

Environmental, Social and Governance ('ESG') Report



About this report

The 2022 ESG report builds on our efforts in 2021 to acknowledge our responsibility to address global environmental and social challenges. We are committed to embedding ESG practices and policies into all aspects of our company and strive to continue learning and implementing new strategies.

Frameworks, guidelines and standards

The information contained in this year's ESG Report has been structured around three main frameworks and guidelines: the UN Global Compact, the Sustainable Development Goals and the Task Force on Climate-Related Financial Disclosures (TCFD).

In our 2021 Annual Report, we committed to becoming a UN Global Compact Signatory in 2022. In August 2022, we became a participant, committing ourselves to aligning our strategies and operations with the Ten Principles on human rights, labour, environment and anti-corruption.

Our participation in the UN Global Compact has given Kooth the tools and knowledge to further

support the Sustainable Development Goals. The UN Sustainable Development Goals aim to build a more sustainable future for people and the planet by 2030. The nature of Kooth's business means we contribute directly to Goal 3: *Ensure healthy lives and promote well-being for all at all ages*. It is only in the last decade that mental health was added to the agenda, when the impact of mental illness on healthcare systems was identified. This gap in healthcare is where Kooth has its greatest impact.

Finally, our environmental impact has been analysed and explained to align with the Strategy and Risk Management Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

2022: Year in Brief



Environment Pillar

84%

of employees work remotely (83% in 2021)



Data Storage and Processors: Cloudflare (100% renewable) and Google Cloud (net zero)



Increase in website performance = reduction in carbon emissions of users



Social Pillar



Diversity project shortlisted for the CHWA Collective Power Award

100%

of managers underwent management training

13% ↑

Grew our workforce by 13% from 2021 (406 to 460 employees)



Governance Pillar



Signed up to the UN Global Compact



Published first Modern Slavery Statement

97%

of our employees completed HIPAA training

Environment

At Kooth, we are aware that a healthy planet is pivotal to both human health and business sustainability. Kooth is reviewing its climate-related risks and opportunities in the following areas, (1) electricity usage, (2) data processing centres and (3) production and disposal of technologies. The risks and mitigations are outlined below.

Energy Usage and Carbon Emissions

In the UK, the health and social care system accounts for about 5% of the UK's greenhouse gas emissions. The digital healthcare industry plays a pivotal role in reducing these emissions and keeping health systems environmentally sustainable. In terms of the first and second component, as listed above, Kooth faces the following risks and mitigates them in the following ways:

1. Our infrastructure:

- As a largely digital practice, by nature, we generate less carbon emission through electronic case files, rather than paper, as well as no need to travel whereas, for example, currently 1-in-20 journeys on the road are associated with the NHS.
- As an organisation the majority (84%) of our workforce are remote, and the rest continue to work in a co-working space. Our office provider is addressing the environmental and health impacts associated with the energy, materials and products it uses, has eliminated single-use plastics from its facilities and is committed to achieve carbon neutrality by 2023.
- One of the largest sources of carbon emissions and energy usage from the digital healthcare industry is the collection and storage of data. Kooth uses two cloud providers to store and process our data: Google Cloud and Cloudflare. Google Cloud has been carbon neutral since 2007 and aims to run on carbon-free energy by 2030. Kooth has chosen two of Google Cloud's 'Low CO2' host regions, including our US region operating on 97% carbon free energy consumption. Our other data processor, Cloudflare, powers its network with 100% renewable energy.

2. Our users:

- While the carbon impact of our users is difficult to measure, we know that the way we write our code can impact this number.
- Last year, work was done on the performance of our website (how long it takes to load a page). The quicker a page loads, the less carbon impact of our users. In addition, Kooth has set tighter constraints on developers, both internal and external, on what they can build due to the potential environmental impact. For example limiting the size of some of our Javascript assets.

Waste Management

As mentioned above, the third component of the digital healthcare industry is the production and disposal of wearable technologies, robotics and devices. Given that the majority of our workforce works from home, all employees have a company laptop. Kooth reduces the waste created by laptops by collecting, wiping and reusing old laptops for new starters.

Promotional Materials

As part of our initiative to reduce environmental impact, we continue to invest in reusable marketing materials. Kooth uses marketing materials from printers with a ISO 14001 environmental management accreditation. The sustainable business practices also include reducing the amount of one-use signage - such as rollup banners that can have vinyl replaced without needing to dispose of the roller mechanism.

All other promotional materials, for example merchandise for conferences, are manufactured from chosen companies using sustainable materials, not single use plastics, and are recyclable.



Social

As a provider:

With 30% of the British population having reported suffering from, and 1-in-5 Americans diagnosed with, a mental health condition, reducing wait times is crucial to population health management. This year Kooth was accessible to over 16 million people and had 1.5 million user logins across our platforms. In the UK, the volume of people accessing our platform reduced pressure on the NHS, as well as children and adolescent mental health services (CAMHS), which are seeing wait times of up to 13 weeks for treatment. Expanding in the US addresses the shortage of mental health practitioners, where as many as 1-in-3 people live in federally designated practitioner shortage areas.

Accessibility

Accessibility is at the forefront of Kooth’s mission. We have created our site to be accessible by removing potential barriers:

- **Anonymity:** allows users to access help without disclosing to others who they are.
- **Free at point of use:** healthcare can be expensive or stressful to deal with, this takes away those barriers.
- **Web-based:** can be accessed from any device with the internet, a user does not have to own a mobile phone to download an app.

By being mindful of people with impairments, we can create online platforms we want for everyone. At Kooth our product team builds our platforms in-house working closely with our Kooth communities and participation teams. For example, while Kooth’s content and user interface is written in English (and Spanish in the US), our web pages are built to work well with web browsers’ translation features. In addition, the design team ensures that our content, where necessary, can be read by a ten-year old - the youngest user that we engage with.

Every new feature we have built in the last year meets the WCAG 2.1 AA standard. This has meant we have been careful not to exclude people due to visual or learning impairments, which takes diligence and specialised knowledge. We want everything we design and build to meet the Web Accessibility Guidelines (WCAG) 2.1 level AA.

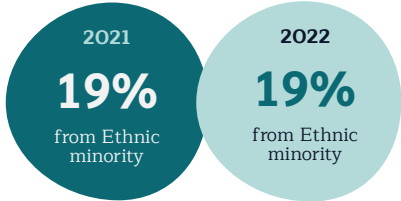
Our expansion into the US has been a catalyst to translate Kooth.com into other languages. At this point, we offer our US site in English and Spanish - including microcopy, content and chats. We have hired Spanish speaking practitioners in the US to offer full support.

Diversity and Inclusion

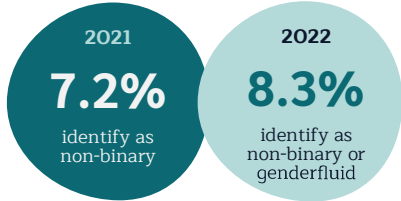
Kooth aims to remove barriers and ensure all individuals - regardless of race, age, gender, disability, sexuality or socio-economic background - have access to effective mental health services. We are aware that mental health affects different communities in different ways, as well as acknowledging health inequalities between communities. Ethnic minority communities face barriers to mental healthcare in the form of language, fear of stigma and a lack of cultural awareness.

User Demographics:

Ethnicity Stats:
(vs 18% of British population)



Gender stats:
(vs. 0.4% of the British population)



In 2022, we strengthened our partnerships with BlackOut UK and Unity FM to research mental health needs within minority communities to help shape our service to meet the needs of this population. Initiatives like this one enable us to create content for specific audiences, ensuring everyone feels seen and heard. Our 2022 highlights are:

Diversity and Inclusion Projects through partnerships:

‘What men from ethnic minority backgrounds want’ Project

- Our Participation team worked with community-based groups Blackout UK and Cultures CIC to co-produce 12 goals for Kooth to improve access, support and outcomes
- These goals focus on updating marketing, engagement, content and our product to better serve men from ethnic minorities
- This work was shortlisted for Culture Health Wellbeing Alliance (CHWA) Collective Power Award, which recognises a collaborative project improving the mental health and wellbeing of communities

Language Charter

- Our Diversity Council undertook this project to understand and spread awareness of appropriate language for ethnic minority descriptions and groups who experience racism
- We conducted workshops with ethnic minority communities to provide guidance on engaging men from ethnic minority backgrounds with mental health support
- This is now used amongst teams across our organisation and service from participation to marketing all the way through to content.

Personalised service

Providing a personalised experience is one of Kooth’s biggest aims through person-centred care. This approach enables users to be the decision-makers in their Kooth journey. Giving users options allows them to be in control of their needs. 70% of our users in 2022 used ‘self-directed therapy’ indicating they chose to use our forums, articles and mini activities on the platform. In the latter half of 2022, our Research team published three peer-reviewed papers that provide evidence for the peer support component of Kooth’s ‘Positive Virtual Ecosystem’. This research looked into the types of support available on Kooth and demonstrated the helpfulness of peer support. Having an ecosystem of self-directed therapy, peer support and professional support provides users with the ability to access the help they want.

Building an evidence base

Kooth is committed to developing the evidence base for mental health research as a whole. We continue to be skilled in developing strong relationships between academia, industry, policy and commissioners, and driven by aligning user needs and wants with an evidence base to ensure meaningful research and data.

In 2022, our Chief Product Officer, Aaron Sefi, contributed to a study looking at how young people from ethnic minority backgrounds interact with online counselling. Using data provided by Kooth, this research found that a higher number of young people from Asian and Black ethnicities reached out through informal sources such as Google, as opposed to health professionals such as GPs. By providing our data, we are contributing to understanding barriers to mental health access and the role that digital mental health plays in overcoming these.



As an employer:

The qualities, skills and commitments of our employees play a major role in Kooth's business success. In 2022, we implemented a new HR system, which benefited employees and managers across the business. It has led to more centralised and transparent data and offers a new process for employee performance appraisals. Our People team increased by 50% in 2022, including the introduction of a Chief People Officer, and has been prioritising employee wellbeing in the following ways:

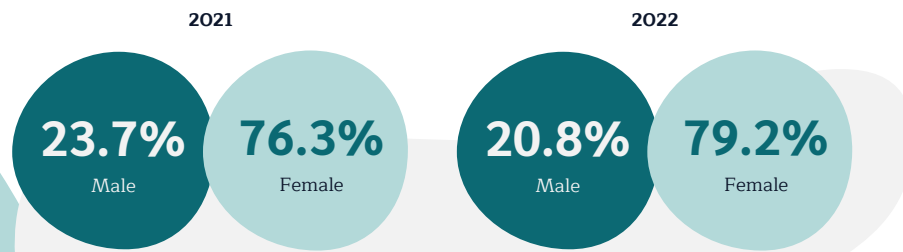
Diversity & Inclusion

With representation from almost all departments, our Diversity Council's approach is to make this work a part of everyone's day job and to embed all work within the business and each team.

Our highlights of 2022 include:

<p>Appointment of Dr. Matthew Patrick as our Wellbeing Guardian to work with the Board and Executives to promote employee wellbeing</p>	<p>Begin to implement the NHS Health & Wellbeing Framework, including gathering our employees' views to maximise their wellbeing</p>	<p>Implemented foundations of Diversity Working Groups, working groups on popular topics, such as LGBTQIA+, menopause and neurodiversity, are created for our employees to join</p>
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Employees



70% women in management positions



Gender Pay Gap

Our 2022 gender pay gap (GPG) analysis shows our statutory gender pay gap in comparison to our 2021 GPG. It also provides insight into how we are addressing our gender balance. Please refer to the definitions below when reading about our pay gap metrics:

Median GPG: the difference between the median hourly rate of pay of male full-pay regular employees and that of female full-pay relevant employees.

Mean GPG: the difference between the mean hourly rate of pay of male full-pay relevant employees and that of female full-pay relevant employees.

This year our female workforce as a proportion of total employees increased 3% to 79.2% (2021: 76.3%). Kooth employs more women than men, which reflects the gender imbalance in the healthcare sector. We are aligned with the high percentage of female employees in the NHS (77% as of 2021) and in the US healthcare sector (76%).

The gender pay gap shows the difference in pay between men and women across the business, irrespective of job similarities and seniority. It is not symptomatic of unequal pay, as a number of complex factors play a role. The distribution of male and female employees across the business and the type of roles they fill are both key contributors to the gender pay gap. Men and women are paid equally for doing equivalent jobs across the firm and we continue to monitor this regularly to ensure that remains the case.

The increase in the mean pay gap is a result of a large increase in practitioner hiring with the largest proportion being female, reflecting the industry in both the UK and US. This trend is expected to continue as the business grows due to the universal disproportionate number of female practitioners.

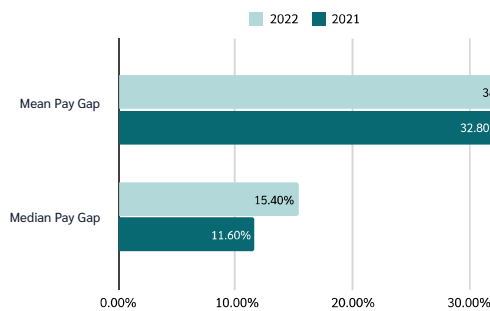
Throughout 2022, we made improvements to addressing our gender pay gap:

1. An extensive review into our service delivery employees' pay was undertaken. In addition to performance based reviews, we externally benchmarked all salaries and increased our banding in line with NHS equivalent rates
2. All employees receive above the London living wage irrespective of location
3. The year-end salary review process resulted in a more than 6% pay increase across the firm, in line with the national average

We continue to be committed to reducing our pay gap in the following ways:

- Offering flexible working policies
- Company-wide campaigns to ensure employees feel informed and connected, such as our Inform, Support, Change & Celebrate previously mentioned
- Our counsellors are paid the same regardless of gender within the industry; this is the same within our management team
- We make an effort to understand our gender and in future, ethnicity data, to analyse and assess where more focus is required
- We partake in blind recruitment of our practitioners and our recruitment process includes panel interviews to ensure a more inclusive approach to hiring and feedback and decisions
- Our Diversity and Inclusion Council and Kooth Employee Voice Group ensures employees have an outlet to raise concerns and give feedback

Gender Pay Gap Metrics 2022 vs. 2021



Mean:
2022: 34.8% (Health and social care average is 9.5%)
2021: 32.8%

Median:
2022: 15.4% (Health and social care average is 8.5%)
2021: 11.6%



*Our pay gap calculations are based on male and female full-pay relevant employees. This excludes part-time staff.

Ethnicity Pay Gap

Of our 265 employees who have disclosed their ethnicity, 84% were white and 16% were from ethnic minorities.

This year our mean ethnicity pay gap has decreased from -4.9% in 2021 to -9.2% in 2022. Our median pay gap increased from -1.0% in 2021 to 5.8% in 2022.

Given that a significant number of employees (43%) have not shared their ethnicity with us suggests that minor changes in our demographics and the levels and pay grades at which people operate have a significant impact on our figures. In order to provide a more comprehensive ethnicity pay gap, we will continue to improve the quality of the data. It is important to us that we continue to see a growing number of applications from candidates from ethnic minorities. In 2023, we will increase our efforts through our Diversity Working Groups.

Company Culture

Beyond being seen and heard, it is important that Kooth is a place where employees feel safe and look forward to showing up to work. We encourage a culture of open and honest communication, recognition and collaboration. In 2022, we have implemented a number of projects across the business to further build company culture:

Company Intranet: Our Intranet was launched during 2022 to bring our company-wide news together, with updates and insights into each team. It hosts resources, policies and team-based information.

Employee Collaboration Group: A group of representatives across the company meet on a regular basis to work on key issues for Kooth Employees and focus on making Kooth a great place to work.

Service Delivery & Clinical 'Learning Day': In 2022, we held our first 'learning day' to bring all Service Delivery and Clinical staff together. This day allowed our remote staff to meet and learn from each other, as well as listen to expert, guest speakers.

COSMIC Dragon Boat Race: Our London Office employees got together in a dragon boat to raise funds for St Mary's Hospital. It was a great team building exercise and we came 3rd out of 20 boats!

Weekly 'All Hands': We have weekly company-wide meetings. They are open to any employee or team who would like to present on a specific topic or project. This year we have had presentations on our US expansion, employee share option plan, and from the Diversity and Inclusion Council.

Recognition & Feedback:

1. **Annual Appraisals:** We have implemented an electronic system for annual appraisals. This enables greater record keeping for reference purposes and increased visibility across the organisation of the competencies of its employees. It allows us to focus on career development and training on a greater holistic level. It enables us to check on a company-wide level that everyone has a clear career path as well as what training and development they need to achieve their next steps, and that everyone receives their appraisals. In the 2022 mid and end of year reviews there were specific questions around how the level of feedback and recognition is and questions to ensure that employees were looking after their wellbeing.
2. **OfficeVibe:** We utilise an online tool to capture anonymous feedback from our people across the business, on a regular basis. We will be generating quarterly engagement plans from officevibe by understanding the key driver of engagement.
 - a. 96% say the work they do is impactful on Kooth's mission (2021 was 92%)
 - b. Score of 8.2/10 for relationship with manager
 - c. 8.2/10 for 'Pride' at the end of 2022
3. **Company Awards:** At the end of half year we run the 'Kooth Values' awards, where individuals are nominated by co-workers for working in line with our values. Additionally, two employees win £500 (\$600) each for being the Kooth Employees of the Year.
4. **Management training:** All of our managers have received our Management 101 training which focuses on recognising performance and how to give feedback.
5. **Long Term Incentive Plan:** All employees are annually awarded nominal cost share options, with senior staff awarded new options every other year. These options can be exercised after three years of service.

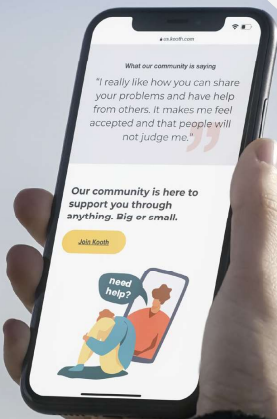
Physical and Mental Health

Health care schemes

Kooth is committed to supporting our people with their physical and mental health. We subsidise membership for all employees to a health-care scheme once they successfully pass their probation period.

Our healthcare schemes help with budgeting for everyday health needs, give people access to a range of treatment and provide cover for the unexpected. Eligible employees can use the scheme to access healthcare services such as osteopathy, chiropody and counselling, as well as other specialist consultations. Employees can also extend cover to additional family members. There are no referrals needed to receive treatment and pre-existing conditions are covered, this gives staff peace of mind.

Staff benefit from free access to virtual GP services through Doctor@Hand, an online, private GP that people can access at their convenience and outside of usual working hours.



All staff also have access to an Employee Assistance Programme. This service is available 24 hours a day, 365 days a year to offer practical, impartial support on everyday matters. This ranges from financial and legal matters (such as debt, buying a house and consumer rights) to home and family issues (for example finding childcare, divorce and coping with elderly relatives). The Employee Assistance Programme provides mental health support as well, offering up to eight counselling sessions for employees that require it.

Wellness days

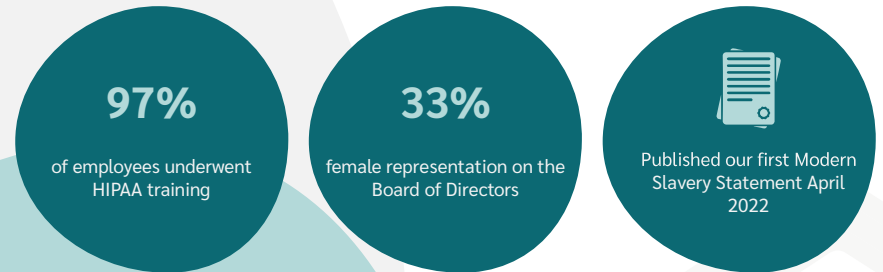
Kooth recognises that providing support for wellness is a key part of caring for our people. For every year of service, our front-line staff gain one wellness day (up to a maximum of five) annually for use when they please. These days are designed to be flexible and support employees in managing their own wellbeing, energy levels and work-life balance.

Governance

The Board views governance as how it makes decisions and provides oversight in order to promote Kooth's success for the long term benefit of its shareholders while having regard to the interests of its other key stakeholders – our service users, customers, colleagues and the communities in which we operate. Effective governance facilitates the delivery of Kooth's mission and strategy.

Kooth seeks to conduct all of its operating and business activities in an honest, ethical and socially responsible manner. These values underpin our business model and strategy. We are committed to acting professionally, fairly and with integrity in all of our business dealings and relationships with consideration for the needs of all of our stakeholders, including service users, investors, suppliers, employees. Kooth endeavours to conduct its business in accordance with established best practice, to be a responsible employer and to adopt values and standards designed to help guide staff in their conduct and business relationships.

2022 Highlights:



Our Governance Framework

Kooth is a growing organisation. The Board is committed, through its governance model, to driving purpose-led decision making and to delivering accountability to our stakeholders. We have an Audit Committee and a Remuneration Committee with formally delegated duties and responsibilities and with written terms of reference. Each of these committees meet regularly on the frequencies set out below. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

Audit Committee: The Audit Committee has the primary responsibility of monitoring the quality of internal controls to ensure that the financial performance of Kooth is properly measured and reported. It receives and reviews reports from Kooth's management and external auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout Kooth. The Audit Committee meets a minimum of three times in each financial year and will have unrestricted access to Kooth's external auditors. The Audit Committee comprises Simon Philips and Dame Sue Bailey and is chaired by Peter Whiting.

Remuneration Committee: The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of service. The Remuneration Committee meets as and when necessary, but a minimum of three times each year. In exercising this role, the Directors have regard to the recommendations put forward in the QCA Code and, where appropriate, the Remuneration Committee Guide for Small and Mid-Size Quoted Companies published by the QCA and associated guidance.

The Remuneration Committee does, where possible, adhere to the Remuneration Committee policy document which includes, inter alia, a requirement for executive directors of the Company to hold shares with a value at least equal to their annual salary, with a tapering post employment shareholding requirement. The Remuneration Committee comprises Peter Whiting and Dame Sue Bailey and is chaired by

Our Business Ethics

In August 2022, Kooth became a UN Global Compact Signatory, ensuring that our business ethics align to the Ten Principles of the United Nations Global Compact in the following areas: human rights, labour, environment and anti-corruption. This commitment involves an independent Commitment of Progress to the UNGC annually.

Kooth's learning and development platform, Litmos, holds mandatory training and voluntary guides for all employees to access. We have materials on Safeguarding for Non-Delivery, Adults and Children, GDPR policies, and mandatory training on Cyber Security. Our training platform offers content targeted to Kooth employees, for example bullying and harassment in the workplace, anti-fraud, bribery and corruption and diversity and inclusion. We also offer content aimed at those working directly with our users, such as recognising child abuse, sexual exploitation and equality and diversity.

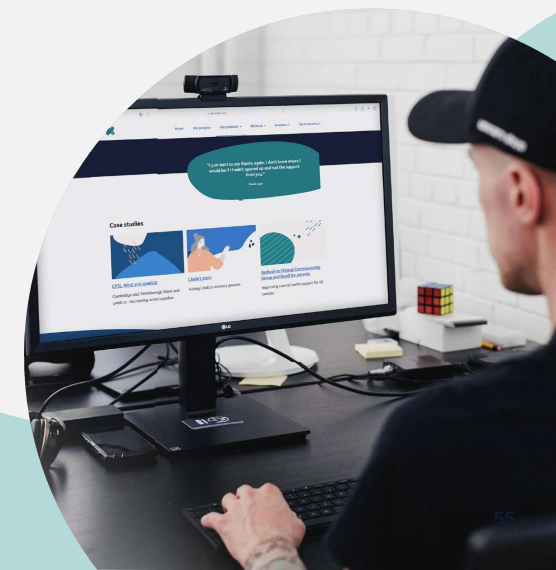
We have specific staff policies in the following areas: Health & Safety, GDPR and Environmental. Each policy has an individual owner and is revised annually. Every change to a policy is tracked to ensure transparency and accountability.

Modern slavery

We recognise that all businesses have a key role to play in preventing all types of modern slavery in their own business and supply chains. We have published a Modern Slavery Statement on our website. This statement sets out our commitment to improving our practices to ensure that slavery and human trafficking are not taking place in any part of our business or supply chain. We circulate and share our Modern Slavery Statement with employees. We do this to make sure everyone understands the risks of modern slavery and human trafficking in our business and supply chain. In addition, we require all new starters to review and confirm their understanding of our Modern Slavery Statement as part of their online induction process.

Bribery and corruption

Our Anti-Corruption and Anti-Bribery Policy sets out our responsibilities in observing and upholding a zero-tolerance position on bribery and corruption. The policy applies to all employees who work for Kooth. We require all team members to read, understand and comply with the information contained within the policy.



Accreditations:

We continue to be a BACP (British Association for Counselling and Psychotherapy) accredited service and indeed are the only nationwide digital mental health service to hold this accolade. This demonstrates that we offer an accountable, ethical, professional and responsive service to all of our stakeholders as assessed by the BACP through the submission of evidence via annual review. Specifically, there are a number of benefits to this accreditation. For example, in the face of a growing number of new digital service providers, our accredited status with the UK's leading governing body provides reassurance for new and existing users of Kooth that we are safe; enhances recognition and credibility with employers and funding bodies; helps with the acquisition of new contracts and supports our recruitment and retention programmes.

IT Security

We have a Data Protection Office, headed up by the Data Protection Officer and Head of Information Security, which monitors our compliance with international data, security and privacy standards such as SOC 2 and ISO 27001. Kooth has been awarded the Cyber Essentials certification. Management carries out diligence to seek to ensure that third party suppliers are maintaining good standards of security. Kooth continues to ensure that all members of staff receive annual mandatory cyber security training. Kooth takes the threat of a cyber incident very seriously and endeavours to mitigate the risk wherever possible, although it is recognised by the Board and management that it will never be possible to fully mitigate cyber risk.

