

# Report of the members continued

Andy Duncan, who resigned from the Board on 17 November 2009, was appointed a non-executive director of HMV Group plc on 13 March 2009. Channel 4 paid HMV Group plc £341,628 during 2009 in respect of shared marketing activities in the normal course of business. No amounts were accrued or due at 31 December 2009.

Lord Puttnam (Deputy Chairman), is also Deputy Chairman of Profero Ltd, having retired as Chairman of Profero in September 2009. Channel 4 paid Profero Ltd £555,605 during 2009 in respect of digital marketing services in the normal course of business. No amounts were accrued or due at 31 December 2009.

## Employment policy

Channel 4 is an equal opportunities employer and does not discriminate on grounds of sex, sexual orientation, marital status, race, colour, ethnic origin, disability, age or political or religious belief in its recruitment or other employment policies. The ethos of the group for both job applicants and staff is that everyone matters.

During the year, Channel 4 implemented a new recruitment system that allows improved monitoring and reporting of diversity in relation to candidate selection and attraction. Figures continue to be monitored regularly on all aspects of diversity of employees. The representation of ethnic minorities amongst permanent staff in 2009 was 12 % (2008: 11%). Women continue to form the majority of staff at 55% (2008: 54%).

Channel 4 manages a number of initiatives that encourage diversity of all areas. Applications from people with disabilities are welcomed and Channel 4 was featured in the Stonewall Starting Out Guide for 2009/10. The policy is to recruit, train and provide career development opportunities to disabled people, whether registered as such or not, on the same basis as that of other staff. In the event of an employee becoming disabled, every effort is made to ensure that his or her employment with the group continues.

## Employee involvement and consultation

The quality, commitment and effectiveness of the group's staff are crucial to its continued success. Channel 4 has continued to invest in its staff through training and development and has been accredited with the Investors in People standard since 2001. In addition, the group informs and consults with its employees through:

- an internal intranet information service available to all members of staff;
- meetings hosted by executive members during which staff are briefed on recent developments and strategic plans;
- regular departmental meetings during which information is disseminated and staff have an opportunity to air their views;
- recognition of trade unions. The group has two recognised trade unions, BECTU and Equity;
- an internal communications function, which aids effective communication across the organisation, and co-ordinates internal culture activities; and
- an employee forum, which allows the sharing of information and an exchange of views with an elected group of employees on key matters affecting the Channel's business, structure and organisation.

## Diversity

4Talent develops and supports talented people at different stages of their careers, reflecting a diverse Britain and a multi-platform industry. Each year 4Talent runs a range of diversity initiatives with the primary aim of breaking down barriers to entry for those groups within our society that are currently under-represented in the media. These initiatives range from structured 'new entrant' schemes such as our Diversity Production Trainee Programme to talks and bespoke funding of talented individuals to help enhance their careers through training, placement and shadowing opportunities.

Our Diversity Production Trainee Scheme was re-launched in 2008 combining the disability and cultural diversity trainee initiatives, which funded internships for new entrants to try their hand at other job roles such as script editor, production manager and researcher. Now, a single expanded initiative with up to 18 placements this academic year looks to break down barriers to entry across all areas of the industry. This initiative has been running for over seven years in total, with 73% of graduates still working in the creative industries.

4Talent gave over fifty talks in 2009 to a range of schools, universities and community groups across the UK and has worked with over 160 schools, community groups and charities to deliver its Work-Related Learning Programme. This programme enables young people aged between 14-25 from diverse communities to meet key people across marketing, press, finance and commissioning as well as at our independent production companies. The aim of this programme is to give an exclusive insight into the different routes for creative talent into Channel 4 and the wider television industry. In 2009 we have also built a range of mentoring opportunities to support wider relationships with prospective talent, the most recent being a business mentoring programme for six individuals partnering with Operation Black Vote. The programme runs for six months and individuals will spend up to nine days within Channel 4 in their mentor department. Opportunities are available across a range of departments from HR to Future Media.

Channel 4 also works with broadcasting partners to drive diversity across the media industry. In early 2009 we announced the appointment of Oona King as Head of Diversity to bring a new focus to our work on diversity issues. In our current role as Chair of the Cultural Diversity Network we launched the CDN Diversity Pledge in April 2009 and in November 2009 hosted the inaugural CDN Diversity Awards, which celebrated good practice in the media around diversity. The CDN Diversity Pledge aims to encourage broadcasters to reflect British society more closely both on- and off-screen. We are committed to signing up 250 independent production companies (as well as in-house producers) by December 2010. At the time of writing, more than 200 companies had signed up to the Pledge.

Our commitment in this area dovetails with Channel 4's ongoing work around talent development, as well as our belief that diversity contributes to our ultimate ambition: creating world-class content for the digital age.

## Environmental matters

We take seriously our responsibilities to minimise the impact of our activities on the environment and continue to work towards reducing carbon emissions as far as possible. We re-measured our carbon footprint in March 2009 and achieved a reduction of 11% since July 2006. The majority of our emissions are attributable to our activities on our premises and we anticipate these will reduce further in 2010.

We have an established environmental policy and 2009 saw the launch of our in-house Corporate Responsibility intranet site. Amongst our many activities was a four-month waste awareness campaign (rethink, reduce, re-use, recycle) which increased employee awareness and helped reduce our impact on the environment.

We continue to monitor our suppliers and service partners, ensuring we only work with companies who put corporate responsibility and environmental issues at the top of their agenda.

## Community

Channel 4 has formed links with several local charities and community groups and provides support in terms of meeting room space, building tours and donations of surplus office furniture and technical equipment. Office supplies such as toners and ink cartridges are donated to charity for recycling and cooking oil is donated as green fuel. Channel 4 is also a member of the Media CSR Forum ([mediacsrforum.org](http://mediacsrforum.org)), Business in the Community ([bitc.org.uk](http://bitc.org.uk)) and the Muslim mentoring network Mosaic ([mosaicnetwork.co.uk](http://mosaicnetwork.co.uk)).

## Charitable donations

During 2009, the group donated £1.1 million to charities (2008: £1.5 million). Of this amount, £1.0 million (2008: £1.2 million) was paid to charities to provide training that will improve the overall expertise of television staff in the industry.

Once again in 2009, a charity payment was made for each vote cast relating to Big Brother with charity donations for the ninth series totalling £0.1 million paid to three charities (2008: £0.3 million).

## Development

The group devotes substantial resources to the development of scripts for possible commissioning. Research and development expenditure charged to the income statement in 2009 amounted to £5.3 million (2008: £9.5 million) (note 3).

## Group foreign currency, cash and treasury management

The group's treasury management function operates within defined treasury policies determined by the Board. Details of the group's foreign currency, cash and treasury matters are disclosed in note 18, including information on the group's exposure to market, foreign currency, interest rate, liquidity and credit risk as well as the disclosures required in respect of IFRS 7 'Financial Instruments: Disclosures'.

In 2009 potential exposures to the credit markets continued to be monitored on an ongoing basis and the Treasury Risk Committee met frequently to discuss changes in credit ratings of the institutions holding Channel 4 deposits and their potential impact on Channel 4. Through strict adherence to the policies, cash and other financial asset deposits continued to be spread across a number of financial institutions, all of which were either AA-rated or backed by the UK Government. In many cases cash deposit terms were reduced below three months to preserve liquidity.

## Channel 4 website

In keeping with our strategy to connect with viewers across all platforms, Channel 4 has published this report on its website at [channel4.com/annualreport](http://channel4.com/annualreport).

## Disclosure of information to auditors

Each of the persons who is a member at the date of approval of this Annual Report confirms that:

- so far as the member is aware, there is no relevant audit information of which the company's auditors are unaware; and

- the member has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Schedule 8 to the Companies Act 2006 The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008 No. 410).

## Auditors

KPMG LLP have been appointed as auditors to Channel 4 with the approval of the Secretary of State for Culture, Media and Sport, and have expressed their willingness to continue in office.

## Going concern

Based on normal business planning and control procedures, the members have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason, the members continue to adopt the going concern basis in preparing the financial statements.

By Order of the Board:

**Anne Bulford**  
Interim Chief Executive  
24 March 2010