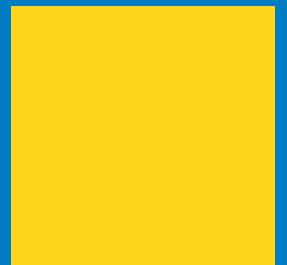


ITV plc

Corporate Social Responsibility Report 2003



welcome

"Welcome to ITV plc's first corporate social responsibility (CSR) report."



We remain committed to meeting our responsibilities to the communities we serve, our employees and the environment. This report sets out how we are fulfilling those responsibilities.

As a creative business, we thrive on the work of talented staff – whether in front of or behind the camera – and our employment and development policies reflect that.

We believe that television programmes provide much more than information and entertainment. They hold a mirror to society and can be a force for good. We also recognise that our regional stations get their energy and inspiration from their local communities. We, in turn, seek to make our contribution by being a key participant in the regional economy.

We have a clear policy of editorial independence in our programming supported by rigorous compliance procedures. This ensures accuracy of reporting whilst retaining journalistic and creative freedom for our programmes.

The last two years, culminating with the completion of the merger between Granada and Carlton to launch ITV plc in February 2004, have seen many changes and challenges. Throughout this process, we stayed true to our ethical values and made great progress in addressing some important CSR issues.

These include:

- Our membership of the Media CSR Forum helps us understand CSR issues unique to the media sector.
- We continued to support our communities in a variety of ways, including devoting significant airtime to campaigns that provide a benefit to the public.
- Granada made good progress in reducing water usage and increasing water reuse and recycling. Likewise, Carlton's energy use fell by 10%, exceeding its target of a 6% reduction over three years. We are putting in place a programme to improve our performance in meeting some of our other energy and transport targets.
- Granada's production management process was published in the Broadcasting Joint Advisory Committee's publication *Health and Safety in Audio-Visual Production, Your Legal Duties*, and can now formally be called "best practice".

The merger brings together two organisations and we are now developing a CSR strategy for ITV incorporating the best aspects from each of them. We are clear on our commitments to investors and other stakeholders, the environment and the community. Our strategy must encompass them all, with policies and targets set across the Group. We will ensure that these policies and targets are set with due and systematic consideration. I look forward to reporting on how we are dealing with that challenge in our next report.

A handwritten signature in black ink, appearing to be 'Charles Allen', written in a cursive style.

Charles Allen Chief Executive

02	Highlights Despite being newly formed, ITV is able to report on important areas of CSR, present some achievements and some group data.
10	About ITV plc ITV is the UK's largest commercial television channel, and comprises 11 regions.
12	Listening to our stakeholders ITV has many ways of hearing the opinions and thoughts of its stakeholders.
14	What CSR means to ITV ITV takes its responsibility towards the community, the environment and the health and safety of its employees seriously.
16	Governance ITV is committed to a well-structured system of Governance, with clearly defined responsibilities.
	18 Community and charity ITV works closely with the communities in which it operates, and supports them, in many varied ways.
	22 Environment Environmental management is a key component of ITV's CSR philosophy.
	28 Employees ITV is proud of its employees and believes in providing them with a work environment in which they are safe and can thrive.
	32 Health and safety The health and safety of our employees, and all who come into contact with ITV is of paramount importance to the Company.
36	2004 plans, objectives and targets With the merger now completed, ITV is looking ahead to developing a CSR strategy, plans, objectives and targets for the Group.
IBC	Verification, feedback ITV believes in external independent verification, and inviting feedback on the 2003 CSR report from its readers.

Report scope

Our 2003 CSR report contains social and environmental information for ITV plc and its 11 UK licensees: ITV Anglia, ITV Border, ITV Central, ITV Granada, ITV London (LWT and Carlton), ITV Meridian, ITV Tyne-Tees, ITV Wales & West, ITV West Country and ITV Yorkshire.

Where possible, group-wide data is presented. However, because the merger of Granada and Carlton to form ITV plc was not completed until after the reporting period, most of the data pertains to the performance of individual licensees.

The report covers activities from 1 October 2002 to 31 December 2003. Environmental data generally is presented for the period from 1 January to 31 December 2002. Any exceptions are explained where relevant.

More detailed information can be found on our website at www.itvplc.com

02 Community and charity

ITV plc is committed to supporting the communities it serves. That commitment takes many forms including:

- + the provision of regional news and programmes
- + on-air and off-air public awareness campaigns
- + sponsorships
- + cash and in-kind donations
- + fact sheets and dedicated website pages
- + bursaries
- + mentoring
- + staff involvement and volunteering.

Go to page 18 for more information about how our licensees helped the community.

helping

Highlights

+ We supported more than 5,000 charities with communications resources through our partnership with the Media Trust. In total, the value of donations in cash and in kind made by all of the ITV licensees amounted to more than £3 million.

+ In May 2003, we devoted almost £1 million of national and regional airtime to encouraging more people to become computer literate and enjoy the benefits of the Internet through the "IT's for Life" campaign.

+ In November 2002, Meridian was a founding media partner with Sussex Police in launching the first Child Rescue Alert scheme in Britain. Based on an American model, the scheme uses the media to seek help from the public in tracing children who are feared abducted and in serious danger.



+ We led the way in subtitling for deaf and hard-of-hearing viewers. ITV West was the first licensee to employ deaf signers for its news programme and now all licensees have committed to full subtitling of lunchtime, early evening and late news. In many regions, this extends to other programmes too.

04 Environment

We are determined to minimise our negative impact on the environment and contribute to environmental sustainability. Our major environmental impacts include:

- + global warming potential
- + water use
- + waste
- + pollution
- + noise
- + ozone-depleting substances
- + contaminated land

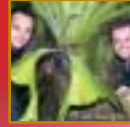
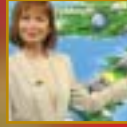
Go to page 22 for more information about our environmental performance and what we are doing to collect and report group-wide data.

Highlights

+ We have started to extend our environmental management to the operations of our suppliers. We sent our top 20 suppliers questionnaires requesting information on their environmental policy and management systems.

+ As the result of various recycling and reuse initiatives, Granada achieved a 23% reduction in waste production from 2000 to 2002, and Carlton a 23% increase in the amount of waste paper recycled.

+ At Granada, water consumption fell by 9% from 2001 to 2002 and 13% from 2000 to 2002.



sustaining

+ In 2002/2003, Carlton Television purchased approximately 130 tonnes of paper and recycled approximately 60 tonnes (46%).

06 Employees

The talent of our employees, regardless of their role, is key to the success of our Company. We therefore seek to ensure that we:

- + respect diversity, equal opportunities and human rights
- + provide professional development opportunities
- + offer meaningful benefits
- + reward and provide incentives
- + listen to and respect employee views
- + recognise the right to trade union membership.

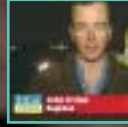
Go to page 28 for more information about how we supported and consulted with our employees.

Highlights

+ In March 2003, the Home Secretary the Right Honourable David Blunkett MP launched our Cultural Diversity Guide. Written by a team of authors from Britain's ten largest communities, it clearly explains the ways people from different faiths live their lives. The guide is being used by our licensees to inform their employment policies and is available to the public.

+ The average amount spent on off-the-job training per employee was £943.

+ In 2003, ITV Yorkshire TV took on 20 trainees from ethnic minorities for a year's placement and ITV London introduced traineeships in production for two people with disabilities.



supporting

+ In December 2003, we launched an ITV recruitment website to allow external job-seekers access to a far greater range of jobs and encourage increased diversity among job applicants.

08 Health and safety

We seek to ensure our employees are provided with a safe and healthy working environment. We take an active role in setting health and safety standards and achieving industry best practice. Examples include:

- + developing management systems that exceed minimum legal standards but do not restrict the creativity required at the forefront of television production
- + developing and delivering our own training courses
- + conducting a comprehensive inspection and auditing process
- + drawing up our own codes of practice where there is no specific industry guidance.

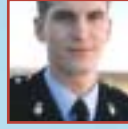
Go to page 30 for more information about our commitment to health and safety.

Highlights

+ There were no fatal accidents among employees of ITV licensees and five serious injuries reported. We are committed to reducing this accident rate further. No enforcement action was taken against ITV under health and safety legislation in 2002/2003.

+ Production management process has been acknowledged by the Health and Safety Executive (HSE) as best practice and is included in its new guidelines *Health and Safety in Audio-Visual Production, Your Legal Duties (INDG360)* with which all those involved in our industry are expected to comply.

+ We created and implemented systems and procedures for the management of health and safety that are acknowledged to be among the most thorough and innovative in the industry. We used HSE guidance *Successful Health & Safety Management (HS(G)65)* as the framework, making refinements to reflect the creative nature of our business.



caring

+ We continued to innovate in our training; for example, we launched and ran courses that integrated Granada's health and safety and environmental issues.

ITV plc is a leading UK media company, owning all of the regional Channel 3 licences in England and Wales. Together, these account for more than 90% of ITV1's advertising revenues. ITV plc also wholly owns ITV2, the fast growing free-to-air digital channel, and the ITV News Channel.

ITV plc's production arm, Granada, comprises the largest commercial television production company in the UK and one of Europe's largest programme distributors.

Broadcasting

ITV1 is the most popular commercial television channel in Britain, watched on average by 45 million people every week. It has the largest programme budget of any commercial channel outside the USA, currently around £1 billion. This is spent on a mixed genre schedule made up of a range of high quality programmes. More than half of the programmes on ITV1 are made outside London.

ITV2 is a younger entertainment channel. It launched on 7 December 1998 and is available on all digital platforms. ITV2's schedule is a mix of drama, comedy, sport, movies, events and acquisitions.

News

The ITV News Group ensures that the best use is made of ITV's nationwide resources and enhances the quality of ITV news programming nationally and across the regions. All ITV news programmes feature clear and authoritative reporting from some of the best-known and most respected journalists in the UK.

The ITV News Channel is a rolling news service that maximises the use of ITV's extensive news resources. The news channel also provides extended coverage from some of ITV's flagship current affairs programming such as the headline-making *Tonight with Trevor McDonald* and the influential political interview and public debate show, *Jonathan Dimbleby*.

Production

2003 was a very successful year for Granada programmes on ITV1, producing ten of the top 20 programmes broadcast in the UK and six of the top ten new dramas, including the nation's most popular programme, *Coronation Street*. Other popular programmes made by Granada include *Emmerdale*, *Heartbeat*, *A Touch of Frost*, *Prime Suspect*, *The South Bank Show*, *This Morning*, *Cold Feet*, *At Home with the Braithwaites* and *I'm a Celebrity...Get Me Out of Here!*

Why ITV was created

ITV believes there are significant benefits of the merger; for viewers, advertisers and shareholders:

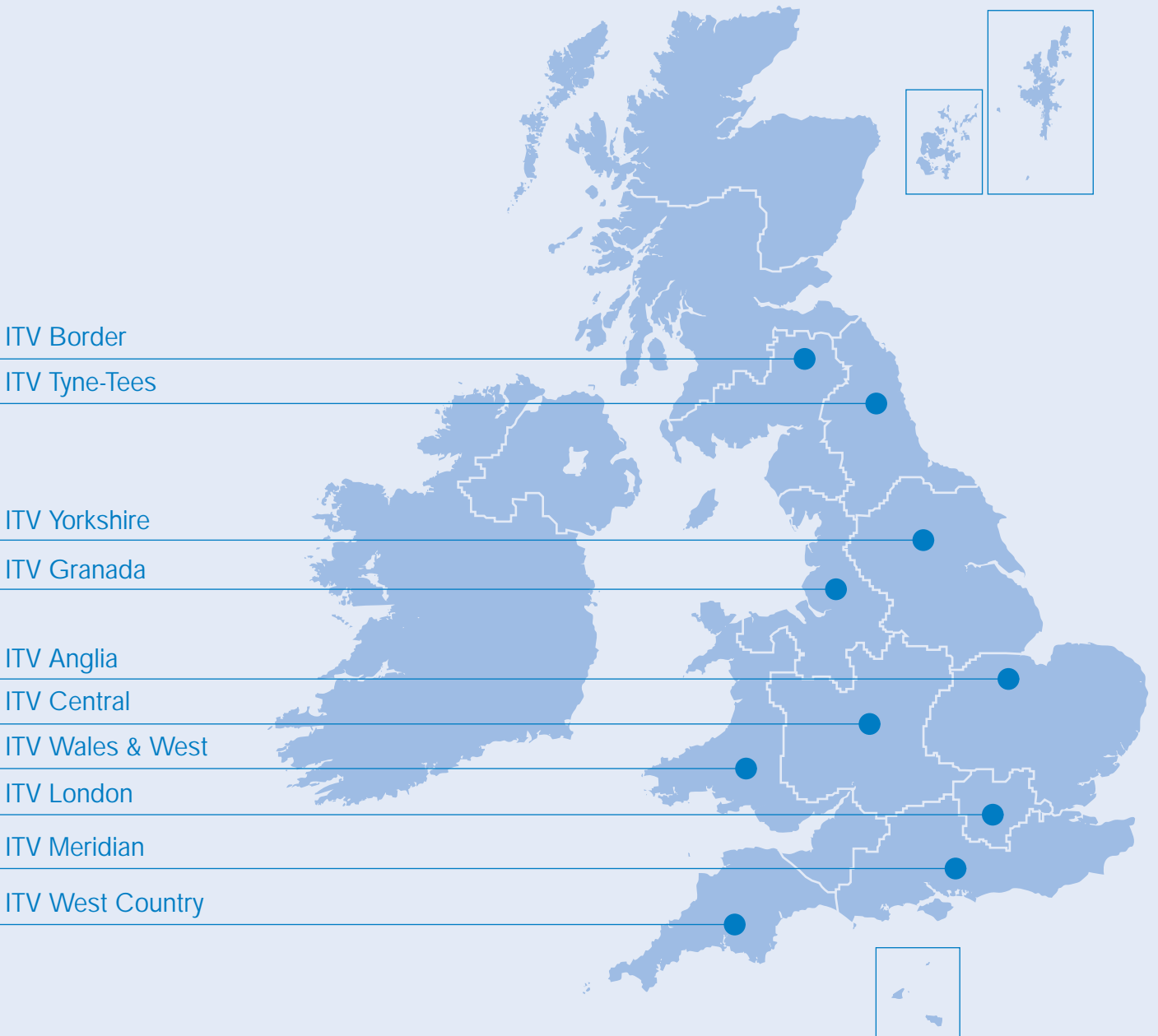
– Viewers benefit from greater programming investment to improve further both quality and choice, with more drama premieres, event entertainment and a strong regional identity.

– Advertisers benefit from the greater ability of the Company to invest in its programming thereby enhancing audience share, particularly among key demographic groups, and the commercial benefits of advertising.

– Shareholders benefit from a simpler and clearer structure, greater efficiency and lower costs and the potential to exploit future growth opportunities which outweigh those that would have been available to Granada and Carlton separately.

For further information, visit our website at www.itvplc.com

ITV plc



ITV plc interacts with people from many areas of society and business. Our main stakeholder groups are:

- + shareholders and investors
- + customers (viewers and advertisers)
- + government
- + employees
- + trade unions
- + suppliers



Did you know?

We have a Save As You Earn scheme for all staff to encourage them to increase their stake in the Company and to enable them to benefit from our success.

Making sure we hear

We listen to our stakeholders in a number of ways.

Our shareholders and investors

Our shareholders and investors attend and participate in the Annual General Meeting, attended by the full Executive and the licensee Managing Directors. In addition, we publish interim and annual reports, supported by detailed information published on our website (including webcasts). Throughout the year, we hold regular meetings with shareholders. We encourage shareholders to visit our sites where they can see our operations and talk to our employees.

Our employees

Each business has a framework for consultation and information via elected employee representatives. Communication groups and safety committees (including union and non-union members) have been running in Granada for some time and are being implemented across ITV. Each determines its own agenda, type and frequency of meetings, and brings forward employee views on Company proposals relating to major changes, such as the introduction of new technologies, training and general industry matters.

During the merger process, we conducted monthly telephone interviews with randomly selected staff. Feedback was posted on our Intranet and we responded quickly to emerging issues of concern.

Our suppliers

Our broadcasting, news and production businesses work with hundreds of suppliers and freelancers. We recognise that, working as a team, we can achieve more than working individually. We are in regular communication with our suppliers, and during 2002/2003 sent questionnaires to the top 20, requesting information on their environmental policy and management systems.

Our customers

We work closely with our customers, seeking to build good relationships, respond to complaints positively and look for ways to improve the service. As part of the ITV Charter for Broadcasting in the Nations and Regions, introduced in 2002, viewers comment on programming via the local duty officers and our local management responds. Viewer feedback is also encouraged via regional websites.

Government

ITV is a commercial public service broadcaster with considerable regulatory obligations across each of its regional licences. ITV seeks to ensure that all its public service obligations are met. ITV's PSB requirements include provision of an impartial and high quality news service and a number of regional and sub-regional news services. On a national and regional level ITV seeks to leverage the power of its programme schedule in the service of its community action campaigns, often working with regional and national Government in the process.

Trade unions

We regularly engage with union representatives at the local level and there is an annual strategy meeting with the ITV senior management for the full union team. National union officers attend Broadcasting Joint Advisory Committee meetings.

For more information, visit our website at www.itvplc.com



Did you know?

We have introduced new incentive arrangements to encourage great ideas. Our Prime Mover scheme ensures the originators of ideas are closely involved in their implementation.



Case study

In 2003 Granada ran its second employee opinion survey. Feedback included:

- More than four-fifths want to be working for ITV in a year's time
- Around one-third were not wholly satisfied with work/home life balance (we have addressed this important issue with pilot schemes aimed at improving working conditions)

– Employees feel that communication across the business is improving.

Business success is no longer measured in financial terms alone. In addition to providing world-class information and entertainment, ITV plc is committed to integrating social, environmental and economic issues in its decision-making processes and performance measures.

Helping the community

Our regions enjoy strong links with their local communities through on-air and off-air initiatives. We have been helping communities for many years and see this as an important component of our CSR strategy.

Conducting ourselves ethically

ITV is committed to maintaining high standards of corporate governance in line with the Combined Code on Corporate Governance. In many cases, our CSR philosophy is supported by detailed guidance, policy and practice.

Our Ethical Statement outlines standards of corporate, management, operational and individual behaviour and gives guidance to individuals regarding how they are expected to undertake their functions.

ITV's business depends on the quality of service received from suppliers and contractors. We always treat our suppliers and contractors on a fair and equitable basis. ITV is open about the selection criteria used and our aim is to be objective about our purchasing decisions.

We have developed a common business philosophy and set of cultural values that apply across the Group:

Business philosophy:

We endeavour to conduct all our external and internal dealings with fairness, integrity and professionalism.

Cultural values:

- We are growth and results orientated, while believing that work should be fun
- We aim to achieve the highest levels of quality and service
- We welcome and promote change as an opportunity, not a threat
- We work to promote confidence in our ability to handle the future, both for our staff and our customers
- We encourage and support new and creative ways of doing things
- We provide challenges and the environment for people to take initiative and personal responsibility at all levels within our business
- Our style is open with little emphasis on status or bureaucracy
- We welcome diversity – both in our people and in the solutions and ideas that they propose – in all parts of the business
- We stress both the benefits of teamwork, and the ability of each individual to add value
- We recognise and reward success.

Case study



CSR Media Forum

ITV is a member of the Media CSR Forum, made up of media organisations committed to furthering CSR in the media sector.

In 2002, the Forum recognised that CSR indices and investor questionnaires were not tailored to the media sector. Members worked together to identify material impacts and key CSR issues relevant to media businesses and developed a positioning statement based on existing frameworks and codes.

Engaging with our stakeholders

We have many diverse stakeholders and it is important to us that we listen carefully to their views and suggestions. We recognise we have a primary responsibility to our shareholders, without whose investment the business would be unable to operate. However, good relationships with our employees, suppliers, customers, government regulators and trade unions are also important to us.

Supporting our employees

The quality of our programme-making, management and administrative employees is vital to ITV's continuing success. We work hard to provide our employees with good working conditions, opportunities for advancement and ways of airing their views.

Caring about health and safety

The health and safety of our staff and all who come into contact with ITV is very important to us. We have created and implemented systems and procedures for the management of health and safety that are acknowledged to be among the most thorough and innovative in the industry.

Sustaining the environment

Environmental management forms an integral part of ITV's business. We set challenging objectives and targets. Our businesses are encouraged to contribute by setting local objectives and targets and establishing local programmes and initiatives.

Setting performance targets

We measure our performance so that we know what impact ITV is having socially, economically and environmentally, and we set challenging targets for improvement where required. Now that the merger is completed, we will be setting new CSR objectives and targets for the Group.

Prior to the merger, Granada commissioned external advisers to audit its CSR practice. Verification was undertaken during 2003 and the verification statement is on page 37.

Shaping and applying best practice

CSR practices are constantly evolving and it is important to us that we learn from and apply best practice as well as helping to shape it. One example of how we are achieving this is our participation in the Media CSR Forum facilitated by KPMG.

Effective corporate governance is a critical part of a company's social, economic and environmental responsibility. The ITV plc directors support high standards of corporate governance and seek to comply with the recommendations of the Combined Code on Corporate Governance. Below we set out how ITV is governed.

The Board

The Board is composed of eight members. The Combined Code recommends that at least half of the Board, excluding the Chairman, should comprise of "independent" non-executive directors. The ITV Board considers each of its non-executive directors to be independent except, for the time being, David Chance. Sir Peter Burt was appointed Chairman on 15 March 2004 and Sir George Russell is Deputy Chairman.

The Chairman is responsible for leadership of the Board, ensuring its effectiveness and setting its agenda while the Chief Executive has responsibility to the Board for leadership and management of the Company and management of the day-to-day operations of the Company.

The Board is expected to meet at least eight times per year and may meet at other times at the request of any ITV director. The Board conducts a review of the effectiveness of ITV's internal controls on an annual basis.

An Audit Committee, Remuneration Committee and Nomination Committee have been established.

The Audit Committee

The Audit Committee is chaired by John McGrath, and its other members are James Crosby, Sir Brian Pitman and Sir George Russell, all of whom are independent non-executive directors. The committee normally meets not less than four times a year and meets the external auditors at least once a year without management present.

The committee is responsible for monitoring the integrity of ITV's financial statements and reviewing and monitoring ITV's internal financial controls and risk management systems. The committee makes recommendations to the Board in relation to appointment, re-appointment and removal of external auditors, and approves the remuneration and terms of engagement of the auditors. It reviews and monitors external auditors' independence and objectivity, and the effectiveness of the audit process. The committee develops and implements policy on the supply by the external auditor of non-audit services. The Chairman of the Audit Committee reports to the Board on the proceedings of the committee after each meeting where it considers action or improvement is required.

The Remuneration Committee

The Remuneration Committee is chaired by Sir George Russell, and its other members are James Crosby, Sir Brian Pitman and John McGrath, all of whom are independent non-executive directors. The committee will normally meet not less than twice a year. The committee will have responsibility for setting, and agreeing with the Board, the remuneration for the Chairman of the Company and for all executive ITV directors (including pension rights and any compensation payments) and will also monitor the level and structure of remuneration of senior management. The objective of the remuneration policy will be to ensure that members of the executive management are provided with appropriate incentives to encourage enhanced performance and are, in a fair and reasonable manner, rewarded for their individual contributions to the success of the Company.

Board Committee memberships as at 9 September 2004

Name	Director	Audit Committee	Remuneration Committee	Nomination Committee	Management Committee
Sir Peter Burt	Non-Executive			● (Chairman)	
Sir George Russell CBE	Non-Executive	●	● (Chairman)	●	
Sir Brian Pitman	Non-Executive	●	●	●	
John McGrath	Non-Executive	● (Chairman)	●	●	
James Crosby	Non-Executive	●	●	●	
David Chance	Non-Executive			●	
Charles Allen CBE	Executive			●	●
Henry Staunton	Executive				●

The Nomination Committee

The Nomination Committee is chaired by Sir Peter Burt and comprises all the other non-executive directors and Charles Allen. The majority of the committee's members are independent non-executive directors. The committee normally meets at least once a year. The committee is responsible for identifying and nominating for the approval of the Board candidates to fill Board vacancies and evaluates the balance of skills, knowledge and experience on the Board, and prepares a description of the roles and capabilities required for each appointment.

The Management Committee

The Management Committee comprises all the executive directors and meets as required to conduct the Company's business within the clearly defined limits delegated by the Board and subject to those matters reserved for the Board.

Investor relations

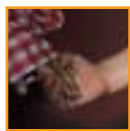
The Board attaches a high priority to communications with shareholders. In addition to the preliminary and interim results presentations and the Annual General Meeting, a series of meetings between institutional shareholders and the executive directors is held throughout the year. Save in exceptional circumstances, all members of the Board will attend the Annual General Meeting. At the meeting the Chairman reviews the Company's current trading and future prospects and then invites questions from shareholders. Notice of the Annual General Meeting, together with any related documents, is mailed to shareholders at least 20 working days before the meeting and separate resolutions are proposed on each substantially separate issue. The level of proxy votes lodged on a resolution is announced to the meeting following voting by a show of hands and will be available on the Company's website following the meeting. Financial and other information about the Company is available on the Company's website www.itvplc.com

Senior CSR Managers

At Executive Board level, James Tibbitts is responsible for CSR and Philippa Hird is the ITV Human Resources Director.

Upon adoption of the new group CSR strategy, we will confirm lines of accountability for environmental management, health and safety, community involvement and wider social issues.

18 Community and charity



We help our communities in many different ways. This section of our report profiles some of the many initiatives undertaken in 2002/2003.

Group initiatives

Social Action Campaigns

ITV has always had a strong commitment to social action broadcasting and community support. We see it as a key part of ITV's role as a public service broadcaster.

Social action campaigns provide an opportunity to address and raise awareness of issues that affect people within each of our regions. Our campaigns are supported by resources – booklets, helplines, fact sheets and websites – which allow us to provide additional help and information for our viewers, which can't always be given in a half hour programme.

In addition to this, many of the ITV companies initiate and support schemes within their region that make the best use of their facilities, expertise and position within the community.

Diversity

We believe that it is important to reflect multicultural society on screen and in the workplace. ITV was a founder member of the Cultural Diversity Network – an initiative to address employment and on-screen portrayal of issues in addition to sharing research and best practice across the broadcasting industry.

During 2003, we introduced a commissioning clause system, whereby producers must demonstrate how they will reflect diversity in their programmes. A monitoring and portrayal system is also in place to assess the progress of representing ethnic minorities and people with disabilities.

In 2002, the industry promoted the Broadcasters' and Creative Industries Disability Network to improve the portrayal and employment of people with disabilities in and on television.

Development of local talent

ITV encourages talented young people to develop their creative skills in a number of ways. Financial support through bursaries is provided across the regions to help young individuals who may otherwise be unable to gain opportunities to work in the

media industry. A number of local training schemes are also held across the regions in which experienced staff work with schools and community groups to help encourage and provide advice to young people interested in working in the media.

Promotion of the arts

Promoting arts within the regions, whether through sponsorship or training, is a crucial part of our community involvement. A number of initiatives are undertaken within the regions to support the arts and make them more accessible to local people.

Regional programming

Regional programming plays an important role in raising awareness of local issues and national social and health issues. The ITV Charter for Broadcasting in the Nations and Regions, developed in 2002 ensure that 90% of regional production is made within the region of broadcast, and that 25% are produced independently.

Case study



Changing Attitudes

During 2003, the European Year of Disabled People, the *Changing Attitudes* programme helped increase understanding of disability issues across the ITV regions of London, Central and Wales. Watched by more than a million viewers, this programming won several industry awards, helped combat discrimination and raised awareness of many of the major issues surrounding disability. Programmes were supported by a website, the Disability Rights Commission Helpline and a comprehensive 40-page advice booklet (available in Braille, audio and large print) that was actively distributed throughout the community and key organisations.



Did you know?

ITV Anglia received a Business in the Community regional award for excellence for "Clued Up On Cancer", a regional health information and cancer prevention campaign.



ITV Yorkshire joined forces with The West Yorkshire Police and Wakefield Education Action Zone to produce a citizenship educational pack – *Emmerdale If Only...* The pack was given free to all high schools in West Yorkshire and this partnership project was awarded a Learning On Screen Special Award.

Regional initiatives

All licensees are actively involved in ITV-wide and regional community initiatives. Below is just one example from each region.

ITV Anglia

– Ran 18 “Clued Up On Cancer” road shows in 2003 (bringing the total for the campaign to 44). It gave four weeks of community service announcement slots, established a campaign website and has distributed around 30,000 information packs since the campaign began.

ITV Border

– Broadcast one *IT's For Life* 30-minute programme and ten short programmes in the nightly news programme *Lookaround* (repeated in the daytime). It provided free computers to farmers and, by the end of the reporting period, 1,500 farmers had joined the scheme.

ITV Central

– Provides four university places through the Broadcast Journalist Scheme to young people, who, for cultural or economic reasons, might not otherwise pursue a broadcast journalism career. Course fees, a cost-of-living allowance, work experience and six-month contracts are all part of the scheme.

ITV Granada

– Received contributions from viewers towards the £15,000 raised for reporter Paul Crone's “Care in the Air” appeal. Funds raised were for running costs of the Air Ambulance and resulted from Paul's 250-mile walk across the region.

ITV London (LWT and Carlton)

– Screened *Missing weekly*. In conjunction with the National Missing Persons Helpline, the region helped resolve nearly 70% of the missing person cases featured in the programmes.

– 45 employees attended local primary schools once a week to help children with reading, grammar and numeracy. Three career seminars were run for secondary pupils, and the region hosted Managing the Media training seminars for head teachers, together with London Accord (part of Business in the Community).

ITV Meridian

– Was a founding media partner with Sussex Police in launching the first Child Rescue Alert scheme in Britain. Based on an American model, the scheme uses the media to seek help from the public in tracing children who are feared abducted and in serious danger.

ITV Tyne-Tees

– Hosted the Royal Television Society Young People's Video Festival, donating the studio and facilities free of charge.

Case study

ITV Wales & West

– Ran a series of five half-hour programmes called *One In Six* that provided insight in to the lives of people with disabilities as one in six people in Wales have some form of disability.

– Gave new directors the opportunity to have their work broadcast through the programmes *Digital Shorts* and *Reality Bites*.

ITV West Country

– Sponsored signed-performances at the Theatre Royal in Plymouth and signed-and-audio-described performances at Hall for Cornwall.

ITV Yorkshire

– Ran the *Emmerdale If Only . . .* project, a partnership between ITV Yorkshire, West Yorkshire Police and Wakefield Education Action Zone. The project covered an *Emmerdale* storyline about a group of young people stealing a car, running down their teacher and trying to cover up the story. *Emmerdale* cast members attended the launch and talked to young people about the issues raised. The initiative won a learning on screen special award.



IT's For Life

As well as creating a storyline in one of the nation's favourite soaps, *Coronation Street*, ITV committed programming in seven of its 11 regions to the "IT's for Life" campaign. This aimed to encourage more people to become computer literate. The campaign joined forces with the Office of the E-Envoy and Learn Direct in their "Get Started" initiatives and was one of the UK's biggest-ever computer literacy campaigns.

22 Environment



Our business affects the physical environment in a variety of ways, particularly through the energy used in the production of our programmes. This section of our report profiles our environmental management, performance and main areas of impact.

Our focus

Throughout the merger, we've continued to reduce our environmental footprint through:

- Capital expenditure projects
- Programmes to raise the environmental awareness of employees
- Energy audits
- Environmental management of the supply chain.

Environmental management

We are committed to continuing to meet our environmental objectives through a practical environmental management system (EMS) in all our regions.

While our existing EMS adopts the key elements of the internationally recognised standard ISO 14001, we have identified, together with our external auditors, the need to implement a formal management system.

As in previous years, we have had no breaches of environmental legislation, pollution incidents, enforcement actions or prosecutions arising from our business activities during the year.

Main impact areas

The production of television programmes requires large amounts of energy for space heating, lighting and air conditioning. The production of programmes also requires staff to travel extensively, particularly for location work. Energy and transportation use can be converted into a single measure of global warming potential – carbon dioxide equivalent emissions.

The world's demand for *water* continues to increase and, as a result, water is in shortage at many locations globally. Using water clearly depletes this valuable resource. In addition, cleaning, treating and transporting water uses a large amount of chemicals and energy. In ITV, water is used for floor paint washings and general office use.

A company's creation of solid *waste* is a key environmental indicator because much of it is disposed in landfill sites, which have significant environmental impacts. Waste sent to landfill can be reduced by cutting raw material consumption, recycling or reusing waste materials. Within ITV, waste is generated from, for example, office paper, videos and scenery.

The accidental release of materials into drains can create problems at sewage treatment works or can pollute controlled waters. It is an offence to cause *pollution* of controlled waters. Historically, across all UK businesses, poor management of oil tanks has resulted in a large number of pollution incidents. Most sites used

by ITV have oil storage tanks, either for space heating and/or to feed emergency generators. In addition, ITV uses aqueous based floor paints, which pose less of a risk than solvent based paints if an accidental spill enters a drain.

Elevated *noise* levels at the boundary of premises caused by operations may disturb neighbours and may be a particular nuisance at night. ITV needs to move scenery and carry out refurbishment operations at night and this has, in the past, led to complaints from neighbours and enforcement action. Our efforts to manage these impacts have resulted in no recent enforcement actions.

Ozone depleting substances (ODS) are implicated in the thinning of the stratospheric ozone layer leading to increased exposure to ultra-violet radiation. Refrigerant coolants and firefighting equipment can contain ODS. Refrigerant coolant losses can release ODS into the atmosphere.

Past industrial activity in the UK has left a legacy of *contaminated land*. Contaminated land can cause gradual pollution of controlled waters, impact the health of occupants and have an effect on land use and hence value. It is possible that land owned by ITV is contaminated from former industrial activity.

Case study

Monitoring progress

Granada's objectives and targets have been set for environmental improvement. These include objectives and targets to reduce its direct environmental impact, for example through energy usage, plus objectives to foster more sustainable business practices in dealings with suppliers. Some of the progress against these targets and future actions are summarised in the table below. In time, we will be collecting and reporting similar information across ITV.



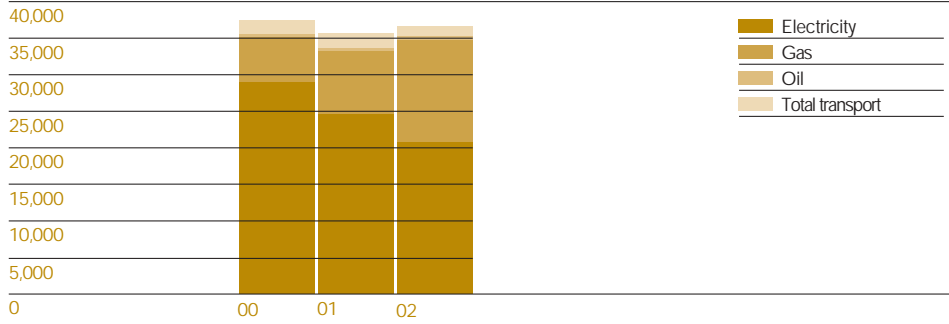
Policy statement	Objective	Target	Progress	Actions 2003/2004
Improve our management of energy	Continue to reduce the environmental footprint of the business.	– To reduce overall energy/fuel consumption and CO ₂ emissions by 10% over a five year period.	Our CO ₂ emissions have reduced from 2000 levels. Electricity use has reduced significantly through the introduction of CHP plant. As a consequence gas consumption has increased.	Review the efficiency of CHP plant. Improve the collection of transportation data to ensure consistency year on year.
		– To assess by means of third-party energy audits the current energy use across all sites within the next 12 months and identify areas where energy savings can be made.	Some audits completed.	Ongoing.
		– To evaluate efficiencies of gas burning plant over the next 12 months. Where age and inefficiency are such that replacement will fall within the Group payback criteria, this plant will be replaced.	CHP Plant introduced at two sites.	Ongoing.
		– To improve and document maintenance schedules for all oil fired plant and equipment, allowing a minimum of two services per annum. All procedures to be in place within the next six months.	No information available.	Confirm targets have been achieved.
		– To purchase the most cost-effective energy efficient equipment available in the UK.	Ongoing.	Ongoing.
		– By end of quarter one 2002, energy efficiency to be included as a significant criterion in the purchasing of equipment.	No information available.	Confirm targets have been achieved.

24 Environment

Energy use measurements (Granada)

	Total electricity used (MWh)	Total gas used (MWh)	Volume of oil (m ³)
2002 Total	47,004 (-16%)	73,730 (+64%)	184 (+1%)
2001 Total	55,882 (-17%)	44,978 (+30%)	181 (+5%)
2000 Total	65,627	31,298	173

Carbon dioxide (tonnes)



Energy use measurements (Carlton)

	Total electricity used (MWh)	Total gas used (MWh)	Volume of oil (m ³)
2002 Total	24,407 (0%)	12,170 (-23%)	241 (-6%)
2001 Total	24,355 (-9%)	15,722 (+4%)	257 (-11%)
2000 Total	26,837	15,079	290

Carlton CO₂ emissions by source



Our performance

All regions have set themselves targets for waste reduction and energy consumption, with most regions also setting targets for water, transport and training.

Some good progress has been made in reducing waste levels. In particular, Anglia is looking at ways to recycle old electrical equipment; Granada Television recycles IT equipment for schools; and Carlton has increased significantly the number of toner cartridges recycled.

We have selected examples to illustrate our 2003 environmental performance.

Global warming potential

Granada

Reported electricity consumption across all sites reduced by 16% since 2001. In contrast gas consumption increased by 64% and oil consumption by 1% from the 2001 levels.

Considering energy consumption in terms of carbon dioxide equivalent emissions, we estimate that CO₂ emissions from 2000 to 2002 are static.

The changes in energy consumption and energy mix have resulted from the installation of combined heat and power (CHP) plants at the two largest sites and the phased introduction of energy saving devices for lighting. One of the sites now has a full year's data on energy consumption with the CHP plant installed but it is too early to draw conclusions about improvements in performance.

Carlton

Energy use fell by 10% in 2002/2003, exceeding our target of a reduction of 6% over three years. The amount of fuel recorded for transport use also fell in 2002/2003.

As a result of the decrease in energy and transport, total carbon dioxide emissions fell by 6% in 2002/2003.

Water use

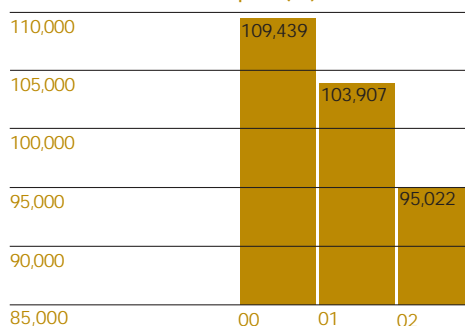
Granada

Water consumption fell by 9% from 2001 to 2002 and 13% from 2000 to 2002 thus beating the target "to reduce wastage of all raw materials used on site by 10% within five years". These reductions have been achieved by reducing the volume of water used for toilet flushing and the introduction of percussion taps.

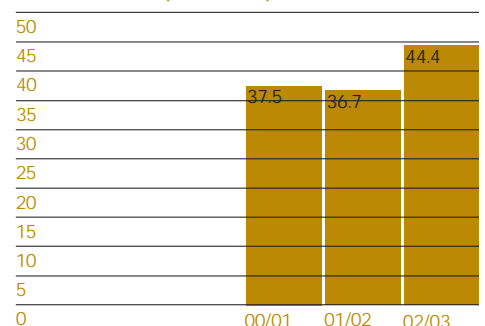
Carlton

The amount of water used increased by 21% in 2002/2003. This was mainly due to a burst water main at our Nottingham Studios, which has now been fixed. Most of our buildings have water meters and we estimate that the data covers around 80% of the business.

Granada total water consumption (m³)

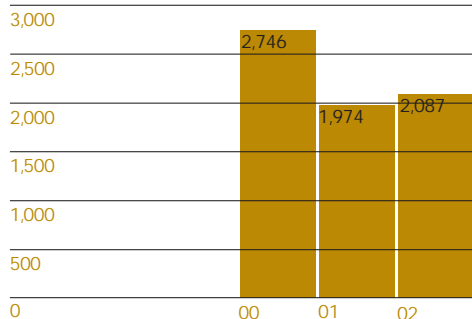


Carlton water use (million litres)

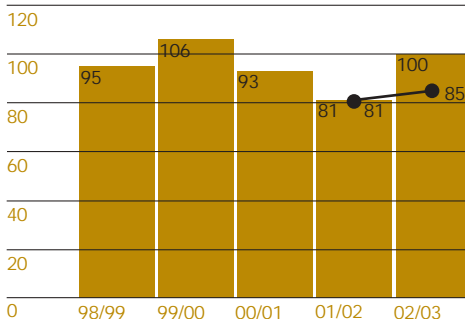


26 Environment

Granada waste (tonnes)



Carlton paper recycled (tonnes)



● Target

Solid waste

Granada

Waste levels rose by 6% in 2002 due to a large increase in waste generated at one site. The reasons for this increase are being assessed. However between 2000 and 2002 the amount of waste disposed has decreased by 24%. This reduction in waste has comfortably exceeded the Group target to reduce wastage of raw materials used on site by 10% within five years.

Our hazardous waste production, such as paints and chemicals, remains at less than 0.1% of our total waste.

Carlton

The amount of paper recycled increased by 23% in 2002/2003, exceeding our target of a 5% increase.

In 2002/2003, Carlton Television purchased approximately 130 tonnes of paper and recycled approximately 60 tonnes (46%). The amount recycled includes other sources of waste paper such as newspapers and card.

Water pollution

Granada and Carlton

There have been no pollution incidents in the current reporting period. The arrangements for oil and diesel storage have been audited and a number of recommendations for risk reduction made. Floor paint scrubblings are held in storage tanks for future collection and disposal off-site. The volume of residual paint released to drain is small and, as such, discharge consents are not required at our main sites.

Noise

Granada and Carlton

Our efforts to manage these impacts have resulted in no complaints, incidents or enforcement actions during the current reporting period. The potential for excessive noise during night activities is addressed in our environmental awareness-raising training.

Ozone-depleting substances (ODS)

Granada

There were no releases of Hydrochlorofluorocarbons (HCFCs) reported in 2002/2003. The collection of data will be extended to other ODS next year.

Carlton

Carlton has cooling systems at many of its locations to prevent television equipment from overheating and for air conditioning in the summer. The sealed systems hold 2.2 tonnes of HCFCs – an ozone depleting gas. There were no releases of HCFCs reported in 2002/2003.

Contaminated land

The historical records of Granada's sites indicate that they are not contaminated. However a more formal assessment of the land assets is planned.

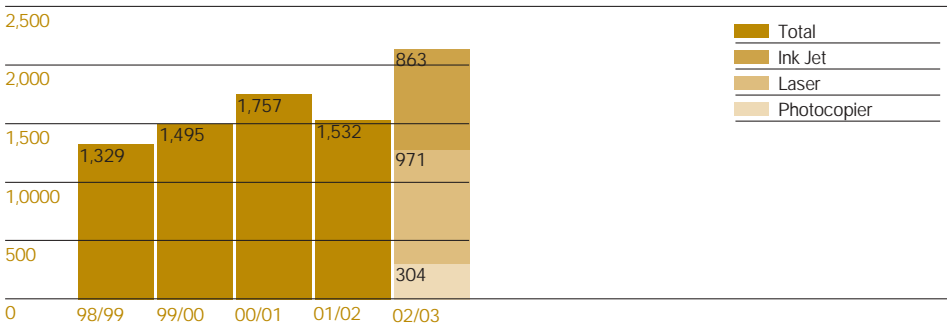


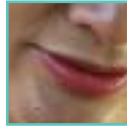
Did you know?

Regions have taken on a number of initiatives to engage employees in environmental matters. Meridian had a poster campaign and an environmental seminar on waste reuse, recycling and reducing unnecessary energy consumption.



Carlton number of cartridges recycled





As a creative business, we thrive on the work of talented employees and our employment development policies reflect that. To attract and retain the best talent and help them contribute to the best of their ability, it is vital we offer the right development, rewards and incentives. This section of our report profiles our employment policies.

Training and development

ITV training programmes demonstrate clear links to individual, Company and industry needs.

The majority of employees have a training and development review each year. As a result, they might attend training programmes provided by our own training and development team or by training providers such as the National Film and Television School or Ravensbourne. Some of the wide variety of courses undertaken by employees this year include multi-camera directors' training; legal training for journalists; health and safety; compliance; and employment law. Many employees also receive on-the-job coaching and mentoring.

We do not discriminate in our provision of training between permanent employees and those on fixed term contracts.

Clive Jones, Chief Executive of the ITV News Group is chair of Skillset, the Sector Skills Council for the Audio Visual Industries. ITV also provides data for its research into current and future industry skills requirements. The findings then inform our training and development plan.

ITV also provides centrally delivered industry-wide training through Skillset; the National Film and Television School; Ravensbourne College; and by making a significant contribution to the Television Freelance Training Fund.

Diversity

We embrace and support diversity in the workplace and operate three regional diversity steering groups across our licensees. Made up of representatives of different business areas at a variety of different levels, and led by Regional Managing Directors, these groups meet on a quarterly basis to discuss strategic and practical approaches to diversity, to share knowledge and to plan action.

We also reflect diversity in our programming. ITV was a founder member of the Cultural Diversity Network – an initiative to address employment and on-screen portrayal of issues in addition to sharing research and best practice across the broadcasting industry. In order to identify areas of under-representation, we monitor on-screen portrayal in a variety of ways, including through producer reports and snapshot viewer analysis. These results are then compared with the regional or national population to identify areas of under-representation.

ITV's diversity work not only promotes social equality, but is a key business goal, as the continued popularity of ITV programming depends on an ability accurately to reflect the UK's increasingly diverse population.

As an employer, ITV has a strong commitment to equality and equal opportunity, and has strictly observed policies to ensure discrimination and prejudice are not tolerated.

Our comprehensive equal opportunities policy expresses that no member of staff or job applicant will be treated less favourably on the grounds of their sex, marital or parental status, race, origin, nationality, religion, religious belief, disability, age, sexual orientation or gender reassignment.

While all employees have a responsibility for the application of good equal opportunity practice and the avoidance of unfair treatment, managers are specifically responsible for ensuring fair treatment of all individuals in their departments with particular reference to recruitment, selection, training and development opportunities.

Case study

Changing Attitudes

ITV is a member of several external organisations that aim to achieve diversity in the workplace. They include:

- Opportunity Now – Advisory Board
- Race for Opportunity
- Cultural Diversity Network
- Broadcast and Creative Industry Disability Network – Board Member
- Employers Forum on Disability – Gold Card Members
- ORC Worldwide – The Vanguard Group
- Project Full Employ (Board Members).



Did you know?

During 2003, ITV introduced “self-managed learning”. The ITV Development Guide is now available online and provides development and careers advice and access to mentors and coaching and information about the training opportunities available in ITV.

Employment

Recruitment

All job applicants receive fair and equal treatment during the recruitment and selection process. Appointments are made solely on the skills and ability – or potential – of the individual to do the job following any appropriate reasonable adjustments for people with disabilities.

ITV endeavours to allow the widest possible access to any available work opportunities, and to this end has an active Internet jobs website. Jobs are also advertised in national and regional publications as appropriate.

Managers with recruiting responsibilities, representatives from personnel and training departments and members of the Regional Affairs teams have strong links with the local communities and work in a variety of ways to ensure that access to employment at ITV is shared as widely as possible.

Promotion/reassignment

The ITV jobs website is also accessible internally through the ITV Intranet which, in addition to holding externally advertised positions, can display jobs specifically identified as promotion and re-assignment opportunities only, and therefore not advertised to external candidates. These opportunities are also displayed widely on bulletin boards across the Company for those who do not have access to a computer.

If an employee becomes disabled, or would like to apply for more flexible hours, the Company will provide the fullest support to enable them to remain in or return to a role appropriate to their experience and abilities.



Did you know?

Employees from across ITV participated in the “cross-company management development strategy” attending various levels of management training from supervisory to senior management level.



Positive action

The composition of ITV's workforce is monitored on a regular basis and measured against the composition of the working population of the area. Where any long-term inequalities are found, the Company is legally entitled to take positive action to redress the balance. This might take the form of special training schemes or work-placements. This monitoring helps ITV enact its equal opportunities and diversity policy.

Disciplinary procedures

The Company's disciplinary procedures will be used where any employee is found to harass any other employee on the grounds of their sex, marital or parental status, race, origin, nationality, religion, religious belief, disability, age, sexual orientation, or gender reassignment.

In serious cases, such behaviour will be considered to be gross misconduct and may result in summary dismissal in accordance with disciplinary procedures.

Grievances and harassment

ITV recognises that every employee has the right not to be harassed and to complain if such behaviour does occur. We are committed to dealing with incidents of harassment with sensitivity, confidentiality and in full consultation with the injured party.

Flexible working

The Company recognises that supporting a flexible workplace is an important factor in attracting and retaining employees, and is committed to, wherever possible, assisting employees to achieve a positive work-life balance. ITV has a flexible working policy and procedure which is consistent with the Employment Rights Act 2002.

Trade unions

We recognise the right of any employee to become a member of a trade union and, where there is sufficient employee support and there is recognition, ITV acknowledges the role of trade unions in collective bargaining.

Human rights

ITV does not, and will not, use forced or child labour. We insist our suppliers adhere to this principle too. The only exception is in respect of child performers engaged in the production of television programmes. Such employment of children is strictly regulated in the UK and ITV complies with these regulations. Industry-wide guidance on working with child performers is produced by the Producers Rights Agency Ltd, and this, backed up by our own internal guidance, is promoted within ITV by our casting departments.

Benefits

Employee benefits are detailed in a booklet called "The ITV Benefits" and include:

- Long service and retirement awards
- Childcare assistance scheme
- ITV Deals – discount scheme
- Healthcare
- Life assurance
- Maternity Leave (26 weeks) and adoption policies
- Parental leave policy and time off for urgent family reasons
- Paternity policy (ten days)
- Pension scheme
- Permanent health insurance
- Redundancy policy
- Employee share ownership
- Sickness policy.



Employment statistics 2003

For the 15 months ended 31 December 2003

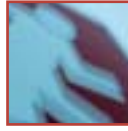
Business	Total staff	Women	%	Ethnic	%	Disabled	%
Anglia	381	165	43.3	5	1.3	12	3.1
Border	93	46	49.5	1	1.1	1	1.1
GTV (inc 360 & CHF)	944	439	46.5	37	3.9	9	1.0
LWT	1,612	773	48.0	197	12.2	12	0.7
Meridian	414	192	46.4	16	3.9	5	1.2
TTTV	213	100	46.9	8	3.8	19	8.9
YTV (inc GL)	1,056	490	46.4	40	3.8	14	1.3
Carlton	675	334	49.5	97	14.4	3	0.4
Central	689	259	37.6	34	4.9	7	1.0
HTV	315	135	42.9	5	1.6	3	1.0
West Country	162	84	51.9	2	1.2	0	0.0
Non CAR TV	542	101	18.6	10	1.8	4	0.7
LNN	232	70	30.2	17	7.3	1	0.4
Superhire	86	30	34.9	12	14.0	1	1.2
MPC	389	77	19.8	0	0.0	0	0.0
NWC	252	161	63.9	22	8.7	1	0.4
Total	8,055	3,456	42.9	503	6.2	92	1.1

Employment category	Total staff	Women	%	Ethnic minorities	%	Disabled	%
Board level	62	17	27.4	3	4.8	0	0.0
Senior management	179	71	39.7	2	1.1	0	0.0
Middle management	656	277	42.2	39	5.9	5	0.8
Junior management	262	107	40.8	15	5.7	5	1.9
Non management	7,062	3,104	44.0	444	6.3	82	1.2
Total	8,221	3,576	43.5	503	6.1	92	1.1

Training statistics 2003

	Permanent staff	Freelance/ contract staff	Totals
Number of off the job training days	9,230	5,145	14,375
Number of staff trained	3,205	1,805	5,010
Average percentage of staff trained	71%	110%	
Average number of off the job days training per staff	2.87	2.85	2.86

32 Health and safety



ITV has developed health and safety management systems that exceed the legal minimum but do not restrict the creativity required at the forefront of television production. This section of our report talks about our health and safety aims and practices.

Aims

ITV's health and safety philosophy is straightforward – every employee of the Company, regardless of function or seniority, has their part to play in the effective attainment of the required standards. The duties and responsibilities of individuals are set down in our health and safety policy.

Safety management in television production

Programme making, with its utilisation of freelancers, provides an unusual challenge to safety management. This has been addressed, until recently uniquely in the industry, by the recorded allocation of specific responsibilities to named members of each production team.

Producers have overall responsibility for their productions and are tasked with cascading specific functions to competent individuals in their teams and communicating this information to the cast and crew.

National standard setting

ITV takes an active and leading role in setting standards and achieving best practice at a national level. We have a seat on the Broadcasting Joint Advisory Committee that is chaired by the Health and Safety Executive (HSE) and attended by representatives from all parts of the entertainment and media industry.

Members of our health and safety department also contribute to HSE working parties that seek to agree effective and attainable industry standards. One of the working parties is chaired by ITV.

Health and safety training

Granada developed and delivered its own training courses on a range of subjects including risk assessment, competence and designing safely. All those who work for, or on behalf of, Granada are required to prove their competence or attend the appropriate courses which are normally of one or two days duration.

During the year our courses have been further refined by consolidating the legal sections of many of the courses into a single half-day foundation course. This has enabled us to shorten other courses without loss of overall content but resulting in a net reduction of employee training hours necessary to achieve competence.

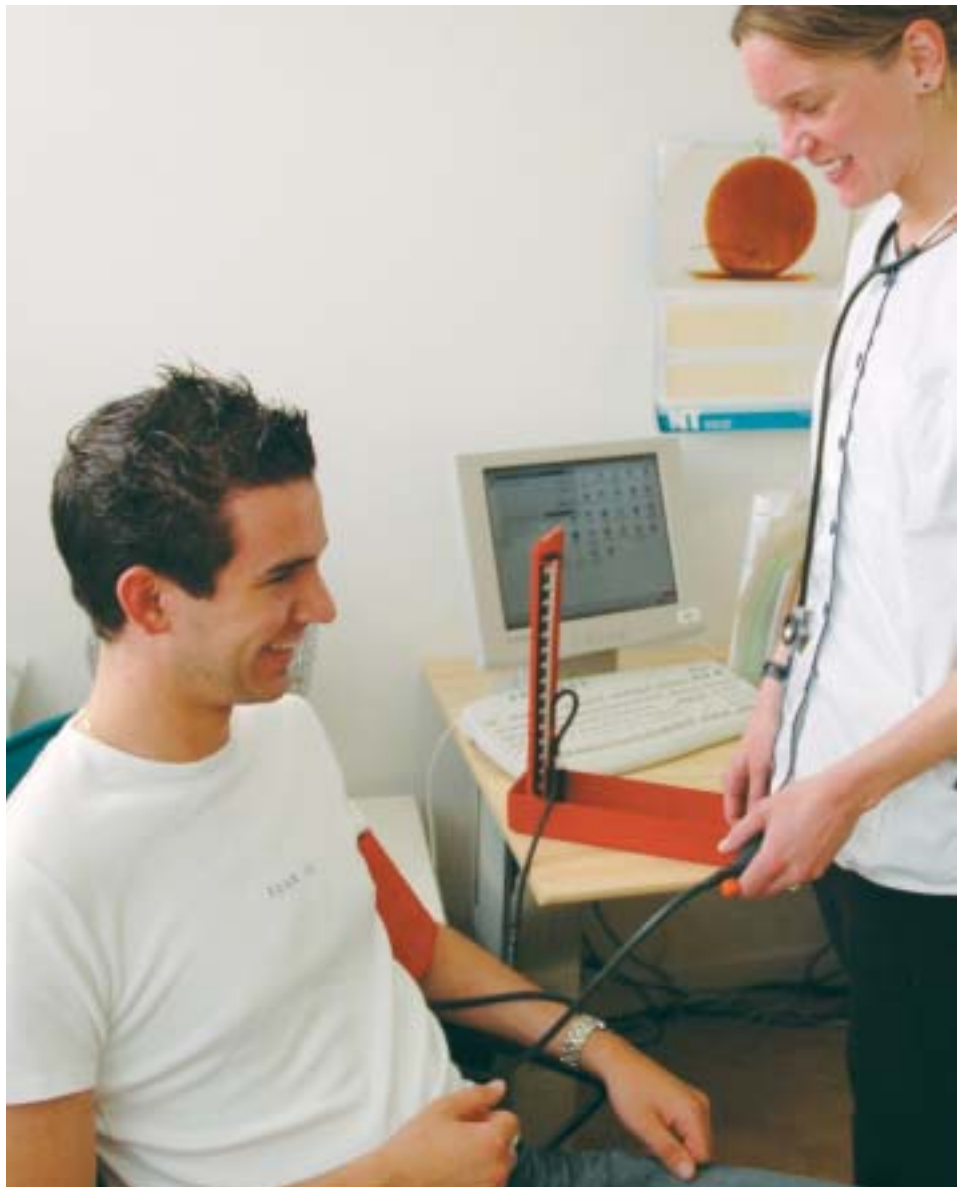
All course contents are aligned with both the industry NVQ XUnits and the Institution of Occupational Safety and Health Working Safely and Managing Safely syllabi, but have been tailored to maintain relevance to this industry.



Goals

In Granada, the following objectives were set for 2002/2003 and achieved:

- See no enforcement action taken for breaches of health and safety legislation
- See no fatal accidents among employees, freelancers and contractors as a result of their work with Granada
- Continue to take a lead in the setting and implementation of best practice
- Include environmental training in our health and safety courses
- Achieve cross-industry agreement on the management of freelance staff (included in HSE Guidance INDG360)
- Train 1,000 employees on our in-house training courses (1,720 staff, freelancers and contractors attended in the 15 months ending 31 December 2003)
- Create a database of suppliers, companies and individuals deemed to be health and safety competent. This database (called "Headhunter") had more than 8,000 entries by the end of 2003
- Help achieve industry-wide standardisation of control of operations involving filming of and from vehicles; use of firearms and other weapons in television; and health and safety responsibilities of organisations and individuals in audio-visual production (INDG360).





Did you know?

We are a founding member of the Broadcasting Industry Safety Group, whose objectives are to improve, standardise and communicate best practice.

Audit

A formal, comprehensive inspection and auditing process has been implemented to ensure our expected standards are achieved. Where shortfalls are identified, departmental managers are required to ensure the necessary remedial action is taken. These best practice developments are being rolled out across the Group.

Assessment of risk

Production risk assessment forms are completed whenever a significant risk exists and compliance with ITV's Codes of Practice is always required.

Occupational health

An occupational health service is provided to employees. Our larger sites have fully equipped and staffed medical centres. The smaller sites outsource this provision to a range of local professional occupational health providers. In future, we intend to present more complete data for the ITV Group.

Our occupational health departments provide a variety of services to artists, managers, employees and freelancers such as pre-employment health screening, referrals to doctors, return to work medicals, audiometry, health surveillance and accident recording.

Monitoring health and safety

Each of the ITV companies records accidents and absences in detail.

There were no fatal accidents and no enforcement action was taken against ITV under health and safety legislation again this year.

Across the Group, there were 41 accidents that were reportable to the HSE in the 15 months to 31 December 2003. Several were investigated by the HSE but in no cases did it consider it necessary to take enforcement action against ITV or its licensees.

The table below summarises the accident and sickness absence data for Granada for the 15 months to the end of December 2003. The accident incidence rates and sickness absence rates have been calculated to reflect annual equivalents.

Accident types are as defined by RIDDOR (The Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995).

	Granada	Yorkshire	Tyne Tees	Border	Anglia	Meridian	LWT
Total average staff	1,477	1,236	242	94	420	350	1,250
Accidents							
3+ days	6	9	5	2	4	0	7
Majors*	1	0	0	0	2	0	2
Fatalities	0	0	0	0	0	0	0
Dangerous occurrences	0	1	0	0	0	0	0
Accident incidence rate*	54	0	0	0	381	0	128
Sickness absence							
Total sick days	7,752	5,790	1,743	891	1,765	1,919	10,962
Sickness absence rate	1.27%	1.44%	2.2%	2.6%	1.3%	1.7%	2.7%

*Accident incident rate is based on the number of major accidents per 100,000 employees

Total average employees = 5,069 (including short-term contract)

Total major injuries = 5

Annual Group accident incidence rate per 100,000 employees = 79

Total sickness days = 30,822

Annual Group sickness absence rate = 1.87%



Did you know?

In addition to complying with the legal requirements we have drawn up our own codes of practice for production operations where there is no specific HSE guidance.

Our focus is the future; we are looking ahead to create CSR plans, objectives and targets that reflect and are appropriate to our whole Group.

Our focus for 2004

The majority of this report focuses on our activities and performance for 2002/2003. However, now our merger is completed, we have turned our attention to building data-collection, management and reporting systems. For a time we will still be reporting some company-specific data. However, systematically, we will start to report the performance of the whole Group.

Where appropriate, we will take leading and best practice systems and processes already in place in our companies and apply them across the Group. In other instances, we will build new processes, making sure in every case that they reflect the needs of our licensees.

Our starting point is to produce a CSR strategy and develop a CSR Management System for the Group.

Commitments

Below are the commitments we make in this report on which we will communicate our progress in our next CSR report.

Strategy, objectives and targets

By April 2004, we will develop and implement an ITV plc structure for the management of CSR that is appropriate to our operations. In time, we will also develop new CSR objectives and targets. We have already made some specific commitments regarding our environmental and health and safety responsibility.

Environment

We have a number of challenges in the coming year to provide consistency across the Group, while allowing localised responsibility and ownership. In particular, we will:

- Formalise environmental management in the businesses, ensure it is unified across the Group, and adopt best practice
- Ensure consistency of data collection in order to measure environmental performance
- Encourage the setting of local objectives and targets that contribute to meeting ITV targets and objectives
- Revise the environmental policies of Granada and Carlton to create one for the whole of ITV

– Study Granada's key performance indicators to assess whether they are relevant across the whole Group

– Investigate the reuse of videotapes to reduce waste

– Continue the focus on increasing efficiency of CHP plants in LWT and Granada

– Increase car sharing and pooling

– Extend the use of video conferencing

– Improve the collection of data on corporate travel.

Health and safety

We will:

– Ensure Granada companies only use freelance employees or contractors assessed as health and safety competent from 1 February 2004. Effective use of the Headhunter database is key to the achievement of this objective

– Ensure the Carlton companies are compliant with objective one by the end of 2004

– Undertake audits of Carlton sites.

Aon has been asked to verify the former Granada PLC business CSR policies and practices and to provide an opinion that the operating companies are compliant with the Group Ethical Policies and Statement.

To perform this, Aon checked for evidence of four things:

- That suitable policies exist
- That a system is in place to implement the policies
- That records exist which show that the system works in practice, and
- That stakeholders, when asked, agree that the system works and is fair.


Basis for the opinion

There are no generally accepted international standards for the reporting or verification of ethical and social performance. We have adopted a verification approach that reflects emerging best practice, using a framework based on the principles underpinning international standards on financial auditing and reporting. Therefore, we planned and carried out our work to obtain reasonable, rather than absolute assurance on the reliability of the performance data obtained. We believe that our work provides a reasonable basis for our opinion.

Our work involved verification work, inspection of relevant documents and production of one report per operating company. We undertook a review of the methods and systems for the generation and collation of the data and the internal control thereon; random spot-checks on selected data; and interviews with Granada personnel responsible for the generation and collation of the environmental data.

Ethical and social data is subject to many more inherent limitations than financial data given both their nature and the methods used for determining them through measurement, calculation or estimation.

Signed for and on behalf of



Aon Risk Control Consultants

Dated: December 2003

Aon Limited

Company Number: 210725

Registered Address: 8 Devonshire Square, London EC2M 4PL.

Aon Limited is a member of the General Insurance Standards Council (registration 2239).

Feedback

We welcome feedback and comments on the contents of this CSR report, our performance and plans. If you wish to comment or have a suggestion on how we may improve our CSR performance or reporting, please contact Helen Tautz, Deputy Company Secretary on 020 7261 3061 or helen.tautz@itv.com

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