

CORPORATE SOCIAL RESPONSIBILITY

Carlton takes its social and environmental responsibilities seriously.

Carlton engages constructively with enquiries from socially responsible investors and is listed in a number of green and ethical indexes including the Dow Jones Sustainability World Index and FTSE4Good. Carlton also participates in the Media Sector CSR Forum.

Management

The board director responsible for social and environmental issues is Paul Murray, Finance Director.

Carlton's most significant issues are associated with viewers, local communities and employees. We have a duty to viewers to uphold high standards and comply with codes of conduct. We believe that we should be active members of the communities we serve, supporting local causes and championing local issues. Television is a people business, and our ability to attract top talent is enhanced by being recognised as a responsible company.

Our environmental impact is small and the main implication for the business is the cost of purchasing resources such as energy and materials. Our ongoing focus on these issues will improve efficiency and produce cost savings.

Carlton has formal policies covering the environment, human resources and business conduct and is governed by the industry codes applying to programme and advertising content.

Community

In the community our aim is to develop relationships and invest in each region to give a lasting benefit to those that live there. This investment takes many forms including donations, sponsorship of local charities and events, programming and on-air campaigns, providing resources and staff involvement within the communities.

For the year ended 30 September 2002, communities within ITV's Carlton regions – London, West Country, Central, HTV Wales and HTV West – benefited from a total of £0.3m in charitable contributions, none of which were political donations.

The Carlton Television Trust has awarded a total of £4 million to London groups and charities since 1993. Over a third of the grants approved during 2002 were for educational projects benefiting children and young people from minority ethnic communities.

Promoting arts within the regions is crucial for the development of its community. The Newlyn Art Gallery in the West Country, the City of Birmingham Symphony Orchestra, the Royal Shakespeare Company, The Brief Encounters Film Festival in Bristol and London's renowned Donmar Warehouse Theatre are just some of the many arts initiatives within the ITV regions supported by Carlton over the year:

ITV aims to encourage a sense of pride within local communities, as seen in the Carlton Midlander of The Year award in the Central region. The title recognises outstanding contributions to life in the region and those who have worked to raise the prestige of the Midlands.

ITV also works with schools to help encourage and give advice to the youth of today. The West Country region works with Business in the Community, giving talks in local schools about working in the media. The Central region ran the Carlton Schools Tour, a workshop where pupils got the chance to write, produce and present their own news programme from a purpose-built studio in their school.

Carlton Television workshops in Nottingham, Birmingham and Bristol for HTV West give young people the opportunity to develop their creative and artistic talents. In the London region, Carlton celebrated its tenth year of running *Metroland*, a prime-time series for new directors who are also given back-up support and training. A scheme in the Central region, First Cut, gives film-makers the opportunity to produce short films, as does the Carlton London region's support of the London Production Fund.

Diversity

ITV's regions are made up of a diverse population especially Carlton's London and Central regions which are home to 80 per cent of the ethnic population in the UK. Carlton believes it is important to reflect this multi-cultural society on

screen and in the workplace. This principle also applies to representation of disability.

Carlton is tackling these issues by participating in two important networks. In 2000 Carlton spearheaded the Cultural Diversity Network, a cross-industry initiative bringing together all the major broadcasters, for which Carlton is one of the leading supporters. The profile of a similar initiative, the Broadcasters' Disability Network, was also raised in 2002, when Carlton helped to launch all the broadcasters' Action Plans to improve the portrayal and employment of disabled people in and on television.

Carlton has set up a Diversity Steering Group, consisting of representatives from senior Carlton executives whose role it is to drive forward and keep diversity initiatives under review. The key action points of the group are:

- To increase the presence of ethnic minorities and disabled people on screen and in all areas of the workforce.
- To modernise the casting and portrayal of ethnic minorities and the disabled in mainstream programming.
- To create an online talent database and website.
- To raise the profile of diversity issues.
- To increase the access of services and facilities on and off screen.

In 2002 a Diversity Policy, outlining these objectives, was launched to all staff within Carlton's regions to ensure a coherent approach to the issues.

To date, ITV has made significant progress in its pursuit to reflect modern Britain through television, and this continues to improve. For example, *Carlton's Multicultural Achievement Awards* was established to honour some of the most inspirational talent from Britain's ethnic communities and was screened in all of Carlton's regions. In the Central region, the commitment to diversity led to sponsorship of both the Diwali festivities in Leicester and the Mela 2002 exhibition, which was the largest indoor celebration of Asian culture in the UK this year: HTV Wales established a new accredited performing arts course in Cardiff Bay for ethnic minority students and also provided four placements to graduates with disabilities.

These are just examples of the many projects that Carlton's regions support, either through sponsorship, workshops, training, bursaries or work experience to help improve greater representation both on and off screen.

Raising public awareness

Carlton's programming plays an important role in raising public awareness and stimulating debate by regularly covering social and environmental issues.

In the London region *Guns On Our Streets* addressed the problem of a rising gun culture and black on black crime in some parts of the capital. Carlton London also broadcast programmes on the impact of alcohol including advice on safer drinking. Other programmes tackled the lives of children on a housing estate, post-natal depression, green housing and mental health.

HTV and Carlton West Country produced *What On Earth*, a week long series coinciding with the Earth Summit in Johannesburg. HTV's programmes also covered organic gardening, conservation and a controversial landfill site in Rhondda.

Carlton Central's *Teen Week* covered issues facing teenagers including, under-age sex and pregnancy, body-image and drugs. *Teen Week* linked with local organisations and agencies to provide advice and support to the region's young. Central's daily programme *Life Line* kept health issues on the agenda, while *Waterworld* drew attention to wildlife in the region's canals.

ITV is committed to programming that attracts viewers by reflecting regional issues relevant to their lives. Our programmes include award-winning documentaries tackling local community issues such as London's *First Edition: Living in A Box*; Carlton West Country's *How Green is Our Valley*, HTV's *Melting Pot* and Central's *Rock Legends: UB40*.

Carlton also partnered with British Gas, to develop an innovative energy efficiency campaign. The result, *Energy Idols*, featured children in one minute films telling viewers about their energy saving ideas.

The Workplace

Carlton recognises that the people it employs are critical to its business success. Carlton is a socially responsible employer.

Carlton has a professionally qualified Human Resources department which reports to the Group Human Resources Director who sits on the Group Executive Board of Carlton Communications Plc. Human Resource management within the Group is aligned to a strategic framework, that is approved by the Board, and which covers organisation design, resourcing, performance, development, reward, communication, diversity and health & safety.

Line managers are recognised within Carlton as the key people managers within the business. Carlton equips its managers to manage, assess and develop their teams. Carlton runs management briefing sessions for line managers on core management activities from Diversity and Health & Safety to Performance Review. Specific management training and development needs are identified through managers' own performance reviews.

Performance reviews are conducted formally for the majority of employees at least once per year. Individuals' training and development needs are identified at the performance review to supplement training needs that Carlton has identified as core for specific groups of employees.

Formal policies are in place for key areas of employment, for example Equal Opportunities, Sexual and Racial Harassment, Recruitment, Discipline, Grievance, Internet and e-mail use, Health and Safety, and Family Friendly measures, and are brought to the attention of employees via direct issue, induction, briefings and training.

Carlton is a competitive employer in terms of compensation and benefits with bonus and share option schemes in place to reward contribution and ally incentives with business objectives.

Company-wide communication takes place via two-way meetings, briefings and the intranet. Consultation takes place on key employment issues with employee representatives, direct with individuals and trades unions where appropriate.

The Company does not discriminate between employees or potential employees on grounds of sex, sexual orientation, marital status, religion, colour, race, ethnic origin, age or disability. Full and fair consideration is given to the recruitment, promotion and training of disabled people. To enable the appointment, or continued employment, of a disabled person reasonable adjustments are made to the job, workplace, or way in which the work is organised and retraining provided wherever possible. This year Carlton has launched a disability action-plan which has included traineeships in production for disabled employees.

Carlton sets and manages standards in relation to equal opportunities, for example via its recruitment standards and guidelines, access to training and promotion and legal briefings for managers. Employees are made aware of the Company's position on equal opportunities and diversity via policy,

induction and briefings. In addition, managers receive diversity awareness training.

Carlton has introduced a corporate-wide health and safety management system that is endorsed by the Group Executive Board and reinforced through a structured training programme cascaded from the Chief Executive to individual employees. Carlton has similarly introduced a whistle blowing policy across the Group.

Environment

Carlton's environmental impacts arise from its studios, offices and transport. The main issues are our contribution to global warming, use of resources and generation of waste.

The Group environment committee coordinates environmental improvement initiatives and has been instrumental in setting Carlton's first company-wide reduction targets for energy use and recycling. The group targets are to reduce energy use by 6 per cent over three years and to increase paper recycling by 5 per cent in one year:

A combination of proactive management, consolidation of offices and a reduction in staff numbers have all contributed to reduced environmental impacts this year:

Global warming: The total amount of carbon dioxide emitted from energy and transport fell by 10 per cent in 2001/2002. This reduction is mainly due to consolidation of office facilities and a decrease in staff numbers. Reported transport fuel use has also decreased due to improved expense claims procedures.

Carlton Studios did not achieve its target to reduce energy use (reported last year) due to an increase in programme production activity at the Nottingham site.

Recycling: All except for one of our offices have recycling schemes for paper and toner cartridges. The amount of paper recycled decreased by 13 per cent in 2001/2002 for the reasons stated above. Most of our toner cartridges are recycled. The number recycled decreased this year due to the replacement of small printers with Xerox copier machines at Carlton Television (the Xerox cartridges are much larger than toner cartridges requiring less frequent replacement). Our service contract ensures that all Xerox cartridges are recycled.

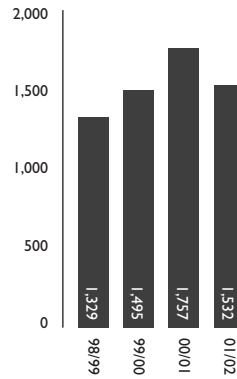
In 2001/2002 Carlton Television purchased approximately 120 tonnes of white paper and recycled approximately 48 tonnes (40 per cent) which includes other sources of waste paper such as newspapers and card. We believe that

there is scope for increasing the proportion of paper recycled and have established a target for 2002/2003 (above).

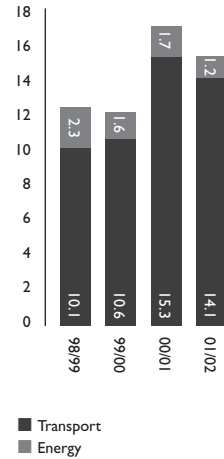
Water use: The amount of water used fell by 2 per cent in 2001/2002. Most of our buildings have water meters and we estimate that the data covers over 70 per cent of the business.

Ozone depletion: We have cooling systems at many of our locations to prevent television equipment from overheating and for air conditioning in the summer. Our sealed systems hold 2.3 tonnes of HCFCs – an ozone depleting gas. There were no releases of HCFCs reported in 2001/2002.

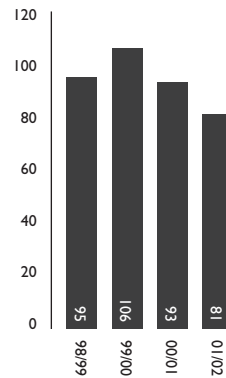
Number of toner cartridges recycled



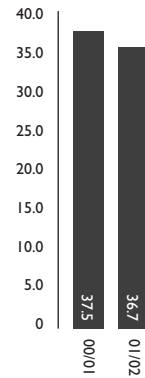
CO₂ emissions from energy and transport (000 tonnes)



Paper recycled (tonnes)



Water use (million litres)



Water data for 2000/2001 has been restated due to a reporting error

CO₂ emissions by source

