Chief Operating Officer was appointed to the Board of the Intellect Data Centre Council

TelecityGroup is an active participant in the data centre marketplace and aims to build strong and mutually beneficial relationships with customers, suppliers and the wider industry.

Customer relations

The Group maintains a comprehensive, ongoing process of engagement with customers through a number of mechanisms including surveys and client reviews. In the UK, for example, this includes a monthly monitoring of customer enquiries. Where particular issues arise the Group responds with a survey to ensure it is meeting customers' needs and responding appropriately.

All existing data centres have been awarded the ISO 27001:2005 standard which ensures TelecityGroup adheres to best practice for security controls to protect its customers' information assets. In addition, all existing data centres have achieved the ISO 9001:2008 standard for business quality management.

This year the Group was shortlisted for the 'Excellence in Infrastructure' category in the Continuity Insurance and Risk, Business Continuity Awards 2010, for demonstrating its expertise in business continuity planning and building resilient and efficient IT infrastructures.

Supplier relations

TelecityGroup operates well-defined and transparent procurement procedures enshrined in a supplier code which was introduced last year. As part of the strategy for improving environmental performance, an increasingly important aspect of procurement is that decisions need to include considerations of energy efficiency.

The Group is investing in improved cooling equipment in selected sites. This is part of a wider programme of investment in energy efficiency over the next two to three years which aims to create more strategic, long-term relations with key vendors.

During the year the anti-bribery policy was reviewed and is being rolled out across the Group in 2011. It will require country managers to provide evidence of implementing the anti-bribery and ethical policies through employee training, monitoring compliance and reporting any instances of non-compliance.

Industry engagement

TelecityGroup continues to take a leadership role in the industry, not least through its work to support the EU Code of Conduct. In addition, the Group remains affiliated as a patron of the European Internet Exchange Association (Euro-IX) whose role is to exchange ideas and discuss the latest technical, commercial and regulatory issues affecting internet traffic.

This year, the Group's Chief Operating Officer was appointed to the Board of the Intellect Data Centre Council ('Intellect'). Intellect is the leading association for the technology sector which provides a collective voice for its members in building relations with Government to discuss all aspects of the commercial environment which affect the industry and customers.

Charitable work

Technology Leadership Group
The forum for leaders, helping young people

Community

Achievements in 2010

- Maintained programme of corporate donations and charitable gifts
- Offered work experience to disadvantaged young people to improve employability skills
- Ongoing Board level engagement with relevant bodies such as Think London
- Employee involvement with charitable events

Investing in local communities is an important part of TelecityGroup's CSR programme. It helps build corporate reputation, provides support to people and communities in need, and actively engages employees.

TelecityGroup believes it can have most impact by focusing on initiatives that promote education and opportunities for disadvantaged children and young people. Throughout the past year, the Group continued to provide financial and in kind support to a number of charities that work in this area.

The Group seeks to promote opportunities for young people through the work placement programme. Last year, work experience was offered to a number of young people from disadvantaged backgrounds to improve their employability skills. In addition, TelecityGroup works with Think London, an organisation which helps with the economic regeneration of London.

In 2010, the Group made cash and in kind donations to a number of charities and community groups. This support was complemented by the activities of employees who participated in a range of charitable events including 'Byte Night', the annual sleep out event to raise money for Action for Children.

The main organisations the Group supported include the Loomba Foundation, Action for Children, the Disasters Emergency Committee's 'Helping Haiti' appeal and the Prince's Trust.

In 2011, TelecityGroup plans to have greater engagement with the communities close to its major operating sites in the UK. The Group intends to join the East London Business Alliance ('ELBA'), a membership organisation which works with companies to direct community investment where it is needed most in the local area.

2011 objectives

We have identified a number of priorities for the coming year, which continue to build upon our current CSR strategy:

Governance

- Establish a Board-level committee to drive CSR strategy, and enhance CSR management and reporting, including relevant performance indicators

Environment

- Drive further energy efficiencies across the Group through the Energy Management Programme
- Achieve ISO 14001 certification for the newly acquired IFL data centre in the UK and maintain certification across the whole estate
- Ensure procurement decisions include considerations of energy efficiency

Workplace

- Develop employee feedback survey
- Achieve OHSAS 18001 certification for the newly acquired IFL data centre in the UK and maintain certification across all sites
- Launch of a new 2011 employee sharesave scheme

Marketplace

- Achieve ISO 27001:2005 and ISO 9001:2008 certification for the newly acquired IFL data centre and continue integration of Group-wide ISO compliance and audit systems to retain ISO 27001:2005 and ISO 9001:2008 certification
- Ensure effective implementation of environmental, quality, data security and health and safety systems through systematic training and dissemination of knowledge
- Continued engagement with relevant trade associations and industry bodies

Community

- Explore opportunities to further community investment activities through strategic partnerships
- Become Corporate Patron of Prince's Trust Technology Leadership Group and increase Group (and employee) involvement with the Trust
- Continue to encourage and engage employees in charitable causes and activities

TelecityGroup

where content meets connectivity

Outstanding data centres.
Expertise you can trust.
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