

# Better World

BT's Social & Environment Report

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# Summary and highlights

Better World  
BT's Social & Environment Report



# Summary and highlights

The Better World website is the BT social and environmental report. It contains a wealth of information about BT's policies, programmes and performance across a full range of social, environmental and economic issues. It also sets out a number of targets for improvement.

We publish all our social and environmental performance online because we believe this enables us to communicate these impacts more effectively and engage in a two-way dialogue.

This summary and highlights is intended as a guide to the Better World site, bringing out the key points and providing a flavour of the depth of content available.

We hope it tempts you to delve further.

## Social and environmental performance

The Better World site contains a huge amount of data about our social and environmental performance.

To simplify matters, we have defined our most important non-financial performance areas and established ten key performance indicators (KPIs). Our most important performance areas are:

- Business principles
- Community
- Customers
- Employees
- Environment
- Suppliers

The relevant key performance indicators and their accompanying strategic targets are highlighted in the appropriate sections of this Summary and highlights.

## Other highlights

During the 2003 financial year BT won the Queen's Award for Enterprise, in recognition of our substantial improvement in business performance resulting from continuous achievement in sustainable development.

We were also ranked as the top telecommunications company in the Dow Jones Sustainability Index for the second year running.

## About this report

This report essentially covers the financial year ending 31 March 2003. However, the site is a live one, with new material added at least every three months.

The report is assured against the new AA1000 Assurance Standard and is in accordance with the 2002 Global Reporting Initiative Guidelines.

## Chairman's Introduction

Our purpose is to connect the worlds of our customers through encouraging effective communication, irrespective of geography, distance, time or complexity.

Our industry is at the heart of society – the central nervous system of the modern economy and a fundamental part of human experience.

It brings friends and families together and enables businesses and other organisations to work in partnership.

This purpose is based on a social agenda and a commitment to inclusiveness. Our aim is to try and help everyone benefit from improved communication. For example, we are determined to spread the benefits of broadband as widely as possible, within reach of 90% of UK homes in the next few years. We have launched a campaign to increase access to communications technology in underprivileged areas, deepening our understanding of the digital divide and how it may be addressed nationally.

And we recognise that we have broad responsibilities about how we manage ourselves as a company.

I was delighted that during 2003 we were awarded the Queen's Award for Enterprise in the Sustainable Development category. This recognises the approach we have taken on a number of key issues, including the importance of creating a proper work-life balance, ethical supply chain management, and the resource and financial savings delivered by our environmental programme. Our international leadership on sustainable development within the telecommunications industry also played a part.

We are very proud of this achievement. It reflects our ambition to create shareholder value by meeting the expectations of all our stakeholders. Our Corporate Social Responsibility programme – described in the Better World site – is vital to encouraging our customers to buy from us, investors to put their trust in us and the best people to work for us.

This sense of responsibility runs through the whole of BT.

Sir Christopher Bland

Chairman

23 June 2003



## Chief Executive's introduction

### Making a real difference

Our key financial goals of improving cash flow, increasing earnings per share and reducing debt are critical.

But fundamental to the achievement of these objectives is the underlying strength of BT as a whole. And this can't always be measured in pound signs.

Indeed our business strength must be based on passion for customers. And here we have been reporting our progress in reducing customer dissatisfaction every quarter.

But fulfilling the complete range of customer expectations requires top performance across a full range of issues – maximising employee motivation, valuing diversity, acting with integrity, reducing our environmental impacts and behaving in a socially responsible manner.

So it is vital that we keep a good watch on our measures of non-financial performance. These figures really do give an indication of the health of our business.

Our main performance highlights for the 2003 financial year are as follows:

- Customer Dissatisfaction down 37%
- Broadband now available to 67% of all UK households
- People Satisfaction Index steady at 67% despite unprecedented amounts of change
- Increase in the percentage of ethnic minority employees (8.2%) in BT whilst percentage of women (23.8%) and disabled employees (2%) held steady
- Global Warming CO<sub>2</sub> emissions now 40% lower than 1996
- Waste to landfill down 1% to 89,878 tonnes with 24% recycled
- Health & Safety significant incident rate down from 122 to 113 per 10,000 full time employees
- Ethical trading risk assessment questionnaires completed by 31 suppliers and 14 on-site assessments undertaken
- Awareness of our Statement of Business Practice in the UK up 7% to 83%
- Direct community investment of £8.2 million, plus £17.9 million in further funding and support in kind, exceeded our 1% of profit target by 50%

To maintain and grow this level of achievement we have set ourselves some stretching targets. Our headline target is to reduce the number of dissatisfied customers by 25 per cent each year.

We are committed to roll out Broadband to over 80% of households by 2004 and aim to make it available to 90% by 2005. Despite this extensive roll out of broadband technologies we are committed to cap our CO<sub>2</sub> emissions at no more than 25% below 1996 levels by 2010.

You can find out more throughout our Better World web site ([www.bt.com/betterworld](http://www.bt.com/betterworld)), which is also the BT social and environmental report.

This report has been prepared in accordance with the 2002 Global Reporting Initiative Guidelines and is independently verified. It represents a balanced and

reasonable presentation of our economic, environmental and social performance. It also sets out our progress implementing the United Nations Global Compact Principles.

It is our strong belief that the application of communications services and solutions can help take the world towards sustainable development. For example, BT's delivery of flexible working solutions is helping people to improve their work-life balance whilst reducing congestion and pollution.

Today's emphasis on accountability, transparency and trust is increasing the importance of sustainability reporting. BT is certainly doing its bit. But more than that we aim to make a substantial difference by helping our customers apply communication solutions that create a better, more sustainable world.

Ben Verwaayen  
Chief Executive  
23 June 2003

## Business principles

### Key Performance Indicator:

Awareness of the BT Statement of Business Practice amongst UK employees up 7% to 83%.

### Strategic target:

Increase awareness of the statement to 86% in the UK by March 2004.

## Statement of Business Practice

BT is committed to doing business in a manner consistent with world-class standards of business integrity.

Our Statement of Business Practice, The Way We Work, defines the business principles that apply worldwide to all employees, agents, contractors and others when representing BT.

The Statement also sets out specific aspirations and commitments that apply in our relations with our customers, employees, shareholders, partners, suppliers and in the communities where we operate.

Because this statement is critical to the promotion of integrity and high standards of business practice across BT, we have made awareness of the Statement a key priority.

During 2003 a BT survey found that awareness of the Statement amongst employees in the UK stood at 83%, up from 76% in the previous year. We have established a target of at least 86% awareness by 2004.

We also intend to extend the survey to incorporate BT's wholly-owned international activities by March 2005.

We have a 'whistleblowing' helpline for people seeking confidential help and advice, available via both phone and email. During 2003 a number of issues relating to BT's Business Principles were raised and appropriate action taken, including disciplinary action.



## Corporate Social Responsibility governance

A Corporate Social Responsibility (CSR) governance framework is in place to manage CSR issues effectively and supervise the CSR relationship between BT and our individual lines of business.

Social, ethical and environmental matters have been incorporated into our Director's induction programme, to support the integration of CSR matters into the day-to-day management of the business.

An internal committee known as the Corporate Social Responsibility Steering Group (CSRSG) oversees the implementation of all social and environmental programmes across BT. Chaired by Alison Ritchie – a member of BT's top level Operating Committee – the CSRSG makes regular reports to the Board.

## CSR health checks

CSR 'health checks' are used to ensure that CSR is embedded into BT's commercial operations.

Undertaken with commercial programme directors from BT's lines of business, health checks examine how a cross-section of key CSR impacts may be affected by a particular commercial programme, and how CSR can help achieve the programme's commercial objectives.

Over the past year CSR health checks have covered broadband, call centres, new technologies, people policies and plans for the 21st century network.

## Risk

Currently we identify no social, environmental or ethical risks that would have a material impact on our business.

However, we have identified the issue of supply chain working conditions as posing a potential risk to our reputation. More details are found in the ethical trading section of this report.

The bulk storage of diesel fuel for use in back-up generators at telephone exchanges has been identified as our only significant environmental risk. More details are found in the environmental section of this report.

## Political involvement

BT has a strict policy of not giving cash contributions to any political party. However, we actively participate in public policy issues and regularly make contact with political parties, politicians and civil servants.

We undertake these activities both directly and through many intermediary organisations such as:

- our European trade association (ETNO)
- the Confederation of British Industry (CBI)
- the Federation of the Electronics Industry (FEI)

Our responses to important regulatory consultation documents are posted on our website, including our response to the EU Green Paper on Corporate Social Responsibility.

We are also members of a number of organisations that attempt to influence matters connected with corporate social responsibility and sustainable development:

- Forum for the Future
- CSR Europe
- Employers Forum on Disability
- Green Alliance

We are keen for government to deliver changes in the current legal and fiscal frameworks that enable business to survive and flourish from sustainable business practice. We believe there is an appropriate role for both regulation and economic instruments.

## Community

### Key Performance Indicator:

A total of £8.2 million provided to direct activities in support of society, with a further £17.9 million provided in support and in kind.

### Strategic target:

Contribute a minimum of 1% of our UK pre-tax profits to activities in support of society, either through direct funding or support in kind.

We have committed to give a minimum of 0.5% of our UK pre-tax profits (before exceptional items) to direct activities in support of society. Our provision was £10 million in 1987; peaked at £16 million in 2001; and was £8.2 million (including £1.2 million to charities) in the 2002-03 financial year.

BT operations provided a further £17.9 million in funding and support in kind over the past financial year, bringing the total contribution for the year to over 1.4% of BT's 2002-03 pre-tax profits.

The focus of our community programmes is on big issues where better communication can make a real difference to society.

For example, through the BT Education Programme, a drama-based campaign helping children to improve their communication skills, we have made more than 9,200 school visits and had over two million engagements with young people.

As a major telecommunications company, BT is able to co-ordinate major national charitable events, including telethons for Children in Need, Comic Relief and GMTV's 'Get Up and Give'. BT manages the entire telephone network for these events, as well as providing call centres to take donations over the phone, with efforts co-ordinated via the BT Tower.

We are working with ChildLine on a major new campaign to help ensure that all young people can be heard. At the heart of this campaign is our commitment to raise funds to help ChildLine answer every one of the 4,000 children who call them every day.

During the second year of the BT Community Connections scheme (ending in July 2003), BT will award 1,700 internet-ready PCs to individuals and community groups.



In addition, BT people gave £2 million directly to charities during the 2003 financial year through Give as you Earn, to which BT added a direct contribution of £1 million.

## Customers

### Key Performance Indicator:

Customer dissatisfaction reduced by 37%.

### Strategic target:

Reduce number of dissatisfied customers by 25% each year.

### Key Performance Indicator:

Broadband available to 67% of UK households.

### Strategic target:

Broadband available to 80% of UK households by June 2004.

We intend to be the best provider of communications services and solutions:

- for everybody in the UK;
- for corporate customers in Europe;
- for customers throughout the world, through partnerships.

In the UK, we serve 20 million business and residential customers with more than 29 million exchange lines, as well as providing network services to other licensed operators.

Our extensive global network and strategic partnerships enable us to serve multi-site corporate and government customers in all key commercial centres of Europe, North America and Asia. In Europe this network links more than 250 towns and cities across 16 countries.

## Customer satisfaction

Reducing customer dissatisfaction is the cornerstone of the BT strategy and we have set the target to reduce the number of dissatisfied customers by 25% each year.

Customer dissatisfaction measures those customers who are fairly, very or extremely dissatisfied with BT.

BT achieved a 37% reduction in customer dissatisfaction across the whole group over the 2003 financial year, beating the target of 25%. All areas of the business improved satisfaction levels, with particularly significant improvement among our international and wholesale customers.

The overall BT reduction in customer dissatisfaction is the revenue weighted average of the reduction in customer dissatisfaction in each of the lines of business.

## Broadband

Broadband is an 'always on' high-speed connection to the Internet. It's called broadband because it has a much larger capacity to send and receive data than a standard telephone connection, which makes it up to ten times faster.

Broadband is expected to bring a range of economic, social and environmental benefits, such as:

- Enhancing the productivity of individual enterprises, industrial sectors, regions and the economy as a whole;
- Increasing opportunities for teleworking, reducing the need to travel;
- Remote diagnosis and in-home care, bringing health benefits;
- Increased access to learning materials in the education sector.

BT is determined to spread the benefits of broadband as widely as possible.

At present the ADSL broadband 'footprint' covers 67% of all UK homes and small businesses. We have established the strategic target for broadband to be available to 80% of all UK homes by June 2004, and have published a roadmap that could see broadband reach more than 90% of the country.

A barrier to the expansion of broadband is the lack of demand to 'enable' every exchange.

Therefore, we have launched an innovative registration scheme to identify the exchanges where sufficient demand exists.

By March 2003 trigger levels had been established at over 800 exchanges, with trigger levels for a further 759 exchanges already planned for the 2004 financial year. More than 320,000 registrations had been made, 44 exchanges had been enabled and a further 247 were in the process of being enabled.

Partnerships with both government and industry are essential for broadband to reach parts of the country where a commercial case could not otherwise be made.

For example, the ACTNOW [[www.actnowcornwall.co.uk/](http://www.actnowcornwall.co.uk/)] initiative in Cornwall – a partnership between BT and key public sector bodies, including Cornwall County Council and South West Regional Development Agency (RDA) – will provide business support packages to 3,300 businesses using broadband technology.

BT now has regional initiatives in an additional eight areas. Together these are expected to enable 100 additional exchanges and make broadband available to a further 48,000 businesses.

## Consultation

We canvass the views of our customers on a regular basis so that we can improve the quality of our service. For example, every month we undertake:

- face-to-face interviews with an average of 3,000 residential customers about their overall perceptions of BT and quality of service;
- telephone interviews with an average of 1,900 SME and 400 corporate and government customers;
- interviews with approximately 17,000 business and residential customers about their direct experience of BT.



As well as conducting customer satisfaction surveys, we also undertake more in-depth consultation to understand our customers' needs and concerns.

For example, we run a number of consumer liaison panels across the UK. These consist of 12-15 consumers with a broad range of experience and usage of communications technology – as well as different needs, interests, ages and cultural backgrounds.

Panel members provide valuable insights into consumer thinking and inform the policy-making process within BT. The panels regularly discuss a range of issues including customer service, how we keep customers informed, mobile telephony, payphones, billing, access to and marketing of broadband technology and the provision of services for customers with disabilities.

Consumer liaison panels have also helped us to understand consumers' perceptions of corporate social responsibility, and to define the key performance indicators used in this report.

## Services for customers with disabilities

We believe all members of society should have the same freedom and opportunities to communicate.

That's why BT has for many years offered a wide range of products and services to elderly and disabled customers who might otherwise find it difficult to make the most of telecommunications.

For example, one of our major commitments is Typetalk – a national telephone relay service. Funded by BT since it started in 1990, and run by the Royal National Institute for Deaf People, this service enables textphone users who may be deaf, deaf blind, hard of hearing or speech-impaired to make and receive calls to and from hearing people.

In July 2001 we launched BT TextDirect. This service automates and simplifies the making and receiving of text calls to and from voice or other textphone users.

## Employees

### Key Performance Indicator:

Our 'People Satisfaction Index' remained at 67%.

### Strategic target:

Increase the 'People Satisfaction Index' to 69% by 2004.

### Key Performance Indicator:

Increased percentage of ethnic minority employees (8.6%) in BT whilst the percentage of women (23.6%) and disabled employees (2.0%) remained steady.

### Strategic target:

By March 2004 increase the percentage of women and disabled employees to 25% and 2.5%, whilst maintaining at least 8% from ethnic minorities.

### Key Performance Indicator:

Health & Safety significant incident rate down from 126 to 113 per 10,000 full time employees.

### Strategic target:

Reduce the number of significant incidents to 110 per 10,000 full time employees by March 2005 – a 25% reduction on 2001 levels.

BT employs approximately 104,700 people around the world, of whom 96,300 are in the UK.

This makes us one of the UK's largest employers, working and living at the heart of society.

Our approach is defined by a responsibility to act fairly towards our people, value their contributions and enable them to achieve their full potential.

To make a positive difference to employees' lives we have to help them develop professionally while respecting their other commitments – to themselves, their families and the wider community.

We believe this to be in the best interests of our employees, of society and of our business.

## Recruitment

BT is a major recruiter, employing thousands of new people each year – and we need to be sure that we attract, select and retain the best.

During the 2003 financial year we recruited 189 new graduates, 196 modern apprentices and 4,421 other new entrants.

Also during the 2003 financial year, as part of our continuing programme to reshape BT, 7,393 people left BT voluntarily, by leaver payments or voluntary redundancy.

## People satisfaction

BT runs a number of formal employee surveys, the most important being the annual Communications and Attitude Research for Employees (CARE) survey.

This survey is an opportunity for all our people to express their views and opinions on a range of issues at local, divisional and company level, with guaranteed anonymity.

A key measure within CARE is the 'People Satisfaction Index', which we use as an indication of the overall satisfaction of employees with their working life in BT. The index is created by grouping a number of questions together and averaging the responses.

The 'People Satisfaction Index' for 2002 was 67%, the same as 2001 and a 2% improvement on 2000. Broadly speaking we feel this indicates that our employees continue to feel committed and satisfied with working for BT.

These scores are particularly encouraging given the scale of the changes that have taken place at BT over the past two years.

We have now set the target for an increase in the People Satisfaction Index to 69% by 2004.

## Diversity

We seek to create a working environment that is open, honest and unprejudiced and which encourages people to reach their full potential. We want to create and sustain a diverse workforce where everybody's contribution counts and is valued.

The following figures show the percentage of our people who are women, have declared themselves from an ethnic minority, or have declared a disability. These figures do not include the 10,900 people who work in our subsidiaries.

	Management	Non-management	All BT
Women	23%	23.8%	23.6%
Ethnic minority	9%	8.4%	8.6%
Disability	1.35%	2.4%	2.0%

Data as at 31 March 2003

In March 2002 these figures were:

	Management	Non-management	All BT
Women	22.9%	24.3%	23.9%
Ethnic minority	7.9%	7.6%	7.7%
Disability	1.1%	2.4%	2.0%

Data as at 31 March 2002

Comparing the figures for 'All BT', there has been an improvement in the number of ethnic minorities employed and a slight decrease in the number of women employed.

Particularly encouraging has been the progress made through our recruitment activities. During the 2003 financial year 12.7% of our new recruits came from an ethnic minority background, including 26% of new graduates, whilst 32.1% of new recruits were women, including 42.3% of new graduates.

We have now established the strategic target that by March 2004, 25% of our employees should be women, 2.5% disabled and not less than 8% should be ethnic minority employees. However, each appointment is made on merit, and these targets should not be taken to mean that BT is operating quotas, which are illegal under UK law.

There were a total of 14 discrimination-related litigation cases involving BT in the 2003 financial year. Seven were withdrawn, none judged against BT, three settled and two judged in favour of BT. This is a reduction on the 30 cases involving BT in the 2002 financial year, and 43 in the 2001 financial year.





Every discrimination litigation case is a case too many, and for this reason we carefully review our own cases and use real-life examples in our diversity training workshops.

## Work-life balance

Because we want to provide a high-quality service for all our customers, the working day for many BT employees extends beyond normal hours.

Reconciling good customer service with the provision of a healthy work-life balance for our employees is one of our greatest business challenges.

All our work-life balance policies have been pulled together in one portfolio called 'Achieving the Balance'. These policies cover flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

At March 2003 we had 6,161 part-time employees and 6,640 homeworkers. Moreover, through the innovative use of communications technology many other BT people are able to work flexibly without being formally recorded as homeworkers.

We have a flexible working initiative called 'Freedom to Work', which enables our people, wherever operationally practicable, to develop their own attendance patterns. They can achieve more balance through a mix of home-working, working long and short days, and by accruing blocks of non-working time for use during, for example, school holidays.

## Employee relations

In the UK BT recognises two trade unions: the Communications Workers Union (CWU), which represents around 64,000 BT non-management grades, and Connect, which represents around 16,000 BT people, predominantly line managers and professionals.

We maintain a positive working relationship with both unions at local and national levels. In the 2003 financial year, no days were lost through industrial action and there have been no instances of legal action taken against BT concerning anti-union practices.

The number of Employment Tribunal Cases involving BT this year was down to 57 from 105, with 26 withdrawn, one judged against BT, 15 settled and eight judged in favour of BT.

## Call centres

We are currently undertaking a comprehensive restructuring of our call centre operations.

Our 'Next Generation Contact Centre' programme involves the transformation of our original 104 call centre sites into a slimmed-down network of 33 larger, multi-functional contact centres.

The programme is primarily designed to achieve the twin goals of reducing costs and providing improved customer service – for example, by providing a range of services for residential and small business customers

without their being transferred from one call centre to another. As part of this process we will be closing 57 call centres over a two-year period, resulting in significant changes for a large number of employees.

The net effect on BT and agency jobs by the end of the two-year project is expected to be a reduction of 2,200 full-time equivalent posts – reducing the number of full-time equivalent posts in BT's call centre operations to around 13,600.

There will be no compulsory redundancies and we are committed to finding alternative work for every affected person who wishes to remain in BT. More than 2,000 people are being redeployed to other jobs.

Two of the new call centres will be located in Bangalore and New Delhi in India initially employing around 500 people by the end of March 2003, rising to approximately 2,200 by March 2004.

A discussion around the relationship between these changes and BT's commitment to corporate social responsibility is found in the Employees section of the Better World site.

## Health and safety

One of our business principles is to care for the health and safety of each other, our products and our operations. We have also made a specific commitment to promote a healthy lifestyle.

For this reason we have established our 'Significant Incident Rate' as a non-financial key performance indicator and set the accompanying strategic target of a 25% reduction in incidents (from 2001 levels) by March 2005.

The Significant Incident Rate records incidences of injuries, diseases and dangerous occurrences, and stands as a good measure of our success in promoting health and safety.

During the 2003 financial year our significant incident rate was down from 126 to 113 per 10,000 full time employees in the UK – a 23% reduction on 2001 levels.

We are committed to improving six areas over the coming year: driving; fire and incidents on BT property; international travel health; call centre health; injuries while working on the network; and work-related stress.

These priorities illustrate the breadth of our approach to health and safety – not just the importance of avoiding accidents but also emphasising physical and mental health.

## Environment

### Key Performance Indicator:

Global warming CO<sub>2</sub> emissions down to 0.96 million tonnes – a 7% reduction on the previous year and 40% below 1996 levels.

### Strategic Target:

Despite network growth, to cap 2010 CO<sub>2</sub> emissions at 25% below 1996 levels.



### Key Performance Indicator:

General waste volume down 1.1% to 89,878 tonnes and amount recycled up from 21% to 24%.

### Strategic target:

10% by volume increase in recycling by March 2004.

Although telecommunication is generally perceived as an environmentally-friendly technology, any company the size of BT is bound to have an impact on the environment. In fact, we are one of the largest single consumers of energy in the UK.

Since the end of 1999 our environmental management system has been ISO14001 certified for all our UK operations.

## Fuel and energy

Since 1991 we have achieved a 20.26% reduction in our energy use. However, network growth and the roll-out of broadband is likely to increase our energy consumption over time – which grew by 4% this year.

Energy consumption for BT's network and estate during the 2003 financial year was 2,676 GWh. This is made up of 1,727 GWh electricity (approximately) for our network, 392 GWh electricity (approximately) for our premises and 557GWh (gas and oil use) for our premises.

During the 2003 financial year a Combined Heat and Power (CHP) supply contract provided 76% of our electricity needs – a total of 1.6TWH – saving 274,000 tonnes of global warming CO<sub>2</sub> emissions.

We also managed to secure 17GWh of new green capacity to supply electricity to the BT Tower and a further 29GWh to supply 90% of BT payphones. This represents 2.1% of BT's total electricity consumption in the UK.

However, during the 2003 financial year our total renewable energy supplies fell from 93GWh to 45GWh, owing to the severe lack of available supply.

We have several thousand oil storage tanks, many of which are below ground. The oil is used both for heating and to supply stand-by diesel generators to power our network in the event of electrical supply failure. Therefore, tank testing, repair and decommissioning of fuel tanks is a vital part of BT's programme to reduce the risk of pollution to ground water and land from the storage of diesel fuel.

A project team has now visited 5,065 sites, tested 5,594 tanks, passed 4,153 (74%) and provided detailed recommendations for remedial action.

## Emissions to air

We monitor the emissions to air of a number of substances that impact adversely on the environment through their contribution to climate change or ozone depletion.

On climate change we have achieved:

- 60% reduction in CO<sub>2</sub> emissions since 1991 due to our energy programmes;
- 35% reduction in CO<sub>2</sub> emissions since 1992 due to our transport programmes.

This is equivalent to an annual saving of almost 1.2 million tonnes of CO<sub>2</sub>.

BT's overall CO<sub>2</sub> emissions declined by 7% this year – now 40% below our 1996 baseline.

The UK's own target for CO<sub>2</sub> reduction is 20% below 1990 levels by 2010 so we are way ahead of that. However, we would like to give some advance warning – the expansion of our network and broadband roll-out will increase our energy use. Nevertheless we have set the target to cap our 2010 CO<sub>2</sub> emissions at 25% below those of 1996, still a sizeable reduction.

Also during the 2003 financial year we reduced our ozone depleting emissions (measured in CFC-11 equivalents) by 40%.

## Waste

During the 2003 financial year we increased the percentage of waste that we recycled from 21% to 24% and sent around 89,900 tonnes of waste to landfill, a reduction of 1%.

We had mixed success in meeting our waste improvement targets. Although we managed to increase the amount of items we recycled by 16% – above our 10% target – we only managed to reduce the amount of waste going to landfill by 1% against a target of 5%.

These results were due to the fact that we carried out a major clean-up of many of our large sites this year, which significantly increased the amount of waste we recovered and recycled.

## Transport

BT's commercial fleet of 33,979 vehicles is one of the largest in the UK. Over the past five years, the size of our fleet has reduced by 7.5% and fuel consumption by 16%.

BT's most recent company car policy supports the key objectives of the government's emissions-based company car taxation initiative, by introducing the following:

- Increased allowance to employees who choose to opt out of company car ownership;
- Improved tax efficiencies for those employees with a 'business need' for a company car that opt for lower-emission cars;
- Reimbursing our people for business travel according to their grade rather than car engine size.

As company car users no longer have to "chase mileage thresholds" in order to benefit from tax breaks we anticipate our overall company car mileage will reduce.

Our company car fleet size has reduced by 21%, there has been a mileage reduction of 64 million kilometres (from 280 million kilometres) for company cars and private vehicles on BT business and a reduction in hire car mileage of 46%.

This has resulted in increased expenditure on second class rail travel of 7.5%.



## Product Stewardship

BT is a major buyer and user of electronic equipment and subject to both new and pending legislation designed to encourage sustainability in industry. We strongly support this legislation and go beyond the minimum efforts required for compliance.

Key legislation includes EU Directives which became European Law on Waste Electrical and Electronic Equipment (WEEE) and the Restriction of the use of certain Hazardous Substances in electrical and electronic equipment (RoHS).

Both aim to minimise the use of hazardous materials in electrical and electronic equipment, to minimise the amount of hazardous waste going to landfill, and to encourage reuse of materials.

BT has launched a new Product Stewardship Questionnaire requiring suppliers to provide information about compliance with WEEE.

As part of our compliance with RoHS, BT is researching a number of alternative materials – such as lead-free solder – found in electrical and electronic equipment.

## Procurement

We seek to influence our suppliers and contractors through our environmental purchasing policy. We have specific objectives to ensure appropriate supplier environmental data is collected, and to encourage improvement of poor performers in significant risk areas.

In the 2002 financial year, we carried out a comprehensive review of our process and have developed two questionnaires to enable us to identify risk and take appropriate action where required:

- Product Stewardship Questionnaire – Sent to suppliers at tender stage, this takes account of environmental issues relating to electrical and electronic product. In particular, it addresses the issues covered by the WEEE (Waste, Electrical and Electronic Equipment) Directive.
- Environmental Impact Questionnaire – Completed post-contract, this takes account of a supplier's overall policies and procedures for managing environmental issues. We often require a pre-contract commitment to continuous improvement – this questionnaire enables us to identify significant risk areas as part of that continuous improvement process.

## Benefits

Conferencing by video, phone or the web is not only more time and cost-efficient than meeting in person, it improves the quality of life for frequent travellers. It's also a major benefit for BT's 6,600 home-based workers and a growing number of teleworkers – those who occasionally work from home.

In a survey carried out within BT during the 2003 financial year, 66% stated that conferencing was essential to their job and over 80% that it had improved their performance.

The survey also showed clear environmental benefits, with each call avoiding travel of at least 91 miles for car users and 94 miles for train users. At a conservative estimate, each conference call saves a minimum 22.05 kg of CO<sub>2</sub>. Taken together, all our conference calls save at least 20,060 tonnes of CO<sub>2</sub>.

Another survey into teleworking illustrated the social benefits that communications technology can provide, with the majority of respondents reporting a better life through teleworking than if they commuted to an office. Many reported an increased contribution to domestic and community activities, while a small number believed that they would be unable to do their present job if unable to telework.

## Suppliers

### Key Performance Indicator:

Ethical trading risk assessment questionnaires completed by 31 suppliers and 14 on-site assessments undertaken.

### Strategic target:

Evidence that action has been conducted with all contracts identified as high or medium risk.

BT conducts a vast range of procurement activities with thousands of suppliers around the world.

In the 2002-03 financial year we spent over £5 billion with our suppliers. Expenditure included a wide range of goods and services, from major network and IT equipment, cables and software to design services and disposals.

We are committed to ensuring that all our dealings with suppliers – from selection and consultation, to recognition and payment – are conducted in accordance with the principles of fair and ethical trading.

These and other specific commitments are set out in our Purchasing Principles.

Our approach to these issues, along with a description of our supplier partnership, payment, relationship management, excellence awards and diversity activities are described in the Suppliers section of the Better World site.

Here we focus on the area identified as our key non-financial performance indicator – ethical trading.

## Ethical trading

Society expects products bought from and used by BT to be manufactured under working conditions consistent with international guidelines. Chief among these are the UN's Universal Declaration of Human Rights and the International Labour Organisation conventions.

To ensure that we meet this expectation, in April 2001 we launched 'Sourcing with Human Dignity', a supply chain initiative which seeks to ensure that the working conditions in our supply chain really do meet these standards.

## Training

A key focus during the 2003 financial year was to ensure that our procurement professionals have the awareness, knowledge and skills required to implement Sourcing with Human Dignity.

A total of 176 (54%) BT buyers have attended a half-day awareness training course on Sourcing with Human Dignity, and a Computer Based Training package has been developed for the remaining 46%.

We have also delivered a two-day course to our procurement and quality professionals on how to conduct on-site assessments.

## Risk assessment

By the end of October 2003, 314 suppliers had contractually agreed to work towards the Sourcing with Human Dignity standard, up from 55 at the end of March 2003.

This includes 16 of our key network and IT suppliers who have signed a 'corporate-to-corporate' agreement and 298 other suppliers who have signed a Sourcing with Human Dignity contract clause and been requested to complete a risk assessment questionnaire.

To date, of the 198 suppliers who have completed a risk assessment questionnaire, 64 were identified as requiring further investigation.

## On-site assessments

We undertake on-site assessments of supply chain working conditions in those areas identified as being at the highest risk of falling short of our Sourcing with Human Dignity standards.

In the 2003 financial year we conducted 14 on-site assessments in China, Sri Lanka, India and Taiwan. Of these, seven were assessments of facilities not previously assessed.

The most frequent non-compliances with Sourcing with Human Dignity were found in the areas of 'Working conditions are safe and healthy', 'Living wages' and 'Hours of work'. The detailed results of our findings are found in the ethical trading section of the Better World site.

In the 2002 financial year we conducted nine on-site assessments (in China and Sri Lanka) of supply chain working conditions in areas identified as being 'high risk'.

These assessments revealed a number of areas where improvements were required, the largest number being in the following four categories: Freedom of association and collective bargaining; Working conditions are safe and healthy; Living wages; and Hours of work.

In all instances we sent assessment reports to the suppliers and discussed our observations with them. We have agreed improvement plans and are monitoring progress.

## Industry approach

Following the launch of Sourcing with Human Dignity, we held four ethical trading forums with our key network and IT suppliers, to share experiences and examine opportunities for collaborative working.

However, the effective implementation of ethical trading standards in the communications industry doesn't just require the support of our suppliers – it depends on the engagement of fellow service providers too.

For this reason we invited a number of industry colleagues to our fifth ethical trading forum in February 2003, which was attended by five other service providers.

A number of companies expressed an interest in forming an industry-wide working group to address our shared concern about supply chain working conditions.

BT shares this view and is working proactively with industry colleagues to establish this group.

## Investors

Investors are increasingly interested in the social and environmental dimensions of business performance and the relationship between these aspects and business strategy.

The key issue for investors is the 'business case' for sustainable development and CSR – the extent to which social, environmental and ethical risks and opportunities are managed both to preserve and grow shareholder value.

## Our business case

The following core messages drive our communication with investor audiences:

- CSR is critical for optimising customer satisfaction. For example, we estimate that BT's CSR performance accounts for over 25% of the Image and Reputation driver of customer satisfaction. Further statistical analysis shows that a 1% improvement in the public's perception of our CSR activities effects a 0.1% increase in our retail customer satisfaction figures.
- Working conditions and the nature of our relationship with employees have significant bearing on employee satisfaction and are reflected in the customer experience.
- Long-term sustainability trends are creating new market opportunities for us, such as the use of teleconferencing and flexible working to reduce the need to travel and provide more flexible lifestyles.
- Increasingly we have to address social and environmental matters when bidding for business – more than £300 million in the last financial year.
- Proactive engagement in CSR gives BT a competitive advantage.



## Ratings

A number of specialist CSR ratings agencies provide rankings based on information about a company's social, ethical and environmental policies and practices.

All are based on the premise that a company's management of these aspects will have a significant bearing on its ability to both preserve and grow shareholder value over the long term.

Our main ratings are:

- The world's Number One Telecommunications Company in the Dow Jones Sustainability Index for three years running;
- Top of the telecommunications sector in the Business in the Community Corporate Responsibility Index and placed in the first quintile of companies in the overall index;
- Second out of 24 in OEKOM's analysis of corporate responsibility in the telecommunications sector;
- Inclusion in the UK, European and World FTSE4Good Indices.

## Economics

BT is one of the largest telecommunications companies in the world and a significant economic force in its own right. In the economics section of the Better World site we discuss some of BT's direct and indirect economic impacts, and highlight the linkages to their social and environmental consequences.

## Direct impacts

Our direct economic impacts can be understood using traditional financial measures – turnover, spend with suppliers, dividends, employee costs, taxation paid and so on.

Financial measures can also be used to demonstrate how the economic status of each stakeholder group changes as a result of BT's activities.

The figures contained in this section of the Better World site measure the financial flows between BT and our key stakeholders – customers, suppliers, employees and shareholders – as well as with governments.

## Indirect impacts

BT affects the economy in many ways that aren't reflected through traditional financial reporting.

Our indirect economic impacts can arise from the income and employment created in businesses that supply goods and services for use by BT.

For example, the expenditure of BT in Great Britain creates over £2 billion of income in the British economy that in turn supports the employment of almost 100,800 people.

Further indirect impact is created when incomes created directly and indirectly by BT are spent in the economy – estimated by DTZ Pinda Consulting to be £2.96 billion of income and 144,530 employees.

When added to BT direct impacts, these activities

generate income of nearly £8 billion and support the employment of 346,500 people in Britain – almost 1.4% of all employment in Britain.

## The communications sector

The communications sector, by its very nature, can have significant indirect economic effects. For example, prices, bandwidth and processing power can all have considerable impacts on the productivity of individual enterprises, industrial sectors and the wider economy. This in turn can affect innovation and competitiveness.

Further discussion of these and other significant economic issues in the communications sector, such as globalisation and the development of the knowledge economy, can be found in the Economics section.

## Human rights

We have based our policies and procedures on the principles set out in the United Nations Universal Declaration of Human Rights, which set "a common standard of achievement for all peoples and all nations".

We are committed to protecting and enhancing the human dignity of everyone who works for the company and everyone who has dealings with it.

We are a signatory to the UN's Global Compact, an initiative that strives to motivate business and industry around nine principles of environment, labour and human rights. You can read about our performance and progress in relation to these principles in the Global Compact index section of the Better World site.

Our impact on human rights has two aspects:

- The **supply chain** – the working conditions under which the products and services purchased by BT were produced. More details are available in the Suppliers section of this summary and highlights.
- The **use chain** – the effect on human rights of the use of our products and services, after they have been sold.

## Use chain

A principal concern here is the misuse of our products and services, for example the use of the internet to undertake illegal activities. Our 'Hot Topic' Misuse of the Internet describes how BT addresses these issues.

## Privacy

Article 12 of the Universal Declaration of Human Rights states that "No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor attacks upon his honour and reputation".

We have to balance giving a tailored customer service with protecting customer privacy.

For example, if BT customers in the UK wish to use our website to manage their account, check their bill and buy various products or services, they have to register first – which involves the disclosure of certain personal information. We have a specific privacy policy covering this situation.

BT Openworld also has a detailed Acceptable Use Policy which shows how we protect the privacy of approximately 1.75 million customers who use our online services.

BT complies with and is registered under the Data Protection Act in the UK, and we take all reasonable care to prevent any unauthorised access to personal data.

## Freedom of expression

Article 19 of the Universal Declaration of Human Rights states that “Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers”.

A key challenge is to balance the right to freedom of expression with the need to protect children online.

BT is a board member of the Internet Content Rating Association, which aims to “protect children from potentially harmful material; and, to protect free speech on the internet”.

We have our own programme, BT Safe Surf, which gives detailed information for parents and user friendly training for children.

BT acts upon complaints about content hosted on our servers. We sit on the funding council of the Internet Watch Foundation, which notifies us of illegal content stored on our servers and webspace.

We have also contributed to the work of The Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS).

## Stakeholder Dialogue

BT has important relationships with a range of stakeholder groups critical to the success of our business, including customers, employees, suppliers and local communities.

Our Statement of Business Practice The Way We Work sets out the aspirations and commitments which apply in each of our stakeholder relationships.

We engage with our stakeholders in numerous ways detailed throughout the Better World site, including consumer liaison panels, customer surveys, an annual employee survey and a supplier relationship management programme.

We recognise two trade unions – Connect and the CWU – and run a European Consultative Works Council.

We also seek the input of specialists in social and environmental policy through our Stakeholder Advisory Panel, which brings together a diverse mix of opinion formers from all over Europe to help shape and evolve BT’s social policy strategy.

The Better World site is itself part of BT’s dialogue process, which is why we host a number of e-mail and live online debates on issues of interest and concern to our stakeholders.

Users can also provide feedback on BT’s social and environmental performance directly by e-mail.

## Influencing BT

It is difficult to make direct links between a specific consultation exercise and a particular company decision.

Nevertheless, the various sections of the Better World describe how stakeholders do influence BT policy, strategy and practice.

## Influencing the Better World site

Stakeholder consultation has a significant bearing on the content of the Better World site.

Using selection criteria approved by our Independent Advisory Panel, we trawled various opinion polls, company stakeholder consultations and press coverage to identify issues of concern to both BT and society. This resulted in the Misuse of the Internet and the Digital Divide being included amongst our ‘Hot Topics’.

## Indicators

In June 2003 we established a small number of non-financial key performance indicators to provide an overview of BT’s social and environmental performance. These were derived from a consultation exercise involving report users such as investors, customers and employees, together with outside experts such as the BT Stakeholder Panel and the report’s Independent Advisory Panel.

In deciding which other indicators to use in the report, we chose to follow the 2002 Global Reporting Initiative Guidelines. As a multi-stakeholder initiative, these guidelines provide a comprehensive and independent insight into the interests and concerns of our stakeholders.

## Sustainability

The concept of sustainable development has increasingly come to represent a new kind of world – a world in which economic growth delivers a more just and inclusive society, at the same time as preserving the natural environment and the world’s non-renewable resources for future generations.

Within BT we tend to use the term corporate social responsibility (CSR) more than sustainable development. This is because we identify CSR as the voluntary actions a company can take to contribute towards the wider societal goal of sustainable development.

We argue that no individual country, business or any other organisation can become sustainable on its own – although it can become more sustainable than it was, and it can make a valuable contribution to making the world a more sustainable place.

We aspire to lead by example, not only in addressing our own impacts, but also by raising awareness and by working with others through partnerships for action.

For example, we chair the Global e-Sustainability Initiative and were closely involved in its sector report for the 2002 World Summit on Sustainable Development. This contains a number of helpful recommendations to ICT companies and governments and has led to a fruitful





partnership with WWF in the preparatory stages of the World Summit on the Information Society.

We also believe that information and communications technology (ICT) can act as an enabling technology for sustainable development – such as cutting energy and resource use through transport substitution and de-materialising physical products – thereby de-coupling economic growth from resource use.

Our services also have the capacity to enable a more productive and inclusive society in which people experience improved democratic participation, more efficient provision of health and education services, and unlimited access to each other and to knowledge.

## Digital Inclusion

We believe that access to information and communications technology can improve people's lives.

By opening doors to things that really matter – education, employment, entertainment and contact with friends and family – communications technology is an important feature of modern life.

But not everybody has access to communications technology or the necessary skills to exploit that access.

For this reason BT undertakes a range of activities to promote digital inclusion and spread the benefits of our technology as widely as possible.

The following three issues must be addressed if communications technology is to deliver the services people require:

- **Connectivity** – access to communications technology
- **Capability** – the ability of groups and individuals to use technology
- **Content** – the type of communication and the way it is used for social and economic benefit

This section contains a range of information and perspectives on BT's approach to digital inclusion.

For example, we are working together with the UK government and the voluntary sector to find effective ways to utilise communications technology to tackle social exclusion.

In particular we have launched a digital inclusion campaign to support the government's aim to give all citizens online access by 2005 and demonstrate how communications can help improve society.

A key element of the campaign is the 'everybodyonline' programme, which has been established in partnership with charity group Citizens Online. Initially focused in a few pilot locations, the campaign aims to increase access to communications technology in underprivileged areas and to deepen understanding of the causes and effects of the digital divide and how they may be addressed nationally.

Also available in the Digital Inclusion section:

- A table of BT's business activities, policy influence and social investment that contribute towards the connectivity, content and capability dimensions of digital inclusion. For example, we work with Regional Development Agencies to make rural broadband

access achievable, support voluntary sector content and provide free PCs and connection to community groups and charities.

- A 'Hot Topic' paper from Simon Zadek and Peter Raynard, published in June 2001, providing an independent commentary on BT's approach to the digital divide.
- A more recent paper from Maya Forstater, Peter Raynard and Simon Zadek, published in June 2003, providing commentary and analysis on progress made by BT subsequent to the 'Hot Topic'.

## Data and targets

We believe that it is important to establish a set of forward-looking targets to help improve our CSR performance and our contribution to sustainable development.

In this section of the site you can:

- View BT's ten non-financial Key Performance Indicators for an overview of our social and environmental performance;
- Use pull down lists to view all of our social or environmental performance data;
- Access our social and environmental performance targets, including progress against targets set in previous financial years.

Our 2002 Better World report included 64 targets. Of these, 47 were completed, 7 remain on target, 2 are in delay, 7 have failed and 1 was abandoned.

We have introduced 38 new targets this year and progress on these, as well as our 9 ongoing targets, will be tracked on a quarterly basis.

## Publications and downloads

Every section of the Better World site, along with previous editions, is available for download in pdf format.

Also available are our Occasional Papers, a series designed to stimulate debate about important aspects of sustainable development and CSR. They aim to raise the debate rather than give definitive answers:

- Changing Values (1998) considers the role of business in a sustainable society;
- Enlightened Values (2002) offers a practical business case for accountability and stakeholder engagement;
- Variety and Values (2000) reviews globalisation and its linked effects on cultural and bio-diversity loss;
- Adding Values (2001) provides an insight into why and how to account for a company's economic performance and effects.
- Just Values (2003) asks the question "what happens when responsible business doesn't pay?" by examining the relationship between the business case and the moral imperative for sustainable development.

## 'Hot Topics'

In the Better World site we not only report on BT's social and environmental performance and programmes; we also consider the relationship between our products and services and society as a whole.

In this part of the site we publish 'Hot Topics' covering our more controversial social impacts.

We invite independent external authors to write the 'Hot Topics', to add balance and credibility to our site and give us challenging food for thought.

### Misuse of the Internet

James Wilsdon and Paul Miller of Demos examine BT's approach to internet activities of concern such as hacking, copyright infringement and spam.

### Modern communications and the quality of life

Written and researched by the Future Foundation, this examines the impact of modern communications technology on our daily lives.

### E-business and the environment

The UK Centre for Environment and Economic Development analyses the direct and indirect environmental impacts of e-business.

## Archived 'Hot Topics'

### Digital Divide

In 2001 Simon Zadek and Peter Raynard provided commentary on BT's approach to the Digital Divide.

In June 2003 we commissioned Maya Forstater, Peter Raynard and Simon Zadek to provide independent commentary and analysis on progress made by BT subsequent to the 'Hot Topic', which is available in the digital inclusion section of this site.

### Masts, mobile phones and health

In 2001 Green Alliance undertook a study into BT's management of the issue of masts, mobile phones and health. This 'Hot Topic' was prepared before the demerger of our mobile operations (mmO2) and so is presented here as an archive only.

### BT in India

In 2001 ERM assessed the economic, social and environmental impacts of BT's operations in India. Since then BT has sold its stake in three of BT's four Indian joint ventures. However, this report still stands as an analysis of BT's impact during its involvement in these joint ventures.

## About the Report

The Better World website is the BT social and environmental report.

We publish our social and environmental performance online because we believe the Internet to be a critical driver of the move towards greater transparency and accountability in the corporate sector.

## Triple bottom line reporting

BT's Better World site covers a range of social, environmental and economic issues.

This concept of 'triple bottom line' or 'sustainability' reporting is becoming an increasingly common feature of large companies. We believe it provides an invaluable holistic view of the company, making connections between aspects of performance previously evaluated separately and aiding our transition to a more joined-up approach to the management of social, environmental and economic issues.

This approach has also won recognition from external bodies. We were pleased to be named joint winners of the 2001 ACCA Sustainability Reporting Award and to receive a commendation in this category at the 2002 awards. Also in 2002 we were recognised by ACCA for producing the best web-based sustainability report.

## Scope of the report

This report essentially covers the financial year ending 31 March 2003. However, the site is a live one, with new material added at least every three months. It also contains archived content.

In the 12 months to 31 March 2003, BT's UK operations accounted for approximately 94% of BT turnover, and 92% of our 104,700 employees.

The report covers all of BT's main social, economic and environmental performance areas. Financial, regulatory and corporate governance information is predominantly located in the Annual Report & Accounts, while background information about BT is set out in the Corporate Information section of the BT website.

## Geographical coverage

Wherever possible we cover all BT's wholly owned activities in the UK and internationally. The sections on Employees, Suppliers and Economics are predominantly international in scope. In June 2003 we introduced an international dimension into two further sections – Customers and Community.



## Environmental scope

Although BT's environment policy covers the whole of BT, the scope of the environment section is in line with our ISO14001 certification and covers our UK operations only. We do not currently cover the environmental performance of our overseas operations, joint ventures or subsidiary activities.

However, we have set the target that, by March 2004, we will have collected international data on BT's key environmental impacts – energy use, transport, waste and emissions to air – for BT's wholly owned international activities.

## Global Reporting Initiative

This report has been prepared in accordance with the 2002 Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

We have established the target that, by December 2003, we will update the Better World site to meet the requirements of the new telecommunications supplement to the GRI Guidelines.

## Assurance

This report has been assured against the AA1000 Assurance Standard. The Standard stipulates that three specific principles must be met:

- **Materiality:** the report must include information about our sustainability performance, to allow informed judgements, decisions and actions to be made.
- **Completeness:** the report must include all 'material' aspects.
- **Responsiveness:** whether BT has responded to stakeholder concerns, policies and relevant standards and adequately communicated these.

Lloyd's Register Quality Assurance Limited (LRQA) has been contracted by BT to assure the report against this standard and is supported in its work by BT's Internal Audit Department.

An Independent Advisory Panel was also recruited to ensure that difficult or uncomfortable issues are not neglected. Panel members were selected on the basis of their independence of thought, experience and insight – as well as their knowledge of corporate accountability.

In addition to its overall assurance role, LRQA ensures that we don't provide unreliable data or make claims that we can't back up. This includes identifying and assessing the data gathering systems and validating data samples.

The work of LRQA is complemented by the role of BT's Internal Audit department, which undertakes substantial work to validate data and information.

Further technical details on how we determine our critical aspects, indicators and targets in line with the AA1000 Assurance Standard principles of materiality, completeness and responsiveness are contained in the 'About the report' section of the Better World site.

## Navigation

To help you find your way round the site, we have provided four separate indexes:

- An Alphabetical Index
- An Index based on the Global Reporting Initiative (GRI) Guidelines – to help you read the report in accordance with the GRI structure and to aid comparability with other reporting organisations.
- An Index based on our Statement of Business Practice, The Way We Work – to help you identify performance against our business principles, aspirations and specific commitments.
- An Index based on the nine principles of the United Nations Global Compact.

# Business principles

Better World  
BT's Social & Environment Report



# Business principles

BT is committed to doing business in a manner consistent with world-class standards of business integrity. In particular, our Statement of Business Practice, The Way We Work, defines BT's business principles that apply worldwide, to all employees, agents, contractors and others when representing BT.

The Statement also sets out specific aspirations and commitments that apply in our relations with our customers, employees, shareholders, partners, suppliers and in the communities where we operate.

Supporting and reinforcing the Statement of Business Practice are a number of company-wide policies covering issues such as equal opportunities, environment and ethical trading.

BT's approach to corporate governance is described in our Annual Report and Accounts. This includes a corporate social responsibility governance framework, set out in this section of the Better World site.

As part of our Turnbull compliance we have identified two potential ethical and environmental risk factors.

BT has a strict policy of not giving cash contributions to any political party. However, we actively participate in public policy issues and regularly make contact with political parties, politicians and civil servants.

Finally, all of these initiatives are underpinned by a vision of a communications-rich world and a set of specific values all BT people are asked to respect.

## Statement of Business Practice

Our Statement of Business Practice, The Way We Work, defines BT's business principles that apply worldwide, to

all employees, agents, contractors and others when representing BT. In this section we provide details on the level of awareness of the Statement in BT and the extent to which it has been implemented across the BT Group. You can also identify our performance against the specific principles, aspirations and commitments contained in the Statement by navigating this site via a Site Index based on the Statement.

- See also:
- The Way We Work
  - Statement of Business Practice Site Index

## Awareness

In 2003, a BT survey found that awareness of the Statement of Business Practice amongst employees in the UK stood at 83%, up from 76% in 2002.

In 2001, a BT Internal Audit Department Report found that awareness of the Statement of Business Practice amongst employees of the BT Group worldwide stood at 73%.

We have set the target that, by March 2005, indicators on the awareness of BT's Statement of Business Practice will be extended to incorporate BT's wholly owned international activities.

	BT Group	BT in the UK
Awareness March 2003	-	83%
Target March 2003	-	-
Awareness March 2002	-	76%
Target March 2002	-	75%
Awareness March 2001	73%	71%
Target March 2001	70%	70%
Awareness September 2000	-	68%
Target September 2000	-	65%

These improvements in awareness are the consequence of a comprehensive employee communications plan.

A printed copy of The Way We Work has been sent to every employee and is also available on the BT intranet. The Statement is available in eight languages – English, German, French, Italian, Japanese, Korean, Spanish and Chinese (Mandarin). There is also a Question & Answer guide to help managers brief their teams.

- Other elements of the communications plan include:
- a new introduction from CEO Ben Verwaayen on the importance of integrity
  - a training web site
  - training videos for 2,000 targeted managers
  - letters from senior managers to their teams reinforcing the compliance message
  - a desk calendar illustrating our 12 business principles sent to all managers.

In collaboration with the Institute of Business Ethics, we have also established an in-house Business Practice Excellence award. Individuals are nominated by colleagues for demonstrating excellent business practice behaviour against one or more of BT's 12 business principles.

- See also:
- The Way We Work
  - Statement of Business Practice Site Index

## Implementation

In 2003, a survey found that the proportion of BT employees in the UK aware of the specific ethical risks they faced stood at 95%, up from 92% in 2002.

In 2001, a BT Internal Audit Department Report found that the proportion of managers across the BT Group worldwide aware of the specific ethical risks they face stood at 87%.

	BT Group	BT in the UK
'Specifically Aware' March 2003	-	95%
'Specifically Aware' March 2002	-	92%
'Specifically Aware' March 2001	87%	89%

We believe our strategy of embedding our Business Principles into BT's day-to-day activities has resulted in this increased level of application.

We have also set up a helpline for people seeking help and confidential advice. This is available via both phone and e-mail and is dealt with by the Head of Group Business Practice.

A number of issues have been raised through this confidential 'whistleblowing' process. These have all been followed up and appropriate action taken, including disciplinary action.

In 2002, Integrity Works undertook an 'Ethical Expression' benchmarking study of FTSE 100 companies to establish the relationship between a company's stated ethical precepts and best practice, and also their effectiveness in implementing these principles. BT came equal first (in the UK) in this exercise, alongside Shell and BP.

## Lines of business

Our priority for the 2004 financial year will be to continue our programme of ensuring the proper implementation of the Statement of Business Practice by each of our lines of business.

The Statement of Business Practice is a 'reserved power' of the BT Group Board, and all BT's lines of business are mandated to comply with it.

Implementation programmes are the responsibility of each line of business, all of which have nominated their own senior manager to act as owner.

To maximise the effectiveness of implementation in the lines of business, an operational working group has been established that meets at least on a quarterly basis.

We are also developing plans to carry out in-depth training on the Statement of Business Practice with senior BT managers to promote awareness and understanding of our Business Principles.

## Wholly owned subsidiaries and joint ventures

All BT's wholly owned subsidiaries are expected to follow our Statement of Business Practice.

The Statement outlines how we will work with our international joint ventures to create added value for our customers and shareholders, while continuing to adhere to high standards of business practice.

We are committed to using our values and principles in dialogue with other organisations and in considering new and existing relationships.

A comprehensive Joint Venture Statement pack promoting The Way We Work, and a briefing on the importance of corporate social responsibility, have been distributed to all Directors of BT's joint ventures.

- See also:
- The Way We Work
  - Statement of Business Practice Site Index

## Company policies

Our Statement of Business Practice is reinforced by a number of company-wide policies:

- Equal Opportunities
- Ethical Trading
- Health and Safety
- Environmental Policy
- Social Policy.





Corporate Social Responsibility (CSR) governance system

The Corporate Social Responsibility (CSR) governance framework helps BT manage specific CSR issues effectively, by supervising the CSR relationship between the BT Group and individual lines of business.

The component parts of this system are listed below. An organogram (below) shows how they all fit together.

- Management Council
- Corporate Social Responsibility Steering Group
- CSR Health Checks
- Environmental Policy Implementation Committee
- Social Policy Unit
- Community Support Committee

Social, ethical and environmental matters have also been incorporated into the Directors' induction programme, to support their integration into the day-to-day management of the business.

Management Council

BT's main strategy committee, the Management Council, is made up of business and functional leaders from across the BT Group. It meets monthly and inputs into the long-term strategic planning and direction of the BT Group.

This includes our approach to policy and reputation matters such as ethics and values, corporate social responsibility, human resources, pensions, technology, branding and health and safety. The Council provides advice on critical matters such as regulation, media relations, public policy and public affairs.

Corporate Social Responsibility Steering Group

An internal committee known as the Corporate Social Responsibility Steering Group (CSRSG) oversees the implementation of all social and environmental programmes

across BT. The CSRSG is made up of CSR champions nominated by the BT lines of business and six support functions (Human Resources, Corporate Governance, Health and Safety, Finance, Communications and Procurement).

The CSRSG meets quarterly, and makes regular reports to the Board. It is chaired by BT's overall CSR champion Alison Ritchie, Chief Broadband Officer.

The main responsibilities of CSR Steering Group include:

- ensuring that the BT CSR programme meets the needs of the business
- championing major social and environmental initiatives and improvements
- maintaining BT's ISO14001 certification
- agreeing company policy on specific social and environmental issues
- risk assessment
- performance measurement and monitoring.

CSR health checks

CSR 'health checks' are used to ensure that CSR is embedded into BT's commercial operations.

Undertaken with commercial programme directors from BT's lines of business, health checks examine how a cross-section of key CSR impacts (such as integrity, environment or digital inclusion) may be affected by a particular commercial programme, and how CSR can help achieve the programme's commercial objectives.

Over the past year CSR health checks have covered broadband, call centres, new technologies, people policies and plans for the 21st century network.

Environmental Policy Implementation Committee

The environmental policy implementation committee (EPIC) – a sub-committee of the CSR Steering Group – meets on a monthly basis to ensure BT's environmental policy is being implemented effectively.

The membership of EPIC consists of BT's environmental aspect group owners – senior operational managers from around the business whose responsibilities have environmental implications.

- EPIC's main responsibilities are:
- delivering the environmental improvement targets and objectives agreed by CSRSG
  - maintaining the register of BT's environmental aspects/impacts.

To maintain senior executive support, Ben Verwaayen, BT's Chief Executive Officer, takes overall responsibility for BT's environmental performance.

Social Policy Unit

Overall co-ordination and maintenance of the BT social policy strategy and environmental management system rests with the BT Social Policy Unit, whose responsibilities

include promoting awareness of BT's social and environmental policies among employees.

The Social Policy Unit is made up of professional CSR experts who investigate long-term societal trends, identify potential issues that might affect the business and support BT's commercial activities.

Community Support Committee

This Board committee oversees social investment expenditure and establishes the strategy for maximising our contribution to society. The committee is made up of representatives from BT businesses and external non-executives who have a reputation for excellence in this field.

Risk

BT is affected by a number of non-financial factors, not all of which are wholly within BT's control. These are described in the Risk factors section of the BT Annual Report and Accounts.

The BT Board is responsible for BT Group's systems of internal control and risk management, and for reviewing the effectiveness of those systems.

The processes for identifying, evaluating and managing the significant risks faced by the BT Group are described in the 'Internal control and risk management' section of the Annual Report and Accounts.

The Board also takes account of significant social, environmental and ethical matters that relate to BT's business.

Current issues

Currently under Turnbull compliance we identify no social, environmental or ethical risks that would have a material impact on our business. However, we have identified two areas of potential risk:

Supply chain

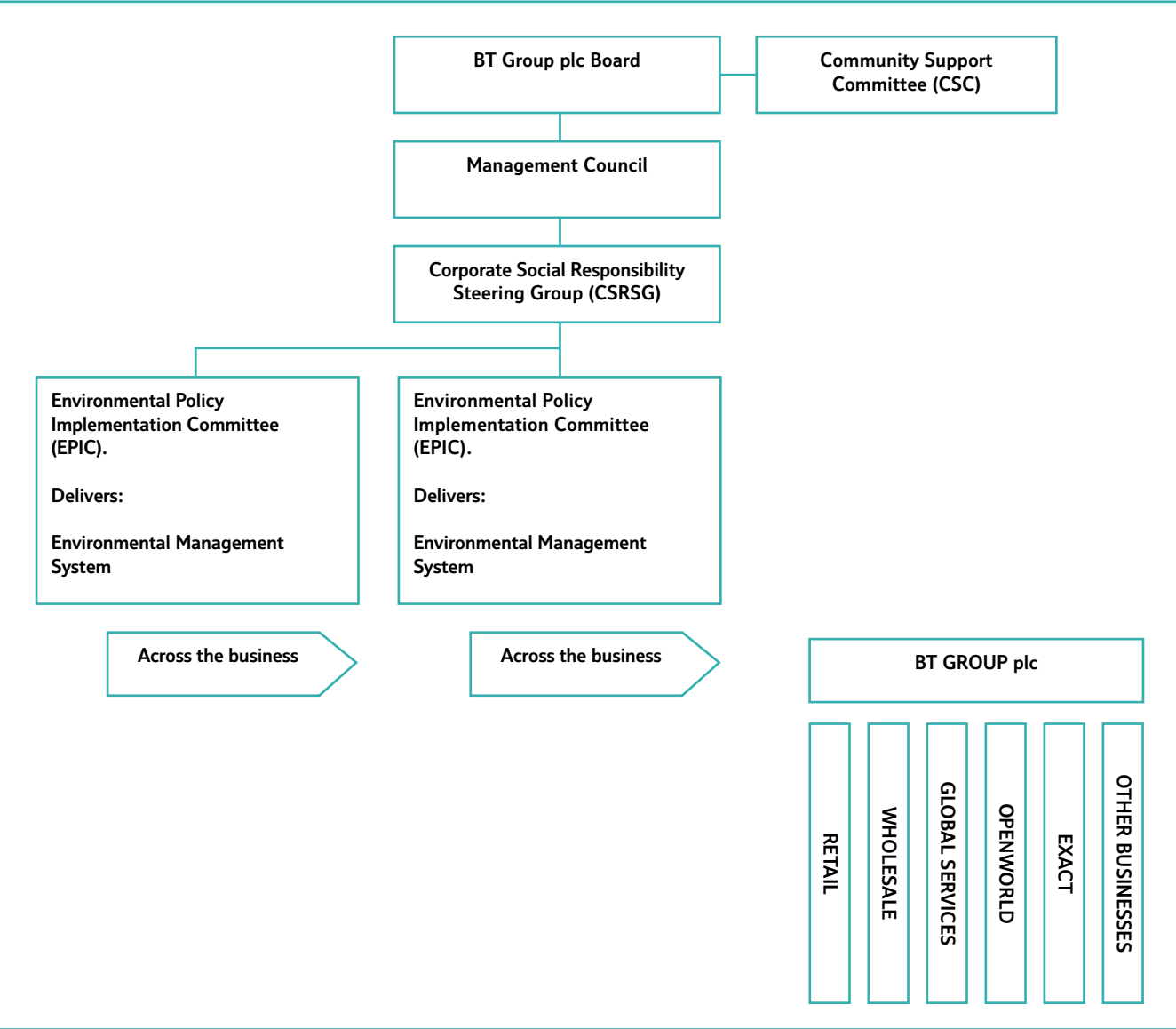
We have identified the issue of supply chain working conditions as posing a potential risk to our reputation. In order to address this potential risk we have introduced Sourcing with Human Dignity – a collaborative undertaking requiring the active support of all our suppliers.

More details on our management of Sourcing with Human Dignity are available in the Ethical trading section of the site.

Environment

BT's certification to ISO14001, the international standard for environmental management systems, includes an environmental risk assessment process. As a result, the bulk storage of diesel fuel for use in back-up generators at telephone exchanges has been identified as our only significant environmental risk.

More details of BT's management of this risk are available in the Fuel, energy and water section of the Better World site.





## Public policy

BT has a strict policy of not giving cash contributions to any political party.

However, we actively make contact with political parties, politicians and civil servants on a non-partisan basis to make them aware of key arguments and technology and industry trends.

We put forward our points of view on matters that affect our business interests and to ensure that those in government are fully briefed on issues surrounding and affecting the company's activities.

We also interact regularly with the European Commission and national and international regulators.

### Trade associations

We communicate with government both directly and through many trade associations, such as:

- our European trade association (ETNO)  
[www.etno.belbone.be/](http://www.etno.belbone.be/)
- the Confederation of British Industry (CBI)  
[www.cbi.org.uk/home.html](http://www.cbi.org.uk/home.html)
- the Federation of the Electronics Industry (FEI)  
[www.fei.org.uk/](http://www.fei.org.uk/)

We believe these activities form a legitimate part of the normal relationships between companies and the political machinery.

### Consultation

Our responses to important regulatory consultation documents are posted on our website ([www.bt.com/regulate/otherresp/index.htm](http://www.bt.com/regulate/otherresp/index.htm)). This site includes our responses to a range of communications industry specific consultations, but also our responses to:

- the EU Green Paper on Corporate Social Responsibility
- the UK Government's consultation on sustainable development, including our position on environmental taxation

### Public policy and sustainable development

We are also members of a number of organisations that attempt to influence public policy on matters connected with corporate social responsibility and sustainable development. Some, but by no means all, of these are business led:

- Employers Forum on Disability ([www.employers-forum.co.uk](http://www.employers-forum.co.uk))
- CSR Europe ([www.csreurope.org](http://www.csreurope.org))
- Forum for the Future ([www.forumforthefuture.org.uk](http://www.forumforthefuture.org.uk))
- Green Alliance ([www.green-alliance.org.uk](http://www.green-alliance.org.uk))

In particular, we acknowledge that government has essentially two methods of stimulating changes in behavioural patterns that will lead society towards more sustainable lifestyles: regulation, and the use of economic instruments.

We believe there is a role for both, and support reasonable moves to improve the environment and quality of life through their application.

## Vision and values

### Vision

#### Connecting your world. Completely.

Our purpose is to connect the worlds of our customers through encouraging effective communication, irrespective of geography, distance, time or complexity.

Our industry brings friends and families together and enables businesses and other organisations to work in partnership.

When we get this right, communications technology makes a positive impact on customers' lives, and on society in general.

### Values

BT's activities are underpinned by a set of values that all BT people are asked to respect:

#### Trustworthy: We do what we say we will

- We build open, honest and realistic relationships with customers and with each other.
- We are reliable and act with integrity.
- We do whatever it takes to deliver.

#### Helpful: We work as one team

- We make complex things simpler for customers and for each other.
- We get straight to the point.
- We use our common sense and judgement.

#### Straightforward: We make things clear

- We pull together across BT to put the customer first.
- We support each other, without waiting to be asked.
- We help others succeed and celebrate their success.

#### Inspiring: We create new possibilities

- We are determined and passionate about delivering the very best for our customers.
- We come to work to make a difference.
- We set high goals and always give 100% of our energy.

#### Heart: We believe in what we do

- We create and deliver inspirational solutions for our customers.
- We have the ambition and confidence to do things in new ways.
- We are innovative, creative, and outward looking.



# Community

Better World  
BT's Social & Environment Report



# Community

BT is committed to making a difference in society. We deliver a major programme of investment designed to improve the quality of life and well-being of the communities in which we operate. As befits our business, the central theme of our activities is improved communications.

In recent years we have provided millions of pounds in funding to schemes for social and community development.

As a member of the Per Cent Club, we have committed to give a minimum of 0.5% of our UK pre-tax profits (before exceptional items) to direct activities in support of society. Our provision was £10 million in 1987; peaked at £16 million in 2001; and was £8.2 million (including £1.2 million to charities) in the 2002-03 financial year.

BT operations provided a further £17.9 million in funding and support in kind over the past financial year, bringing the total contribution for the year to over 1.4% of BT's 2003 pre-tax profits.

Our community activities fall into four main categories:

- Education – we use a variety of techniques and media, from live drama to web-based activities, to promote communication and citizenship in schools.
- Charities and fundraising – we support a range of initiatives. Our current major focus is a campaign with Childline.
- Employee involvement – through the BT Volunteers programme, we encourage BT people to volunteer for community activities and make it easier for others to do so.
- Arts and heritage – we have a pioneering partnership with Tate Online, and also support the nation's telecommunications heritage.

## Education

Surveys of our stakeholders have told us that education should be a top priority for our social investment.

These are BT's educational initiatives:

- In schools – we help to improve the communication skills of young people across the UK and encourage good citizenship.
- Online resources – we provide materials for teachers at [www.bt.com/education](http://www.bt.com/education)
- Awards – for teachers and schools.
- International – we help schools around the world benefit from communication technology.
- Lifeskills – we help to improve interpersonal communication skills in all areas of life.

We also actively support over 600 BT people who are school or college governors, or work experience supervisors.

General information about all our education activities can be found at: [www.bt.com/education](http://www.bt.com/education).

### In schools

The BT Education programme is one of the UK's most significant corporate investments in the education sector.

### Communications roadshow

One of the main strands of the programme is a touring roadshow. Teams of actors visit schools around the country, giving drama presentations and communication skills workshops which bring the themes of good communication and citizenship to life.

By the end of the 2003 summer school term, the roadshow had made 9,200 school visits and over two million children had been involved in the BT Education Programme.

Specially developed curriculum resources and a dedicated website ([www.bt.com/education](http://www.bt.com/education)) enable teachers to follow up these themes back in the classroom.

The BT Education Programme relaunched in September 2003. It continues to focus on communication skills, but also is now closely supporting the Citizenship curricula newly introduced into the UK.

### BT volunteers

We have realigned our BT Volunteering Programme with our educational goals.

BT and ex-BT employees registered with the programme can now assist with the roadshows and workshops. They are also able to carry out a variety of activities relating to young people's speaking, listening and ICT skills.

BT volunteers can extend the programme rollout by taking a DVD-based programme to any school that we are unable to fit into the roadshow schedule.

### See also:

- [www.bt.com/education](http://www.bt.com/education)

### Online resources

#### BT Resource Bank

The BT Resource Bank is a collection of free teaching materials that includes exercises in speaking and listening skills and citizenship, as well as a unique set of ICT tutorials for primary and secondary schools. A new citizenship education DVD is also available to provide the highlights for teachers.

Each ICT tutorial has a user-friendly animated exploration of an important area of ICT and includes teaching notes, activity sheets, certificates and pupil self-assessment forms. The tutorials are designed for use in and beyond the classroom.

There are currently 13 separate animated tutorials on the site, all aligned to both the National Curriculum and Scottish Guidelines. The site also contains regularly updated schemes of work and activity sheets to support curriculum areas including Citizenship, Literacy, Geography and History.

#### Join our Teacher Network

By registering their school or organisation free of charge on BT's web-based Teacher network, users can gain access to our rapidly growing community of educators.

Members can search for contacts with similar interests to help develop new projects or initiate an exchange of ideas. All registrants receive the BT Education Programme newsletter informing them of new educational developments.

#### Talking Teaching

Talking Teaching ([www.talkingteaching.co.uk](http://www.talkingteaching.co.uk)) is a website providing an online forum for UK teachers and education professionals to share best practice.

Run by teachers for teachers, the site has been established through a partnership between BT, the Teaching Awards Trust and [learn.co.uk](http://learn.co.uk). It features guest editorials and provides opportunities to air views, discuss hot topics and share information.

#### See also:

- [www.bt.com/education](http://www.bt.com/education)

### Awards

#### Teaching Awards

BT is an associate sponsor of the Teaching Awards ([www.teachingawards.com](http://www.teachingawards.com)). Designed to raise awareness about the profession, the awards celebrate the achievements of teachers in England, Wales and Northern Ireland. They culminate in a national event broadcast by the BBC.

#### BT Schools Awards

Building on the success of the programme in past years, BT re-launched the BT Schools Awards in September 2003 with increased funding.

All schools across the UK are invited to apply for grants of up to £2,000. A total of 240 projects, 20 each in Scotland, Wales and Northern Ireland and a further 20 in each of the nine regions of England, will be funded.

Schools are asked to demonstrate how their project relates to the newly-introduced Citizenship curriculum and how it helps improve young people's communication skills.

Regional media partners will help to promote the Awards, together with The Guardian, who will continue to work with us on the new scheme.

The 240 winning schools will all have a further opportunity to win one of three £10,000 awards by submitting project progress reports in May 2004.

Full details at:

<http://www.bt.com/education/schoolsawards>

### International

#### International Schools Network

BT has established a database to facilitate schools in the UK and across the world to collaborate on projects related to the issue of citizenship. As a showcase of good practice, we are featuring a collaboration project between two schools, one in Delhi and one in London.

Full details; <http://www.bt.com/education>

#### Katha Information Technology and E-commerce School

In India, BT is working with Katha, a Delhi-based charity, to establish the Katha Information Technology and E-commerce School (KITES) in one of the city's main slum clusters.

KITES offers educational opportunities to young people who are no longer in formal education. 600 students and teachers benefited during the 2002-03 financial year.

The project will also provide opportunities for the teachers and parents to become computer literate and help their personal and professional advancement.

The success of the project was recognised by Digital Partners (<http://www.digitalpartners.org/sel.html>), when it won their Most Promising Enterprise Award 2002.

#### Young Scientist & Technology Exhibition

The Esat BT Young Scientist & Technology Exhibition is a high profile academic event for second level students in Ireland. It aims to foster greater participation in science at school level and future study and research by enabling young students to demonstrate their innovative capabilities.

Founded in 1965 by a priest and an academic, the Young Scientists competition has grown to become the largest and most important of its kind in Europe.

Esat took over the title sponsorship in 1998 and in that year included Technology as a stand-alone category for the very first time.



The Esat BT Young Scientist & Technology Exhibition is both funded and organised by BT. BT manages everything from the initial communication with schools to the promotion of the competition, from the layout of the exhibition halls to the awards ceremony at the conclusion.

A record 910 projects were submitted for entry to the 2003 contest.

**See also:**

- [www.bt.com/education](http://www.bt.com/education)

### Lifeskills

#### TalkWorks

The TalkWorks package has been developed by BT to tackle the challenge of good communication. It helps people develop interpersonal communication skills, tackling questions such as “Why do some conversations work well while others fail” and “Why is misunderstanding so common?”

BT has developed a range of products from books, audiocassettes and videos to workshops to help people practise these skills.

All products can be ordered via the helpline, 0800 800 808. Books can be loaned from some public libraries. Workshops can be arranged by calling 0800 389 8255.

## Charities and fundraising

Surveys of our stakeholders suggest that we should support the most needy in society.

The use of telephone helplines, websites and national telethons show how communications technology can help in charity fundraising.

Our guide, ‘Bidding for Funds and Resources’, gives charities information on how to secure support from businesses, trusts and public bodies. The document is not a guide on how to obtain funding from BT – it offers general best-practice advice on how to prepare a general funding/resourcing case.

‘Making It Happen: BT’s Guide to Unlocking EU Funding’ was published by BT in January 2003. This guide can assist UK public sector bodies such as schools and hospitals, as well as businesses and charities, and gain access to European Union funding amounting to €50 billion, much of which currently goes unclaimed.

Free of charge to download as a pdf, a hard copy of the book may also be purchased from the bookshop Politico’s. ([www.politicos.co.uk/item.jsp?ID=2863](http://www.politicos.co.uk/item.jsp?ID=2863))

## Charities

BT is approached by many voluntary organisations for help. We believe that we can make the biggest impact by focusing our resources on the causes that can most benefit from our communications technology and expertise.

### ChildLine

We are working with ChildLine on ‘Am I Listening’, a major new campaign which aims to ensure that all young people are heard. The campaign begins with BT’s commitment to raise millions to help ChildLine move closer to its goal of answering every child’s call for help. Currently, 4,000 children call every day but lack of funds means that only 1,800 can be answered.

BT is one of the founders of ChildLine ([www.childline.org.uk](http://www.childline.org.uk)). We gave it a simple and memorable number: 0800 1111. Over 1.1m children have been counselled by ChildLine since its inception in 1986.

We also give in-kind support to ChildLine, including strategic technological advice.

BT’s support for ChildLine since the charity began in 1986 has included the donation of premises for several years, large-scale promotions and staff fundraising initiatives and sponsoring the annual BT ChildLine Awards for Services to Children since it began in 1990.

ChildLine was also the beneficiary of the BT Christmas Concert in 2002, which raised more than £10,000.

### Community Network

The Community Network ([www.community-network.org/](http://www.community-network.org/)) provides teleconferencing facilities to the voluntary sector.

BT first funded the Community Network in 1989 as a six-month pilot project to research the social implications of technology. In December 1989 the project was granted charitable status.

More than 30,000 people now take part in Community Network telephone conferences.

FriendshipLink, a telephone-based social club for housebound individuals, and FaithLink, which takes people to church by phone, are just two of the innovative ways in which the Community Network use the telephone to meet social needs and promote social inclusion.

### Telephone Helplines Association (THA)

The Telephone Helplines Association (THA) ([www.helplines.org.uk](http://www.helplines.org.uk)) represents organisations providing telephone services including advice, information, listening support and counselling on a vast range of subjects.

BT has supported the development of both paper and internet versions of the Telephone Helplines Directory, which lists more than 900 national, regional and local telephone helplines throughout the UK.

### Fundraising

As a major telecommunications company, BT is able to co-ordinate major national charitable events, including telethons for Children in Need, Comic Relief and GMTV’s ‘Get Up and Give’. BT manages the entire telephone network for these events, as well as providing call centres to take donations over the phone, with efforts co-ordinated via the BT Tower.

Many fundraising schemes are also initiated and organised by employees themselves with local charities as the main beneficiaries.

We are also actively involved in international appeals through our support for the Disasters Emergency Committee.

### Children in Need

The 2002 Children in Need appeal raised £13.5 million during the seven-hour programme. BT took 215,000 calls – more than doubling 2001’s total of 92,000 calls – and even beating 1999’s record 211,000 calls.

### GMTV

The 2002 ‘Get Up & Give’ appeal raised £505,000 for last year’s five beneficiary charities – BLISS, the Multiple Sclerosis Trust, Thrive, Weston Spirit and Winston’s Wish. More than 200 telephonist volunteers handled over 39,000 calls, up from 26,000 calls in the previous year.

### Comic Relief

In 2003 the BT network took over 1 million calls up from 730,000 in 2001 with £24 million of the total £61 million raised over the telephones on the night. This year we also lit BT Tower red to launch the event and ran a cause-related marketing initiative with the Speaking Clock.

### Jeans for Genes

BT has formally supported Jeans for Genes for the last four years.

All proceeds from the appeal are split between these eight national charities, which help children affected by genetic disorders:

- The Great Ormond Street Children’s Charity
- The Primary Immunodeficiency Association
- The Society for Mucopolysaccharide Diseases
- The Chronic Granulomatous Disorder Research Trust
- The Jennifer Trust for Spinal Muscular Atrophy
- Reett Syndrome Association UK
- Batten Disease Family Association
- The Haemophilia Society

## Awards

### BT Community Connections

BT Community Connections is a UK-wide award scheme which gives local community groups the opportunity to gain access to the internet.

To date, judging panels in Scotland, Northern Ireland, Wales and each of the English regions have awarded more than 3,400 internet-ready PCs to individuals and groups who plan to make a positive impact in their community.

Two examples of excellent use of the award are:

- Croham Hurst Good Neighbours, Croydon, are setting up a shopping scheme to allow volunteers to order frail and housebound residents’ weekly food over the internet, helping them to continue living independently.

- Exmouth and District Youth Action Group is a voluntary group of young people who have set up a programme of fun educational activities that inform young people in the South West about the effects of bullying. The group has created a pioneering website where young people can chat and share their views and experiences.

**See also:**

- [www.btcommunityconnections.com](http://www.btcommunityconnections.com)

## Spreading and sharing the web

We share our internet expertise with our community partners and have helped a number of them to develop their own websites. Information about their work and our investment can then reach a wider audience.

For the third year running, BT won a Corporate Website Hallmark Award from the Charities Aid Foundation for demonstrating its corporate community involvement through websites.

The Telephone Helplines Association (THA) website is an outstanding example of a partner website developed with BT support.

As the name suggests, the THA represents organisations providing telephone services including advice, information, listening support and counselling on a vast range of subjects. BT has supported the development of the internet version of the Telephone Helplines Directory, which lists over 900 national, regional and local telephone helplines throughout the country.

BT has recently teamed up with ik.com to make free, simple-to-build websites available to any UK charity or community group. For further details of this offer, log on to [www.community.ik.com](http://www.community.ik.com) or contact 08711 28 50.

## Employee involvement

BT is one of the largest employers in the UK, with 96,300 employees in the UK.

We encourage our people to volunteer in the community because of the mutual benefits this brings: employees learn new skills which help them at work, while the community benefits from their existing expertise.

There are many ways that BT people can get involved. They may support a local school’s activities as a BT Volunteer, answer telephones in a telethon or donate money regularly via BT’s ‘Give As You Earn’ scheme.

Many employees are actively involved in their local communities through activities unrelated to BT’s own initiatives. Our ‘Community Champions’ scheme encourages and recognises their work by giving financial help to their organisations.





### Employee volunteering

Many of our employees give their time to work as volunteers with the causes of their choice, supported by BT.

Our people are also encouraged to take part in company volunteering initiatives. If their line manager considers this part of their personal development, they are given paid time off.

#### BT Volunteers

This new employee-volunteering scheme aims to enable up to 10,000 BT and ex-BT people to volunteer in schools. All volunteer activities are closely aligned with the company's focus on improving communication skills, and are related to the National Curriculum and Scottish guidelines.

At March 2003, 75% of the planned Volunteer Clubs had been established across the UK. The scheme is being extended to BT retirees and employee family and friends.

The volunteers are working in hundreds of schools across the UK, delivering classroom lessons on speaking and listening skills and helping to develop free websites for schools, classes and projects. A number of events have been run for teachers and information technology co-ordinators to help them understand the technology available to them.

### Employee giving

#### Give As You Earn

We operate the country's second largest payroll giving scheme, through which over 14,000 BT people donate money to the charity of their choice. BT matches the first £1 million raised.

The Charities Aid Foundation runs the scheme on BT's behalf. Its figures show that in the 2003 financial year, the total amount raised by employees was £1.7 million.

BT pays all the administrative charges incurred by the Charities Aid Foundation.

### Employee awards

#### BT Community Champions

Support for BT people's voluntary work in their local communities is recognised by the BT Community Champions awards scheme, which is open to all employees.

The BT Chairman, who hosts the annual awards ceremony, selects the overall winners in each category.

#### BT Awards for Quality

Employees who deliver excellent results for community causes may be acknowledged in the company's recognition scheme, the BT Awards for Quality, which is championed by our Chief Executive, Ben Verwaayen.

### Community volunteering

BT's involvement in volunteering goes beyond the direct engagement of its people. We also play a part in helping to bring people together for voluntary activities.

TimeBank, for example, is a way for individuals to get involved in the local community by donating their time to community activities.

BT has chosen to support this initiative because we believe that volunteering and working successfully in unfamiliar teams requires good communication and relationship skills.

Our support extends to server and website facilities, and we have developed a 'Corporate TimeBank' – a packaged volunteering programme that will help companies to develop volunteering schemes of their own.

We also have plans to help develop a 'Schools TimeBank' to assist schools in running a scheme for involving pupils in the local community. This will become one of the volunteering activities we offer via BT Volunteers.

### Arts & Heritage

Throughout history, art in its many forms has been one of the most powerful and enduring ways in which people have communicated feelings and ideas.

It is entirely appropriate that BT, a company dedicated to encouraging and sustaining a communicating society, should be an enthusiastic promoter and supporter of the arts.

#### Tate Online

Tate Modern is one of the foremost modern art museums in the world and the most important new building for the visual arts in Britain. Between 2002 and March 2003, BT sponsored the Collection Displays at Tate Modern.

We currently sponsor Tate Online, the Tate's virtual gallery and the UK's most visited arts website. The site is powered by BT, which provides technical support, hosting and online broadcasting to [www.tate.org.uk](http://www.tate.org.uk). The website is rich in content and interactivity and provides access to over 60,000 works of art, in the Tate collection and displayed periodically in the four Tate Galleries.

Since September 2001, BT has worked with Tate to develop a number of innovative and exciting projects specifically for Tate Online and virtual methods of navigating Tate Britain and Tate Modern have been devised. In the autumn of 2002, BT also worked with Tate to re-create the entire Turner gallery on the website in a visually stunning 3D representation.

BT's involvement with Tate has proved highly successful, with traffic to the Tate website increasing to more than two million visitors a year since our partnership began.

The Tate Online website has received two Interactive BAFTA Entertainment Awards as well as the London Tourism Award for best website, and has been rated the UK's top art site by independent analysts Hitwise.

The Tate sponsorship won an award for the best use of PR in a sponsorship campaign at the Hollis Sponsorship

Awards, and has also won a Golden World Award from the Institute of Public Relations.

### BT's heritage collection

We believe it is important to preserve the nation's telecommunications heritage for educational and cultural purposes. As a long-established leading telecommunications company, we have both the means and the enthusiasm to spread awareness of this rapidly-evolving technology.

#### Connected Earth

The BT heritage collections are huge. Since the BT Museum at London Blackfriars closed in 1997 we have been looking for a way to secure the future of the collections while making sure that the maximum number of people can enjoy them in new ways.

Rather than house the collection in a single building, we are spreading access across the UK by working with existing museums and other exhibition spaces, and creating a 'Museum on the Internet'. This project, called Connected Earth, was officially launched to a museum sector audience in April 2002 and received a warm response.

The project has made rapid progress:

- March 2002 – the first of the new Connected Earth galleries at Goonhilly Satellite Earth Station in Cornwall opened to the public.
- April 2002 – the world's largest exhibition of telephone kiosks opened at Avoncroft Museum in the West Midlands.
- May 2002 – Prince Michael of Kent opened a brand new gallery at Amberley Working Museum.
- Galleries are also planned to open at the National Museum of Scotland (Autumn 2003); the Museum of Science and Industry in Manchester (2004); Milton Keynes Museum (2005); and the Museum of London (2006).

#### The Museum on the Internet

The Museum on the Internet ([www.connected-earth.com](http://www.connected-earth.com)) went live in June 2002 and already has over 1,400 pages of content exploring the history of communications, and charting how – in the last 200 years – humans have radically extended their ability to transmit information, ideas, words, pictures and most importantly speech itself, across the globe.

With substantial educational content aimed at primary and secondary stages of UK National Curriculum and Scottish Guidelines, the site will continue to grow and develop, aspiring to be one of the largest virtual museums in existence.

The recollections of over 120 retired BT employees and others who worked in telecommunications in the last century have been recorded for the site.

In October 2002, Connected Earth scooped an award for 'best interactive media project' of the year at the AV Industry Awards 2002, sponsored by Sony, and in March 2003 was shortlisted for the Museums and Heritage Award for Excellence 2003 in the 'use of technology' category.



# Customers

Better World  
BT's Social & Environment Report





# Customers

We intend to be the best provider of communications services and solutions:

- for everybody in the UK
- for corporate customers in Europe and
- with global reach through partnerships.

In the UK, we serve 20 million business and residential customers with more than 29 million exchange lines, as well as providing network services to other licensed operators.

Our extensive global network and strategic partnerships enable us to serve multi-site corporate and government customers in all key commercial centres of Europe, North America and Asia. In Europe this network links more than 250 towns and cities across 16 countries.

Our strategic objective is to outperform competitors consistently and reduce the number of dissatisfied customers by 25% each year.

In this section you can read about:

- Customer satisfaction
- Customer communications
- Customers with special needs
- Services for customers
- Voluntary and mandatory services
- Mobile phones and health

## Customer satisfaction

Improving customer satisfaction is the cornerstone of BT's strategy.

In particular we've established the strategic target to outperform our competitors consistently and reduce the number of dissatisfied customers by 25% each year.

The quality of the service we provide and our customers' satisfaction with that service is fundamental to our business.

We're committed to listening to our customers, both through our millions of day-to-day interactions with them and through one of the largest customer research programmes in the UK.

In this section you can read about:

- Our customer satisfaction measures
- Comparable Performance Indicators
- Initiatives to improve customer satisfaction.

## Satisfaction measures

Our drive to improve customer satisfaction requires a thorough understanding of what drives customer satisfaction and dissatisfaction.

To achieve this, more than 2,000 face-to-face interviews are carried out with residential customers every month about their overall perceptions of BT and quality of service. Customers who use competitors are asked about their satisfaction with these operators too.

In addition to measuring satisfaction, these interviews examine many of its key drivers – image and reputation, price and value, contact and experience and products and services.

Our customers' views about the service we provide and our range of products is important to us, allowing us to continue to make improvements.

A customer's view of their direct experience of BT is also canvassed by an independent agency with approximately 17,000 business and residential customers interviewed each month. This can include such things as the provision or restoration of a service by the company or how a complaint made to BT has been handled.

In combination, these customer satisfaction and quality of service measures are published every six months.

The perceptions and views of our business customers are surveyed by an independent agency on our behalf with an average of 1,900 BT Business customers and 440 corporate and government customers interviewed every month by telephone.

BT Global Services also survey 100 international customers on a monthly basis. The launch of a new BT Global Services customer satisfaction survey in April 2003 will broaden the number of international customers we reach, further helping us to listen to what our customers are telling us is important.

## Customer dissatisfaction results

Customer dissatisfaction measures those customers who are fairly, very or extremely dissatisfied with BT.

BT achieved a 37% reduction in customer dissatisfaction across the whole group over the year, beating the target of 25%. All areas of the business improved satisfaction levels, with particularly significant improvement among our international and wholesale customers.

While in most areas of business customer satisfaction is well ahead of our competitors, we will strive to make

further significant improvements. A programme has been put in place that focuses on key areas of customer dissatisfaction.

## Customer satisfaction results

Customer satisfaction measures those customers who are fairly, very or extremely satisfied with BT.

BT Retail's performance for the last three months over each of the last three financial years indicate that we are moving in a positive direction:

### Residential customers

	BT	Competition
1999/2000	86%	
2000/2001	80%	
2001/2002	77%	76%*
2002/2003	76%	75%*

Source: (Data Source NOP World)  
Sample: Approximately 42,000

### BT Business customers

	BT	Competition
1999/2000	82%	
2000/2001	79%	
2001/2002	64%	62%*
2002/2003	80%	73%*

Source: NOP (from September 2000) prior to that Market Insights  
Sample: Approximately 21,000  
\*Accumulated average for the last three months of the year

We carry out detailed surveys of satisfaction with different aspects of service and use the percentage of customers who are satisfied overall with the provision of service or service repair as a measure.

The results for the last three months of the 2002-03 financial year amongst BT Retail customers are shown below:

	Consumer satisfaction with provision	Business satisfaction with provision	Consumer satisfaction with repair	Business satisfaction with repair
2000/2001	87.6%	83.1%	75.4%	82.4%
2001/2002	92.3%	83.5%	78.6%	84.2%
2002/2003	88.4%	84.6%	80.5%	84.6%



## Comparable Performance Indicators

We are a founder member of the UK telecommunications industry's initiative on publishing Comparable Performance Indicators (CPI).

CPI is a voluntary, cross industry initiative, involving consumer representatives, Ofcom and telecommunication companies. It has been running now for seven years, with information published by participating operators on their performance in key activities – provision, repair, network faults, complaints and billing accuracy.

The data is collected by the telecommunications companies using agreed procedures. It is checked initially by independent auditors and then by an independent body, the British Approvals Board for Telecommunications, to ensure a sufficient level of comparability in the application of the audit process.

The information published highlights both the operators' internally measured performance and customer satisfaction with the specific service or activity.

BT's customer satisfaction in the area of service provision achieved over 90% – the strongest performance of all participating operators. Our business customers are amongst the most satisfied with our performance in providing service, complaint handling and billing.

### See also:

- Comparable Performance Indicators – [www.cpi.org.uk/](http://www.cpi.org.uk/)

## Initiatives to improve customer satisfaction

Listening to our customers has helped us understand what they want from us. And what they want from us is clear:

- We must be easy to contact
- We must keep them informed (we shouldn't need to be chased)
- We must take ownership of their issues and champion their cause
- We must live up to the commitments we make to them.

These principles guide our initiatives to improve customer satisfaction. They demonstrate that satisfaction depends not only on price but on level of service.

We don't always get it right, but we're determined to reduce to a minimum the number of times we get it wrong.

The financial year 2003 saw the introduction of a number of new initiatives for customers:

- ensuring a high level of service, whatever the size of the fault
- keeping in touch with customers during repair work via SMS texting
- offering call diversion to a mobile – the customer's own or one lent by BT in the event of a fault.

These initiatives have all contributed to a reduction in customer dissatisfaction.

## Quality of Service report

The quality of the service we provide, and our customers' satisfaction with that service, is fundamental to our business. We know that customers will stay with us only if they are happy with the service we provide and the products we offer.

That is why we operate one of the UK's largest programmes of customer research. We talk to both our residential and business customers on a regular basis to gather their views about BT, the service we provide and our range of products, so that we can continue to make improvements.

## Customer communications

We cannot provide customer satisfaction without knowing what our customers' concerns are. To help us identify and understand these concerns, we have established a number of consultation initiatives.

We also provide mechanisms through which customers can bring issues and complaints to our attention.

### Consultation

We undertake in-depth consultation to understand our customers' needs and concerns.

### Consumer liaison panels

We run a number of consumer liaison panels across the UK. These consist of 12-15 consumers with a broad range of experience and usage of communications technology – as well as different needs, interests, ages and cultural backgrounds. The panels are recruited and chaired by independent external specialists.

Feedback from panel members provides valuable insights into consumer thinking and informs the policy-making process within BT. The panels regularly discuss a range of issues including customer service, how we keep customers informed, mobile telephony, payphones, billing, access to and marketing of broadband technology and the provision of services for customers with disabilities.

### Specialist interest panels

We have also set up a number of specialist interest panels to explore the views of particular groups of customers – for example small and medium sized enterprises (SMEs), broadband users and young people.

### Listening to consumers

We listen carefully to consumers' views and build feedback directly into policy-making and service provision. For example:

- The Milton Keynes consumer liaison panel is linked to the strategic development of our call centres – a programme known as Next Generation Contact Centres. Concerns raised by panel members have caused us to review our plans and make them more responsive to customer needs.
- Feedback from panels in Manchester and Glasgow has contributed to continuous improvement of the BT bill as a useful and meaningful communications tool, which matches customer needs.

- The London Broadband panel is a source of insight for the pan-BT Broadband Excellence team.
- Consumer liaison panels have also helped us to understand consumers' perceptions of corporate and social responsibility, and to define the key performance indicators used on this site.

### Complaints

We are committed to providing the best telecommunications service. However, sometimes things go wrong, and when they do, we want to put them right as quickly as possible. We have comprehensive complaint handling procedures, developed in consultation with the Office of Telecommunications (Ofcom).

When a customer calls BT, an adviser will try to solve the problem as quickly as possible, preferably during the phone call and, if this is not possible, will agree a course of action. Billing queries are more complex and may take a little longer to resolve.

If a customer is not happy with the response they receive they can ask for the matter to be referred to the appropriate senior manager. If the complaint still cannot be resolved, the case can be taken to the BT Complaint Review Service. The Service will review all aspects of the case and strive to resolve the matter to the customer's satisfaction.

More information on BT's complaints procedure is provided in the Service Guide 'Complaints about our Service'.

Ofcom, the regulator for the UK telecoms industry, publishes advice about how to make a complaint to a telecoms company and also publishes the number and type of complaints it has received.

### See also:

- BT's Consumer Code of Practice
- Complaints about our Service
- Customer Service Guarantee
- Ofcom advice about complaints – [www.ofcom.gov.uk/consumer/index.htm](http://www.ofcom.gov.uk/consumer/index.htm)

### Services for customers with disabilities

We believe all members of society should have the same freedom and opportunities to communicate.

That's why BT has for many years offered a wide range of products and services to elderly and disabled customers, who might otherwise find it difficult to make the most of telecommunications.

### BT TextDirect and RNID Typetalk

In July 2001 we launched BT TextDirect, the world's first service to provide textphone users access to the telecommunications network. This service simplifies the making and receiving of calls between voice and textphone users, automatically bringing in a Typetalk operator to relay the call if required.

Typetalk is the UK's national text relay service. Funded by BT since it started in 1990, and run by the Royal National Institute for Deaf People, the service enables textphone users who may be deaf, deaf blind, hard of

hearing or speech impaired to make and receive calls to and from hearing people.

BT TextDirect also automatically calculates a rebate on text calls so that customers pay the equivalent call charge as if it was in voice, even though text calls take longer.

In 2001, BT TextDirect received the Innovative Access award from the International Coalition of Access Engineers and Specialists.

### Payphones

All our existing payphones have inductive couplers that improve the clarity and audibility of incoming speech for people wearing suitably equipped hearing aids. We have also introduced a new type of text payphone in the UK to enable customers to send e-mails and SMS messages and incorporate a textphone with access to BT TextDirect. There are currently 1,200 new text payphones across the country at locations like airports, railway stations and motorway services.

### Billing

BT has been providing bills in alternative formats since 1992. In 2003, we improved our service for people who are visually impaired by ensuring that the required alternative format is provided at the same time as the standard bill. Formats available are Braille, large print, on computer disc or through our 'talking' bill service. Many other BT publications and user guides are also available in alternative media.

BT has a Protected Services Scheme that enables vulnerable customers to nominate a third party to manage their bills, for instance in the event that they have a spell in hospital.

### Directory enquiries

We run a free directory enquiry service (195) for customers who cannot use a phone book because of a disability. Our website also offers an accessible version of the online directory enquiries service which has been designed to give all users, including people with disabilities, easier access. It also allows people to set their own preferences, such as colour, from the homepage.

### Telephone products

BT has a variety of telephones which have special features such as large buttons, voice amplification, headset sockets and pre-compose dialling. Pre-compose dialling allows a person to enter the telephone number before making the call. This is ideally suited for people who may have motor control problems or need a little extra time to dial. We launched the only rental textphone on the market in 2001.

Our 'In Touch' range of telephones includes a button that can be activated to alert friends, families or carers in an emergency.

### Training

We have provided extra training to a number of our engineers so that when working at the premises of customers with disabilities they can offer advice on services to help the customer.



We have also given around 49,500 of our customer-facing people training on the Disability Discrimination Act. A new disability awareness training course was launched in 2003, the European Year of Disabled People.

- See also :
- BT TextDirect:  
[www.bt.com/aged\\_disabled/products\\_hearing/product\\_s\\_hearing\\_textdirect.jsp](http://www.bt.com/aged_disabled/products_hearing/product_s_hearing_textdirect.jsp)
  - List of text payphone location: [www.payphones.bt.com/2001/multimedia/textphone/map.html](http://www.payphones.bt.com/2001/multimedia/textphone/map.html)
  - Telephone Products:  
[www.bt.com/aged\\_disabled/index.jsp](http://www.bt.com/aged_disabled/index.jsp)
  - BT Age & Disability Site:  
[www.bt.com/aged\\_disabled/index.jsp](http://www.bt.com/aged_disabled/index.jsp)

Services for customers

A number of the services BT provides are for customers with specific needs.

We provide a number of services to enable customers on low incomes to benefit from communications technology. We have also introduced services to make payment easier and help prevent disconnection.

We have developed technology to help prevent nuisance calls and we run a network of Nuisance Calls Bureaux that provide specialist help and support to customers.

We also run an extensive network of approximately 79,000 payphones and 34,000 managed sites.

Services for customers on low incomes

BT believes that a phone service can act as a lifeline. We provide a basic telephone service for all, including those on low incomes or who have trouble paying their bills.

The Light User Scheme is designed to help those people who need to stay in touch but make few calls themselves. It is available to people whose quarterly call charges are below £15.95 (excluding VAT), who are not on any BT discount schemes, not using indirect access or don't have a telephone service provided by a mobile network operator. The scheme provides rebates of around 60 per cent on line rental.

The In-Contact Plus Scheme enables customers to receive incoming calls and make outgoing calls to the emergency services, for a joining fee and quarterly line rental charge of less than £10. With a BT 'In Contact' card customers can also make outgoing chargeable calls. Cards can be topped up at over 9,000 Paypoints nationally, in convenience stores and petrol stations.

- See also:
- BT Customer Service: [www.bt.com/customerservices/cust\\_services.jsp?parentcat=cs\\_home](http://www.bt.com/customerservices/cust_services.jsp?parentcat=cs_home)

Disconnection

We regard a disconnection as a failure and do a great deal to avoid it. We offer flexible payment options which help customers budget for bill payment, and if customers do have temporary payment difficulties, we are eager to work with them to avoid the need to disconnect. For example, we are willing to agree payment plans to help customers pay over a longer period than usual.

If we do not receive payment after issuing the first, 'red' reminder, we will give the customer a second reminder, usually by telephone. If we still do not receive payment, or have been unable to agree a payment plan, we restrict that customer's service to incoming calls only (except for calls to BT and emergency numbers). We only consider temporarily disconnecting the service from outgoing and incoming calls if payment is still not forthcoming or we are unable to negotiate a realistic payment plan with the customer.

We have also published a Bill Payment Code of Practice, which describes our procedures for requesting payment and the help customers can expect if they have problems paying.

- See also:
- Bill Payment Code of Practice: [www.bt.com/customer\\_services/cust\\_details.jsp?parentcat=cs\\_bpcode\\_rescust&childcat=linkcs\\_bpcode\\_rescust\\_code\\_of\\_practice](http://www.bt.com/customer_services/cust_details.jsp?parentcat=cs_bpcode_rescust&childcat=linkcs_bpcode_rescust_code_of_practice)
  - BT Customer Service: [www.bt.com/customerservices/cust\\_services.jsp?parentcat=cs\\_home](http://www.bt.com/customerservices/cust_services.jsp?parentcat=cs_home)

Nuisance Calls Bureaux

BT voluntarily operates a national network of Nuisance Calls Bureaux to help and support customers receiving nuisance calls.

Initial enquiries are answered by specially trained advisers who offer simple advice and solutions. The Centre is open 24 hours a day, 365 days a year.

The more complex cases, which may require police investigation or call tracing, are passed on to Nuisance Call Bureaux Specialists. These specialists are trained in police liaison and may appear in court as prosecution witnesses if necessary.

The Nuisance Call team can be contacted 24 hours a day on 0800 661 441.

- See also :
- BT Customer Service: [www.bt.com/customerservices/cust\\_details.jsp?](http://www.bt.com/customerservices/cust_details.jsp?)

Payphones and inclusion

In line with our Universal Service Obligation we ensure that payphone services are provided to meet community needs, including rural communities. As at 30 September 2003, we had almost 77,000 public payphones in operation.

During the last three years call minutes from public payphones have fallen by 53% – a trend mainly due to increased mobile use – making many payphones unprofitable.

BT's challenge is to meet regulatory requirements on providing access, whilst ensuring that our payphone operations are financially viable.

During the year, we reduced the costs of our payphones operation through the removal of over 18,000 payphones. However, none of these removals resulted in the total removal of payphone service within communities.

E-payphones

BT has installed 1,200 new e-payphones in the 2003 financial year. These kiosks enable customers to surf the internet, send web-based and instant emails and send text messages to mobile phones, as well as make payphone calls.

BT plans to increase the number of e-payphones to 20,000 by 2007 creating a nationwide network capable of accommodating around 60 million hits a week.

Voluntary and mandatory

BT takes pride in pioneering services for customers. Some of the special services we offer are neither a regulatory nor licence requirement – and some services that we have offered voluntarily are now a licence requirement. We seek to provide additional levels of service that go beyond mandatory requirements.

Total number of disconnections\* (residential customers)

Financial Year	Total number of disconnections
1999	781,948
2000	1,067,972
2001	964,810
2002	1,061,036
2003	1,051,545

Total number of disconnections\* (business customers)

Financial Year	Total number of disconnections
1999	124,226
2000	182,651
2001	91,262
2002	292,432
2003	301,926

\* This includes those who pay after disconnection and reconnect before their service is formally terminated.

Voluntary services

Service	Notes
Publication of comparable performance indicators (CPI)	BT and other telecommunications companies provide Of tel with comparable quality of service results, which are published by Of tel every six months. Most of the information currently available was already published by BT before the agreement.
Consumer liaison panels	BT has been running Consumer Liaison Panels since 1984 to help us identify and understand consumer concerns.
Nuisance Calls Bureaux	BT set up this network voluntarily to offer expert advice and practical action to help victims of malicious and nuisance calls.
Production of telephones for disabled customers	BT supplies a wide range of equipment for disabled people, although since we are licensed as a network operator we no longer have a regulatory obligation to do so.





Mandatory services

Service	Notes
Typetalk/TextDirect	BT provided significant financial support to Typetalk voluntarily, before this became a licence condition. The text users rebate scheme is a regulatory requirement for BT.
Free priority fault repair service for some customers	It is a regulatory requirement to provide a priority fault repair service to disabled customers. BT extends this service to customers at risk through age or some other factor.
Directory enquiry information for those unable to use a phone book	BT is obliged to provide a free directory enquiry service to disabled customers who cannot use a phone book.
Billing and general information for disabled customers in Braille, large print or on audiotape	Billing and general information for disabled customers in Braille, large print or on audiotape BT has voluntarily provided bills and some of its publications in alternative format to disabled customers for many years. As a result of the Disability Discrimination Act, one of the conditions of BT's operating licence was amended in October 2000 to require contracts and bills to be provided, upon request, in an acceptable alternative format. Under the Disability Discrimination Act 1995, BT also has wider obligations to provide any customer contact in alternative media.
Public payphones with inductive couplers	BT is required to provide inductive couplers in public payphones.
Light User Scheme	This scheme was designed to meet targets agreed with Oftel for reducing both the number of disconnections and the number of people without access to a telephone.
In-Contact Plus	There is a general licence requirement that BT should provide a restricted service scheme in accordance with guidelines agreed with Oftel. The precise form of such schemes is subject to negotiation.
Provision of emergency services	BT provides a free emergency assistance service that handles almost 35 million calls a year. Whilst this is a condition of our licence, we aim to ensure a high quality of service by answering 95% of calls within five seconds.

Mobile communications and health

With the demerger of mmO<sub>2</sub> in November 2001, BT ceased its mobile network operations but retained a number of mobile services, products, activities and interests. These include the following:

- BT markets its mobile phone offering online at [www.bt.com/mobilesense](http://www.bt.com/mobilesense) as well as selling mobile voice and data products into the business market through direct sales channels. BT offers a range of proprietary mobile phones from several phone manufacturers.
- BT phones operate on the O<sub>2</sub> network now and from 31 July 2003 on the T-Mobile network for consumer mobile services.
- BT operates an extensive Public Wireless LAN network and a number of Private WLANs in its own buildings.
- BT installs Private Wireless LAN networks in business locations as well as selling the components for BT customers to install their own Wireless LAN networks at home or in their offices.
- BT infrastructure (including some BT exchanges, buildings and telegraph poles) are used to house mobile phone base stations and aerials.

Handsets

All mobile phones sold by BT fully conform to the highest international safety standards on exposure to radio frequency (RF) emissions set by the ICNIRP International Commission on Non-Ionising Radiation Protection ([www.icnirp.de](http://www.icnirp.de)) and the National Radiological Protection Board ([www.nprb.org.uk](http://www.nprb.org.uk)).

BT also monitors all relevant scientific findings and follows the advice of the World Health Organisation ([www.who.int/emf](http://www.who.int/emf)) and other leading health organisations.

It is also possible to measure how much radio wave energy your body receives from each model of mobile phone. This is called the specific absorption rate or SAR. There is a European Standard method for measuring the SAR and this information is provided to consumers for each model of mobile phone sold in the UK. BT offers a range of mobile phones from several manufacturers, all of whom apply these standards.

Additionally, following the May 2000 Stewart Report ([www.iegmp.org.uk](http://www.iegmp.org.uk)) into possible health effects posed by mobile phone technology, including base stations, the Department of Health ([www.doh.gov.uk/mobilephones](http://www.doh.gov.uk/mobilephones)) produced two advice booklets which BT and all mobile operators make available at their retail shops on mobile phones:

- Department of Health Mobile Phones and Health booklet ([www.doh.gov.uk/mobilephones/mobilephones.pdf](http://www.doh.gov.uk/mobilephones/mobilephones.pdf))
- Department of Health Mobile Phone Base Stations and Health booklet ([www.doh.gov.uk/mobilephones/basestations.htm](http://www.doh.gov.uk/mobilephones/basestations.htm))

Mobile base stations

Whilst no longer a mobile operator in its own right, BT still follows the highest industry standards and code of practice wherever relevant to its operations. For example, BT requires that ICNIRP guidelines on radio frequency (RF) emissions be adhered to on all BT sites used by mobile operators.

In addition to ICNIRP standards a number of other measures relating to RF and base station deployment are built into an industry code of practice, known as the ten industry commitments. BT was a signatory of this code of practice and adheres to all its core principles. Further details of these practices can be referred to on the mobile operators' website. ([www.mobilemastinfo.com/planning/best\\_practice.htm](http://www.mobilemastinfo.com/planning/best_practice.htm))

The WHO also advises that "RF field levels around base stations are not considered a health risk". The WHO also states that "in many urban areas television and radio broadcast antennae commonly transmit higher RF levels than do mobile base stations ". For more on WHO guidance and fact sheets see [www.who.int/inf-fs/en/fact193.html](http://www.who.int/inf-fs/en/fact193.html).

Wireless LAN

BT owns and operates one of the largest Public Wireless LAN networks in the UK (BT Openzone). Public WLAN, using the 802.11 standards, require considerably lower power and radiation levels than the equivalent GSM standards.

Additionally, the main application of Public Wireless LAN is for data devices (e.g. a laptop, PDA or tabletop device) with the transmitting antenna positioned some way away from the user's head. This was the main area of concern with mobile telephony power absorption.

Therefore, the radio power levels present near Public Wireless LAN sites are significantly lower than around mobile phone antennas and devices, all of which are well within the guidelines and recommendations of the UK Government Health advisory bodies.

Similarly, any Private Wireless LAN site, which uses exactly the same technology, standards, equipment and power radiation levels as the Public sites, are deemed to be significantly well within all current and known standards and guidelines for safe usage.

RA audits and industry consultation procedures

BT has input the locations of existing antennae on the Radiocommunications Agency (RA) Sitefinder ([www.radio.gov.uk](http://www.radio.gov.uk)) web site. Additionally, the RA has concluded a number of audits of sites in proximity to schools and hospitals during 2001 and 2002 and the results are published on the site. These demonstrated that exposure levels are many hundreds to thousands of times below the ICNIRP public exposure guidelines.

In terms of network growth and planned mobile phone antennae deployment BT liaises with relevant local development authorities as agreed under the industry code of practice. A number of different consultation models were agreed by the industry partners in the framework of the ten commitments. BT – and all mobile operators in the UK – apply these models according to a range of criteria on a site-by-site basis. Further details of these practices can be found on the mobile operators' website, [www.mobilemastinfo.com/planning/best\\_practice.htm](http://www.mobilemastinfo.com/planning/best_practice.htm)



# Employees

Better World  
BT's Social & Environment Report



# Employees

BT employs approximately 103,450 people around the world, of whom 92,300 are in the UK. This makes us one of the UK's largest employers, working and living at the heart of society.

Our approach is defined by a responsibility to act fairly towards our people, value their contributions and enable them to achieve their full potential.

To make a positive difference to employees' lives we have to help them develop professionally while respecting their other commitments – to themselves, their families and the wider community.

We believe this to be in the best interests of our employees, of society and of our business.

In this section of the site we describe the structures, policies and practices that underpin this approach.

## Employment

We want to attract, develop and motivate the best people. In this section we set out our approach to recruitment, retention, education and the work-life balance.

## Employee relations

We believe that good employee relations are vital to a strong, healthy and successful company. In this section we set out our approach to employee consultation, dialogue and communication, including our annual employee survey and our relationship with trade unions.

## Equality and diversity

We seek to create a working environment that is open, honest and unprejudiced and which encourages people to reach their full potential. We want to create and sustain a diverse workforce where everybody's contribution counts.

In this section we set out our approach to equality and diversity issues such as gender, age, ethnic minorities and people with disabilities.

## Learning and development

We seek to provide opportunities for personal growth and professional development. To achieve this we actively encourage learning and development in all our people.

In this section we set out our performance and development framework, including our BT Academy and Investors in People accreditation.

## Pay and benefits

We recognise that if BT is to continue to recruit and retain the best talent, the benefits package that we offer has to remain competitive.

In this section we set out our approach to employee benefits, equal pay and pensions.

## Health and safety

We intend to achieve the highest standards of health and safety right across BT and promote a healthy lifestyle. We aim to create a culture in which the protection of health and the promotion of safety are integral to all our commercial activities.

## Employment

In this section we set out BT's approach to:

- Recruitment
- Education
- Retention
- Work life balance

## Recruitment

BT is a major recruiter, taking on thousands of new people each year – and we need to be sure that we attract, select and retain the best.

During the 2002-03 financial year we recruited 189 new graduates, 196 modern apprentices and 4,421 other new entrants.

Also during the 2002-03 financial year, as part of our continuing programme to reshape BT, 7,393 people left BT voluntarily, by leaver payments or voluntary redundancy.

BT also actively supports the UK government's New Deal scheme for the unemployed. Between its launch in 1999 and April 2003, we had provided 456 New Deal opportunities.

## Diversity

It is critical that our people reflect the diversity of our customers and are able to contribute fully to meeting their ever changing needs. To achieve this we work with a wide range of employment agencies, universities, schools and college careers offices to ensure that they understand the wide variety of jobs available in BT and the diversity of people we welcome into our business.

For example, representatives of BT's diversity networks attend careers fairs to promote BT as a place to work. These efforts – which have focused predominantly at the graduate level – are reflected in our recruitment diversity figures for the 2002-03 financial year:

- 12.7% of our new recruits came from an ethnic minority background – including 26% of new graduates and 7.8% of modern apprentices. This compares to 8.6% of BT's overall workforce who are from a visible ethnic minority background. In the half year to September 2003 20% of new entrants came from an ethnic minority background, including 29% of new graduates.
- 32.1% of our new recruits were women – including 42.3% of new graduates and 17% of modern apprentices, compared to 23.6% of BT's overall workforce. In the half year to September 2003 22% of new entrants were women, including 35% of new graduates.
- 0.4% of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) – including 4.8% of new graduates and 1.6% of modern apprentices, compared to 2.0% of BT's overall workforce. In the half year to September 2003, 0.8% of our new entrants had a disability as defined by the UK Disability Discrimination Act, including 3.5% of new graduates.

These figures do not include those people who work in our subsidiaries – around 11,164 of our overall workforce of around 103,453.

We are very encouraged by these figures, which illustrate that our proactive approach to equality and diversity is beginning to pay off in the profile of our company.

## Education

To ensure a good supply of talent we are actively involved in encouraging young people into higher education, especially in information and communications technology (ICT) subjects.

We support the Oxford Access scheme, which provides science summer school places for students from inner city and ethnic minority backgrounds seeking university places.

We also offer hundreds of undergraduate placements each year.

We are particularly concerned to encourage more women into ICT work. We actively support UK government initiatives to encourage women into work as well as the annual 'Take our Daughters to Work' day when daughters and sons experience working life in occupations not traditionally taken up by their gender.

To help address Europe's continued shortage of people with good ICT skills, BT co-chairs the Career Space consortium, a public/private partnership to encourage participation in ICT, particularly from women. We have also worked with 25 European universities to develop and launch new ICT job profiles and curricula guidelines – available at [www.career-space.com](http://www.career-space.com).

## Retention

Attracting the best people is one task for companies – keeping them is another. Our experience is that being as flexible as possible and providing continuous learning opportunities in an environment of exciting, challenging teamwork pays real dividends.

## Career development

There are many ways of developing a career in BT. As well as taking on challenging tasks during day-to-day activities, buddying, mentoring, job shadowing and secondments all take place on a regular basis.

Formal development such as the Management Insight programme enables team members to explore their skills and develop plans for the future.

Regular monthly meetings and annual development reviews provide two-way communication for individuals and their managers.

Our NewStart initiative provides a comprehensive toolkit to enable all our employees to plan for, react to and deal constructively with career changes.

There are many opportunities for promotion within BT and competition is fierce. We have a centralised application system and an online Job News facility.

## See also:

- Learning and development section

## Work-life balance

Because we want to provide a high quality service for our customers, the working day for many BT employees extends beyond normal hours.

Reconciling good customer service with the provision of a healthy work-life balance for our employees is one of our great business challenges.

We are striving to get this balance right and believe that our record is good – for example, we won the 2001 Parents at Work/DTI/Lloyds TSB Employer of the Year award, in both the 'overall' and 'large employer' categories. These awards recognise employers who actively encourage their employees to balance work and home-life more effectively.

However, we also recognise that there are still too many cases where the balance is not as we would like it to be. The challenge ahead is to promote best practice across the whole of BT.

We have a comprehensive set of work-life balance initiatives in place and are actively promoting the importance of a healthy work-life balance in the wider community.

## Work-life balance in practice

All our work-life balance policies have been pulled together in one portfolio called 'Achieving the Balance'. These policies cover flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.





At September 2003, we had 6,076 part-time employees and 6,945 home-workers. Moreover, through the innovative use of communications technology many BT people are able to work flexibly whilst not being formally recorded as home-workers.

We have a flexible working initiative called 'Freedom to Work', which enables our people, wherever operationally practicable, to develop their own attendance patterns.

For example, they can achieve more balance through a mix of home-working, working long and short days, and by accruing blocks of non-working time for use during, for example, school holidays.

Moreover, flexibility in attendance patterns and place of work is hugely inclusive, opening opportunities for people with disabilities, caring responsibilities and people returning to work after a career break.

#### Initiatives

BT shares its experience and expertise through participation in a number of internal and external initiatives, including:

- Membership of Employers for Work-Life Balance, a group of major employers committed to encouraging and sharing work-life balance best practice.
- Sponsoring Work-Life Balance week. A number of high profile events have been held around the country in collaboration with the Work-Life Balance Trust.
- Internal BT events under the theme 'Agile Business – Balanced Life' to generate employee participation in assessing our achievements and identifying new challenges in promoting a healthy work-life balance.
- Chairing the Lone Parent Task Force, upon invitation from UK Chancellor of the Exchequer Gordon Brown. The group aims to break down the many barriers lone parents face in taking up formal employment. Our CEO Ben Verwaayen chaired the task force, which has now delivered its conclusions to the Chancellor.

#### Working parents

During 2002, we invited the campaigning organisation Parents at Work to conduct a strategic review of our Work-Life Balance policies. Whilst providing a positive endorsement of BT's activities, Parents at Work made a number of suggestions which we have acted upon:

One specific outcome was the suggestion that we gain Tommy's Pregnancy Accreditation, which we have since committed to attaining during the 2004 financial year. To gain accreditation we will need to demonstrate that we meet the criteria for creating a supportive working environment for pregnant employees.

In March 2003, a pilot to help parents save for their childcare costs was started. BT Childcare Salary Direct is a unique childcare employee benefit scheme used to pay for all types of approved childcare. We will be evaluating its success during the 2004 financial year.

#### Parental Leave

In February 2003, we made significant improvements to Maternity, Paternity and Adoptive leave for parents with children born after 6 April 2003. We continue to offer parental leave benefits that are far greater than those required by law and, in line with our approach to inclusivity, all these benefits are available to same sex relationships.

Our new enhanced maternity leave provides 18 weeks' basic pay and regular allowances (excluding overtime) followed by eight weeks at half pay, lower rate Statutory Maternity Pay or £100 per week, whichever is the greater, followed by 26 weeks at £100 per week.

Paternity leave is now two weeks at full pay and two weeks' unpaid leave, to be taken within 56 calendar days of the birth of the child.

#### See also:

- EASE Awards <http://www.qefd.org/EASE%20AWARDS/default.htm>
- Parents at Work <http://www.parentsatwork.org.uk>
- Employers for Work-Life Balance [www.employersforwork-lifebalance.org.uk](http://www.employersforwork-lifebalance.org.uk)

### Employee relations

We believe that good employee relations are vital to a strong, healthy and successful company. In this section we set out our approach to:

- Our annual employee survey
- Our relationship with trade unions
- The European Consultative Works Council
- Employee communications
- Self motivated teams
- Call centres

#### Employee Survey

BT runs a number of formal employee surveys, the most important being the annual Communications and Attitude Research for Employees (CARE) survey.

This survey is an opportunity for all our people to express their views and opinions on a range of issues at local, divisional and company level.

Towards the end of 2002, everyone in BT was given the opportunity to complete a CARE survey during the working day and with guaranteed anonymity. More than 78% of BT people completed the survey.

#### People satisfaction index

A key measure within CARE is the 'People Satisfaction Index', which we use as an indication of the overall satisfaction of employees with their working life in BT. The Index is created by grouping a number of questions together and averaging the responses.

The 'People Satisfaction Index' for 2002 was 67%, the same as 2001 and a 2% improvement on 2000. Broadly speaking we feel this indicates that our employees continue to feel committed and satisfied with working for BT. These scores are particularly encouraging given the scale of the changes that have taken place at BT over the past two years.

We have now established the 'People Satisfaction Index' as one of our ten non-financial key performance indicators and have set the strategic target to increase the score to 69% by March 2004.

Comprehensive CARE survey results going back to 1999 are available in the Data and Targets section of this site, including a list of the questions that make up the People Satisfaction Index.

The CARE survey does not cover around 4,200 BT employees that make up Syntegra, part of BT Global Services.

#### Action

All managers with teams of eight or more people receive individual CARE feedback reports. This enables them to monitor the impact of their decisions and review their management style.

Managers are encouraged to work with their teams to analyse CARE feedback and to formulate and carry out action plans. These are monitored through the normal line management structure of meetings.

We often carry out smaller-scale surveys or run focus groups to determine our people's attitudes towards specific circumstances and to measure the impact of policies and practices on our people, especially at times of change.

#### Trade unions

In the UK, BT recognises two trade unions: the Communications Workers Union (CWU), which represents over 65,000 BT non-management grades (46), and Connect, which represents around 16,000 BT people, predominantly line managers and professionals.

The CWU is the biggest union for the communications industry in the UK, with around 300,000 members working for the Post Office, BT and other telephone companies, cable TV, the Alliance & Leicester and Girobank. Their members' expertise includes engineering, computing, clerical, mechanical, driving, retail, financial and manual skills.

Connect is a specialist union run for and by managerial and professional people. Representing junior managers and professionals, Connect works with BT to improve the terms of employment for these members and to manage change effectively.

We maintain a positive working relationship with both unions at local and national levels.

Managers are expected to consult their employees and relevant trade union officials prior to implementing significant change. The unions have a track record of co-operating with change over the last decade, and very few days have been lost through industrial action.

In the 2002-03 financial year, no days were lost though industrial action and there have been no instances of legal action taken against BT concerning anti-union practices.

BT also has a grievance procedure which provides all our employees with an effective escalation process through which to appeal against certain management decisions. This procedure is available to all our employees in every country in which we operate.

The number of Employment Tribunal Cases involving BT this year was down to 57 from 105, with 26 withdrawn, one judged against BT, 15 settled and eight judged in favour of BT.

The outcome of each case is analysed by the management team involved, and wider learning points are reviewed within the appropriate policy group.

Employment Tribunal Case data going back to 1999 is available in the Data and Targets section of this site.

#### BT European Consultative (Works) Council

BT runs a European Consultative (Works) Council which provides a six-monthly opportunity for trans-national dialogue and exchange of views between management and employee representatives. It includes representatives from both our UK and continental Europe operations, irrespective of whether a particular country is a member of the European Union.

We believe that the interests of the business – and the welfare of all those involved in it – are best served by there being a common understanding of our performance, operating environment and market places.

BTECC focuses principally on the performance and overall strategy of the BT group, on jobs and employment plans, and on the commercial and regulatory factors impacting its operations. Other relevant trans-national employee issues such as training, health, safety and the environment may be included.

BTECC is chaired by the BT chief executive and attended by other senior executives. Employee representatives are drawn from and represent employees from BT's operations across Europe. Participants are chosen according to national practice and as laid down in the legislation in each country. The company and its employee representatives aim to ensure that the company's equal opportunities policies are reflected in their selection.

Representatives serve on the Council for a period of two years to provide continuity and depth of understanding.

BTECC meets twice a year – normally within three months of the announcement of the group's annual results. In exceptional circumstances, the Chairman may convene an extraordinary meeting.

#### Employee communications

Our people are crucial to our reputation and success. They are our ambassadors and our public face – not only while on BT business, but out of hours too.

So it's essential that our people are all motivated and supportive of BT. This means keeping everyone fully up-to-date and involved in what the company is doing. Equally, our people need to have a voice, to have their views listened to and their ideas acted upon.

#### The BT Strategy

Since May 2002, we have been running Strategy Action Meetings (SAMs) with the objective of communicating BT's strategy and engaging employees in dialogue around strategy implementation.



Meetings were held in 67 locations across the UK and 16 locations outside the UK, and more than 3,200 people attended from all levels in BT.

At these meetings a BT manager sets out the strategy and progress to date; delegates are asked to consider potential barriers to implementation and suggest solutions.

Typically a SAM will have about 18-20 delegates, with representation from all Lines of Business and from a range of grades. Comments are noted anonymously and then collated on a monthly basis for our CEO Ben Verwaayen and the BT Management Council.

Topic-specific reports are also produced and taken to senior managers with functional responsibility for that topic.

The findings are being shared with ever-increasing numbers, and work is progressing to ensure that solutions are considered by the most appropriate part of the organisation.

Communication channels

We communicate through a variety of channels:

- The BT intranet, one of the largest in Europe and available to over 100,000 people.
- BT Today, our in-house newspaper, is sent to more than 184,000 employees, pensioners and opinion formers each month. Described as ‘the glue that holds BT together’ it makes sense of everything that’s going on within the company for employees and their families.
- Newsdesk, the BT Today intranet news site, is available to everyone in BT who is online. As well as a constant flow of news about BT and the industry, the site also publishes information to help people do their jobs and covers media comment, features and employee opinion.
- Talking Point – part of the BT Today Newsdesk – offers a forum for employee opinion, feedback and debate on important topics such as bullying, driving safety and broadband.
- BT Newslite, a telephone news service, attracts thousands of calls a month.

Call centres

We are currently nearing completion of a comprehensive restructuring of our call centre operations.

Our ‘Next Generation Contact Centre’ programme involves the transformation of our original 104 call centre sites into a slimmed-down network of larger, multi-functional contact centres.

The programme is primarily designed to achieve the twin goals of reducing costs and providing improved customer service – for example, by providing a range of services for residential and small business customers without their being transferred from one call centre to the next.

The 33 Next Generation Contact Centre sites will benefit from excellent working environments and leading edge technology.

However, the programme does involve the closure of 57 call centres over a two-year period, resulting in significant changes for a large number of employees.

The overall net effect on BT and agency jobs by the end of the two-year project is expected to be a reduction of 2,200 full-time equivalent posts – reducing the number of full-time equivalent posts in BT’s call centre operations to around 13,600.

There will be no compulsory redundancy and we are committed to finding alternative work for every affected person that wishes to remain in BT. More than 2,000 people are being redeployed to other jobs.

More details of support provided by BT to employees during times of change are provided in the New Start section of this site.

India

Two of the new call centres will be located in Bangalore and New Delhi in India. This arrangement will ensure that BT is able to compete economically in the recently deregulated directories market.

The Delhi and Bangalore call centres will initially employ around 500 people by the end of March 2003, rising to approximately 2,200 by March 2004.

Owned by two suppliers but managed by BT people, the call centres will handle parts of BT’s directories and conferencing work and operate to the same blueprint as facilities in the UK. This is aligned with the ‘Next Generation Contact Centre’ programme which seeks to ensure that our customers’ experience of us is indistinguishable high quality, irrespective of which centre or advisor they deal with.

However, it has been suggested in the media that there is an incompatibility between these developments and BT’s stance on corporate social responsibility (CSR).

The reaction of our trade unions has also been mixed. The Communications Workers Union has expressed its opposition, whilst Connect has welcomed our commitments to support redeployment and career opportunities for all those affected.

Developments in technology have always changed working patterns – both in type of work and geography of the workplace. The question is whether the movement of employment opportunities is in itself a socially irresponsible activity.

Many developing countries will often argue the opposite, accusing the developed world of using social and environmental performance for protectionist reasons.

In our view, CSR is about companies making effective commercial decisions in ways that take account of their responsibility to society.

In this case, our ethical trading manager visited the call centres with an independent assessor from an Indian non-government organisation before the announcement was made.

The assessors looked at all aspects of working conditions against BT’s Sourcing with Human Dignity ethical trading standard and concluded that the companies assessed met and exceeded BT’s standards in the vast majority of areas.

Pay for those employed in the call centres is in the top quartile of the local labour market. The working

environment, training and technology will be of the same standard as that in the UK.

None of BT’s permanent employees in the UK will be made redundant as a result of the new centres opening.

In addition to Directories and Conferencing, other parts of BT Retail are considering moving parts of their operations to the Indian contact centres, but no final decisions have been made yet.

BT Retail has set three criteria to determine which future projects may be considered:

- previously outsourced work which can be brought back in-house, such as business telemarketing;
- existing work which it is uneconomic to carry out in the UK, such as non-automated reservations for BT Conferencing audio calls;
- new work which can only be commercially justified in India, such as reminder calls to people who have forgotten to pay their bill.

In all these cases BT will seek to ensure that working conditions are consistent with Sourcing with Human Dignity

minority, or have declared a disability. These figures do not include those people who work in our subsidiaries – around 11,123 of our overall workforce of 103,453.

Comparing the figures for ‘All BT’, there has been an improvement in the number of ethnic minorities employed and a slight decrease in the number of women employed.

Amongst our senior management grades 20.0% are female, 7% are from ethnic minorities and 0.7% are disabled.

Comprehensive data on the diversity profile of BT going back to 2001 is available in the Data and Targets section of this site.

We have now established the diversity of the BT workforce as a non-financial key performance indicator. This is reinforced by a strategic target that by March 2004, 25% of our employees should be women, 2.5% disabled and not less than 8% should be ethnic minority employees.

Each appointment is made on merit, and these targets should not be taken to mean that BT is operating quotas, which are illegal under UK law.

	Management	Non-management	All BT
Women	23%	23.8%	23.6%
Ethnic Minority	9%	8.4%	8.6%
Disability	1.4%	2.4%	2.0%

Data as at 31 March 2003

In March 2002 these figures were:

	Management	Non-management	All BT
Women	22.9%	24.3%	23.9%
Ethnic Minority	7.9%	7.6%	7.7%
Disability	1.1%	2.4%	2.0%

Data as at 31 March 2002

which is itself consistent with international guidelines such as the UN’s Universal Declaration of Human Rights and the International Labour Organisation conventions.

Equality and diversity

We seek to create a working environment that is open, honest and unprejudiced and which encourages people to reach their full potential. We want to create and sustain a diverse workforce where everybody’s contribution counts and is valued.

The following figures show the percentage of our people who are women, have declared themselves from an ethnic

In this section of the site we set out our approach to the main equality and diversity issues:

Equal opportunities policy

- Leadership
- Ethnic minorities
- People with disabilities
- Age
- Women
- Networks
- Litigation





BT equal opportunity policy

Our Statement of Business Practice includes a specific business principle on diversity – by which we will “treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form”.

This is backed up by the following Equal Opportunities policy statement:

**BT Equal Opportunity Policy**

*BT is an equal opportunity employer and it is the aim of this policy that all persons, wherever they are in the world, should have equal opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work.*

*It is BT's policy that no job applicant or employee receive less favourable treatment in any aspect of employment on racial grounds, or on grounds of gender, religion, disability, marital status, age or sexual orientation, gender status or caring responsibilities, or be disadvantaged by conditions or requirements which cannot be shown to be justifiable. To this end our policies will become the global benchmark, reflecting sensitively the particular circumstances and local cultures of each country and community in which we operate.*

*There must be no unlawful discrimination; direct, indirect or institutional, against any person whether in recruitment, selection, training, promotion or in any aspect of employment. Harassment of any form at work is also a form of discrimination and will be treated as such under the terms of this policy. No form of harassment or bullying, including derogatory remarks at work, will be tolerated. Cases will be dealt with under the BT Harassment and Bullying Policy.*

*The intention of BT's policy is to build upon the statutory position, so that we reflect the diversity of our people, partners and the global cultures in which we operate and to pursue an effective policy of promoting equal opportunity throughout the business. The statutory position is set out in the Sex Discrimination Act (1975); the Equal Pay Act (1970); the Race Relations Act (1976); the Disability Discrimination Act (1995); the Employment Relations Act (1999); and the Human Rights Act(1998).*

*All procedures will be monitored to ensure that the aims of the policy are a reality for all BT people and to ensure that individuals are recruited, selected, trained and treated in all other respects on the basis of their relevant merits and abilities. All employees shall be given equality of opportunity and encouragement to progress within the organisation, in line with their skills and potential.*

*Positive measures will be taken to encourage the recruitment and employment of any under-represented minority group. Our goal is to reflect the diversity of all the communities within which we operate and to carefully monitor our progression toward this goal.*

*All BT people have an obligation to uphold this policy and disciplinary action will be considered where a breach takes place. This could also be unlawful.*

- It follows that all employees must:*
- *Uphold the BT values and respect each other*
  - *Uphold BT's business principles and treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form*
  - *Uphold the wealth of BT's personal and leadership capabilities and value differences.*

Leadership

BT's equality and diversity champion is Clive Ansell, Group Strategy Director, who chairs our Global Equality and Diversity Forum.

The forum is composed of ‘Diversity Champions’ – senior managers from each of our business units. Senior managers also champion specific groups, including race, gender, age, disability and sexual orientation. New members will be joining shortly and will then be announced.

The forum's functions include:

- creating, sustaining and delivering our global equality and diversity strategy.
- providing highly visible and inspirational leadership on equality and diversity.
- promoting processes, practices and behaviours that actively drive equality and diversity in the BT group, relentlessly opposing inequality, prejudice and unethical behaviour.
- agreeing and implementing equality and diversity initiatives across the BT group and within individual lines of business.
- being spontaneous, open, honest, challenging, forward-looking and change-embracing role models for equality and diversity in business.

We are also members of the following organisations:

- Business in the Community [www.bitc.org.uk](http://www.bitc.org.uk)
- Employers Forum on Disability [www.employers-forum.co.uk](http://www.employers-forum.co.uk)
- Opportunity Now [www.opportunitynow.org.uk](http://www.opportunitynow.org.uk)
- Race for Opportunity [www.raceforopportunity.org.uk](http://www.raceforopportunity.org.uk)
- Employers for Work-Life Balance [www.employersforwork-lifebalance.org.uk](http://www.employersforwork-lifebalance.org.uk)
- Employers Forum on Age [www.efa.org.uk](http://www.efa.org.uk)
- Stonewall [www.stonewall.org.uk](http://www.stonewall.org.uk)
- Parents at Work [www.parentsatwork.org.uk](http://www.parentsatwork.org.uk)

Ethnic minorities

In this section we look at our current ethnic minority representation and measures we are taking to improve on it.

**Profile**

8.6% of BT people have declared themselves to be of ethnic minority origin. This represents 8.4% of non-managers and 9% of managers.

In the 2003 financial year, 12.7% of our new recruits came from an ethnic minority background – including 25.95% of new graduates and 7.8% of modern apprentices.

In the half year to September 2003 20% of new entrants came from an ethnic minority background, including 29% of new graduates.

We welcome these increases, which are the consequence of ongoing work undertaken with employment agencies, universities, schools and college careers offices. We have now achieved our target that 8% of our employees will be from an ethnic minority background, and are committed to maintaining this level.

Comprehensive data going back to 2001 is available in the Data and Targets section of this site.

Figures do not include those people who work in our subsidiaries, 11,123 of our overall workforce of 103,453.

Declaration of ethnicity has been restricted in a number of countries in which BT works outside the UK. In 2003 we will be taking steps to ensure that, wherever legally possible, BT people are able to declare their ethnicity and national origin.

One of the key initiatives supporting these objectives is the Ethnic Minority Network for BT employees. This runs development courses, holds an annual conference and contributes to the national debate on diversity.

A further initiative supporting these aims is in higher education, where we are involved in encouraging students from inner city schools and ethnic minorities to seek university entrance, particularly in science subjects, through initiatives such as the Oxford Access Summer Science School.

**Benchmarking**

We take part in an independent benchmarking exercise on ethnic minority issues. In 2002, Race for Opportunity awarded us Gold Standard for our approach to ethnic minority issues and named BT the top performing private sector organisation:

**See also:**

- Oxford Access Summer School [www.oxford-access.org](http://www.oxford-access.org).
- Better World Supplier Diversity Programme

Race for Opportunity benchmarking 2003 (ethnic minorities) – BT results

99 member organisations from the public and private sector took part in the RFO benchmarking exercise. BT's sector classification was Information and Technology. We are pleased to report that as well as achieving top performance in this sector, we also achieved the top performance of all private sector organisations taking part in the exercise for the second year running.

Category	BT score %	Sector average %	Network average %
Leadership	92	48	56
Making the investment	89	35	44
Planning and policy	95	54	67
Communication	94	44	58
Marketing	91	51	54
Sharing ownership	92	31	48
Employment	85	44	58
Community involvement	92	51	59
Working with ethnic minority businesses	91	32	32
Results/impact	91	51	56
Overall performance	92	44	54

BT received a Gold Standard for our overall average score. Platinum standard indicates a score of 95-100, Gold indicates a score of 80-94, Silver 70-80 and Bronze 60-70



People with disabilities

A significant number of people in our society have disabilities. As part of our diversity policy to ensure we meet the needs of all our customers, BT encourages applications from people with disabilities and supports their professional development.

BT is a two ticks disability employer. Under this scheme BT guarantees a job interview to any suitably qualified disabled applicant.

BT also won The Henry Fawcett award in this year's First Class Supplier awards from the Royal Mail. This award recognises achievement in the areas of disability and action in the community.

**Profile**

2% of BT people have declared themselves to have a disability. This represents 2.4% of non-managers and 1.4% of managers.

In the 2003 financial year, 0.35% of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) – including 4.76% of new graduates and 1.6% of modern apprentices.

In the half year to September 2003 0.8% of our new entrants had a disability as defined by the UK Disability Discrimination Act, including 3.5% of new graduates.

We welcome these increases, which reflect our ongoing work with employment agencies, universities, schools and college careers offices.

We are now working towards the target that by March 2004 2.5% of our employees will be people with a disability.

**Initiatives**

2003 is the European Year of People with Disabilities. We see the year as a real opportunity to focus on the inclusion of people with disabilities. In March 2003, we hosted an event called 'Agile Business – Changing Lives', examining the inclusion of disabled people in product advertising and marketing, and in the workplace.

We are a founder member of the Employers' Forum on Disability and sponsored its recent report, Unlocking the Evidence – The New Disability Business Case.

We also facilitate Able2, an active employee network for BT people with disabilities that provides support for individuals through impartial and confidential advice and runs a series of roadshows to enable people to discuss their needs with senior BT managers.

A key issue for people with disabilities is the 'benefits trap' and we are seeking to address this through a trial recruitment of people with no loss of benefits. Therefore in the 2003 financial year we supported the Remploy work experience initiative. This trial is currently taking place in our Warrington call centre where we have provided a trial of six to eight weeks including training. BT pays participants during the trial period but if the job is not suitable, people can leave and return to benefits without reassessment.

AccessAbility Roadshows

A number of AccessAbility Roadshows were held across the UK in 2002. These roadshows, hosted by the Able2 network, provide a forum for BT employees with disabilities and their managers.

The roadshows promote ability not disability, challenge stereotypes, focus on possibilities and identify solutions to barriers that people with disabilities face in their work and career.

**Project Enable**

Project Enable provides support to disabled people and managers to remove barriers, and to make it easy for managers to take the appropriate action. Project Enable has a budget to provide equipment and fund adjustments to the working environment.

Project Enable provides a package of services, consultancy and support, including:

- a helpline to provide expert advice and assistance for when people are, or become, disabled, or whose capabilities are restricted.
- guidance on job redesign, suitable alternative duties and provision of equipment and services.
- improved advice to managers on their responsibilities under the Disability Discrimination Act.
- pro-active support to new recruits with disabilities so they have a good experience on joining BT and feel valued and supported.

**AbilityNet**

We are committed to making our workplace as accessible as possible. As part of this commitment BT supports AbilityNet, which is based in one of our central London buildings. AbilityNet is a charity that brings the benefits of computer technology to adults and children with disabilities, both within BT and the communities in which we operate.

New BT people benefit from pre-recruitment assessments designed to ensure they have the most productive and comfortable equipment available as soon as they join the company.

Existing BT people benefit from easier access to expert assessment and advice, and earlier provision of appropriate reasonable adjustments to their working environment. People in the community also have access to expert assessments and advice.

**See also:**

- Employers' Forum on Disability [www.employers-forum.co.uk](http://www.employers-forum.co.uk)
- AbilityNet [www.abilitynet.co.uk](http://www.abilitynet.co.uk)
- Age and Disability [www.bt.com/age\\_disability](http://www.bt.com/age_disability)

**Age**

Age discrimination is unique in that it may affect everyone in society. Anyone could be considered to be too old or too young.

We have been working closely with the Employers Forum on Age over a number of years and have

contributed to the Government's Age Advisory Group which is currently developing legislation on age.

**Profile**

At the end of December 2002, of the 104,700 people working for BT, over 5,000 of these (5.4%) are due to retire in the next five years.

**Women**

We believe that diversity is the lifeblood of our business. In this section we look at our current gender representation and measures we are taking to improve on it.

**Profile**

23.6% per cent of BT are women, representing 20.1% of senior managers, 23% of all managers and 23.8% of non-managers.

In the 2003 financial year, 32.14% of our new recruits were women – including 42.26% of new graduates and 17% of modern apprentices.

**Retention of women**

Retaining the skills and experience of women in the workplace is important for BT and during this financial year we undertook a comprehensive review of our maternity package benchmarking it against other companies. As a result we responded in two ways: by providing a new, world-class maternity leave package and by an increase in internal focus and publicity on flexible working, to address the difficulties often experienced by families with very young children.

Our new enhanced BT maternity package provides 18 weeks' basic pay and regular allowances (excluding overtime) followed by eight weeks at half pay, lower rate Statutory Maternity Pay or £100 per week, whichever is the greater, followed by 26 weeks at £100 per week.

One of the key initiatives supporting these objectives is the Women's Network for BT employees.

**Pay structures**

As well as the issue of 'equal pay for equal work' there is perhaps a bigger issue that women are more likely to be

Figures do not include those people who work in our subsidiaries.

In the half year to September 2003 22% of new entrants were women, including 35% of new graduates.

We welcome these recruitment figures, which are the consequence of ongoing work undertaken with employment agencies, universities, schools and college careers offices. We have now set the target that 25% of our employees will be women by March 2004.

Comprehensive data going back to 2001 is available in the Data and Targets section of this site.

These figures do not include those people who work in our subsidiaries –10,932 of our overall workforce of 103,453.

**Benchmarking**

In 2003 we took part in an independent benchmarking exercise on gender issues in organisations:

Opportunity Now benchmarking 2003 (gender) – BT results

216 organisations from the public and private sector took part in the Opportunity Now benchmarking exercise. BT's sector classification was Information and Communication.

	Sector norm	BT score	Standard
Motivate	78	100	Platinum
Act	83	99	Platinum
Impact	69	97	Platinum
Overall	77	99	Platinum

Platinum standard indicates a score of 95-100, Gold indicates a score of 80-94, Silver 50-79 and Bronze 20-49.

employed in lower-paid job families. If we accept, as we obviously do, that women are just as talented as men then we must address the underlying barriers that prevent women from undertaking higher value roles.

The majority of BT's graduate and critical skill intake is required for our expanding IT, multi-media and e-commerce units, and it remains a major concern that we are not attracting more girls and women to this fiercely competitive and well paid job market. There is now a real opportunity to make a difference in the profile of the ICT industry which is currently predicting a shortfall, across Europe, of over a million people by 2002.

These barriers exist throughout the whole employment cycle and indeed in some of society's stereotypes. Therefore, whilst we believe it is critical to have specific data-based gender targets and diversity policies and initiatives such as European ICT consortia Career Space, Project Portia and BT's Women's Development Programme, it is equally critical that inclusivity is inherent in all our practices, including our relationships with employees, suppliers, customers and investors.





## Networks

Four employee networks are actively supported by BT's most senior management and use BT technology to reach members across the globe. These are:

- Able2 for employees with disabilities
- BT Ethnic Minority Network
- BT Women's Network
- Kaleidoscope – for our gay, lesbian and bisexual employees.

Our established networks support employees in a wide variety of ways, providing:

- Support and advice
- Mentoring programmes
- Development programmes
- Annual conferences
- Information websites
- Regular roadshows
- A conduit to senior managers
- Contributions to the national and international debate.

We're also pleased to be a supporter of the Government-backed People into Management Network which offers work placement and senior mentoring opportunities in the public and private sector to young people from ethnic minorities.

### See also:

- BT Ethnic Minority Network <http://www.groupbt.com/emn/>
- People into Management Network [www.pmn.org.uk](http://www.pmn.org.uk)

## Litigation

There were a total of 14 discrimination-related litigation cases involving BT in the 2003 financial year. Seven were withdrawn, 0 judged against BT, three settled and two judged in favour of BT. This is a reduction on the 30 cases involving BT in the 2002 financial year, and 43 in the 2001 financial year.

In the current half year, BT has lost one race equality litigation case. (Evidence provided)

Data relating to discrimination-related litigation going back to 1999 is available in the Data and Targets section of this site.

## Learning from discrimination cases

Every discrimination litigation case is a case too many.

For this reason we carefully review our own cases at both practitioner and senior management level. We also review developments in discrimination law as it emerges.

We ensure that our case management continues to be robust and, at the same time, that our educational inputs address any issues that arise.

For example, real life case studies based on BT experience are used by our Diversity Coach trainers in training workshops across all of our Lines of Business where applicable.

We believe that in talking about these real-life cases we provide BT people with the clear message that we will not draw back from addressing shortcomings.

### Learning & development

We seek to provide opportunities for personal growth and professional development. To achieve this we actively encourage learning and development in all our people.

In this section we set out our performance and development framework, including:

- Principles and commitment
- Personal capabilities
- Investors in people
- BT Academy
- New Start

### Principles & commitment

We have made the following learning and development commitment:

*We will set up a partnership with each individual which makes the most of their personal performance, commitment and prospects for employment. We will give our people the appropriate opportunities to develop business capabilities and will evaluate how effective our investment is.*

*We will do the following:*

- 1 Give our managers the necessary resources and personal development to enable them to support their people's learning and development.
- 2 Give our employees ongoing information on the skills and behaviour which we believe are essential to future success and how these can be developed.
- 3 Analyse needs at a business level and an individual level to see what development is appropriate and to assess the value to our business.
- 4 Give our employees opportunities to develop their capabilities and prospects for employment so they can deal confidently with organisational and commercial change.
- 5 Offer a broad range of solutions including work-based activity, formal and informal learning, encouraging the use of group-wide learning solutions through the BT Academy and taking account of individual learning styles.
- 6 Provide an appropriate induction programme for all new employees and those who are changing jobs to make sure they can be effective in new work as soon as possible.
- 7 Provide a range of support and information to enable the career development of our employees. We will encourage learning by setting up and developing formal and informal communities.
- 8 Manage actively the way we develop identified groups or individuals (with the individual involved) so we can make the best use of the talent across BT.
- 9 Make best use of learning and development suppliers so we can get the best commercial value possible across BT.
- 10 Evaluate our investment in learning and development at all levels of the business.

### Investors in People

In February 2003, BT successfully achieved re-accreditation as an Investor in People (IiP). We remain one of the largest companies to measure up to this challenging outcomes-based test.

The 2003 external assessment was carried out by TAN (The Assessment Network). Their assessors met with about 600 BT people from across all lines of business in a variety of structured and informal settings. They also observed business meetings and witnessed the BT Management Council's review of our 2002 annual employee survey.

Their report highlighted the following best practices:

- A striking improvement between this and the previous reassessment, in the alignment of strategic goals and targets to measurable activities undertaken by individuals and groups. Considering the degree of strategic change, the complex activities of BT, the geographical spread and the flexible working conditions, acknowledged as 'an extraordinary accomplishment'.
- Webchats and webcasts direct from the most senior managers to all levels of the organisation.
- Knowledge gathering exercises such as our annual employee survey, Strategic Action Meetings and 'Back to the Floor' initiative.
- Performance management process including one-to-ones, annual development and performance reviews and management by objectives.
- Depth and breadth of technical training.
- Well established culture of training and development.

### BT Academy

We deliver our learning and development commitment through an extensive range of learning programmes and facilities which employees can access through the BT Academy.

More than 60% of our people have accessed the BT Academy Learning System leading to over 275,000 transactions for courses in the last year.

The Academy – a web-based corporate learning portal – is a key part of our commitment to lifelong learning. It uses the latest technology and one of the largest corporate learning management systems in Europe to deliver instructor-led and e-learning to all BT people via our intranet.

Accredited programmes are also available through the Academy, leading to professional and post-graduate qualifications. For example, we have an internet-based Computer Science degree and access course, developed and run in partnership with the Communications Workers Union and Queen Mary and Westfield College. Currently in its sixth year, the course enables BT people to study part-time from home, from the workplace and at residential schools run at CWU Education centres.

The BT Masters programme provides work-based development for BT people leading to a Master of Science (MSc) degree in telecommunications after 20 months of part-time study. Through the use of technology, we have also enabled easier study for professional qualifications

such as the Institute of Chartered Management Accountants (ICMA).

The BT Academy helps people to develop skills not just for their current role but also to help them take advantage of future career opportunities in an industry where the requisite skills are changing rapidly. We believe that people starting their careers will increasingly want to work in companies that make such a commitment to the long-term development of their employees.

### NewStart

Our people have to cope with constant change as a result of market pressures and rapidly evolving technology.

Our long-standing policy of growing our people's skills and capabilities was enhanced in 2001 with the launch of our NewStart initiative. This provides a comprehensive toolkit to enable our people to plan for and deal constructively with change.

NewStart helps people establish a career and life plan that includes the development and re-skilling measures that they and their line managers need to take. Specific assistance includes:

- professional career counselling
- one-to-one coaching
- on-line advertised vacancies
- on-the-job development through job shadowing and agency secondments.

In 2002, the NewStart site was linked to Achieving the Balance, a flexi-working intranet site that strengthens the range of options available to BT people when considering work-life options.

## Pay & benefits

We recognise that if BT is to continue to recruit and retain the best talent, the benefits package that we offer has to remain competitive.

Our current priority is to encourage a culture where strong performance orientation amongst our people is a given.

This section sets out our approach to:

- Employee benefits
- Equal pay
- Pensions

### Employee benefits

As well as a market-tested basic remuneration package, we offer a range of other benefits that promote employee ownership of the company:

- saveshareBT – an opportunity for employees to take an option to buy shares at a discounted rate over three or five years. Over 50% of BT employees currently participate.
- allshareBT – launched in 2002, this gives employees the right to receive free shares based on company-wide performance.
- directshareBT – more than 10% of BT employees purchase BT Group shares out of their pre-tax salary each month.





### Flexibility

We also provide special leave, where we will continue to pay employees who are not at work because they are undertaking particular activities in their community or caring for relatives.

We have also been working towards a shorter working week. Our normal working week for non-management grades was reduced from 37 hours to 36.5 on 31 December 2001 and from 31 December 2002 we achieved a further reduction in the working week to 36 hours.

For the 2004 financial year, our lowest main scale starting salary is £9,518 for a 36-hour week – i.e. £5.07 per hour.

### Equal pay

Our approach to equal pay now encompasses gender, ethnic origin and disability.

We have played an active and constructive role in the gender pay debate over a number of years:

- Our UK Human Resources Director chaired the Equal Opportunities Commission Equal Pay Task Force.
- We were members of the UK Equal Opportunities Commission Working Groups on the Equal Pay Audit Tool and Equal Pay Guidelines.

The Castle Awards are part of the Government's programme of action to address the persistent inequalities in pay between women and men. BT was delighted to receive a commendation in these Awards in October 2002. The judges concluded that BT has 'impressive equal opportunities policies in place and has set a good example in its sector... [BT] has particularly challenged stereotyping and increased the numbers of women engineers'.

However, we have undertaken our own detailed pay gap audits that have revealed a gender pay gap.

We do not believe that the gap has arisen because of active discrimination. Rather we believe it is a legacy of the fact that, traditionally, the BT workforce consisted of a large, primarily male, engineering force, and smaller, mainly female, clerical and operator workforces. Pay structures for the two groups were largely developed in isolation.

This, combined with a previous incremental approach to pay on progression in the management structure, created a gap between those reaching management positions from engineering grades and those reaching it from clerical grades.

By taking a data-based approach we were able to confirm and quantify the existence of the problem and obtain Board level support for strategies and the funds to begin to address it.

Our pay review processes now include guidance on equal pay and, since the start of the 2003 financial year, £2.3 million has been set aside in a specific budget for equal pay issues.

In addition, the introduction of a universal non-management grading structure has eliminated the scope for inequality by bringing together all our non-management pay structures into one cohesive scale.

We also provide considerable support to the Equal Pay Task Force.

### Equal pay activities

Over recent years we have:

- Published an equal pay/equal opportunities policy statement which is reviewed annually.
- Carried out a performance audit to ensure that performance-related pay does not unconsciously support discrimination.
- Changed our promotion remuneration procedures, particularly into management grades, from a percentage of base salary to a comparison with peers and the market.
- Restructured our non-management grading system to a skill-based approach taking into account equal pay. This has provided levelling across the historical engineering grades which typically attract men, and clerical grades which typically attract women.
- Focused our pay review expenditure on the lower end of our pay scales, where there are likely to be more women, due to lack of seniority.
- Included statements about equal pay and the avoidance of discrimination in our annual pay guidance. Specifically briefed our senior managers, who have ultimate ownership of the pay budget.
- Carried out a pay audit following each pay review.
- Agreed the key measures above with our unions, maintaining a dialogue on all equality matters.
- Recognised work-life balance as a key enabler to eliminating some of the barriers, which may be slowing the progress of women in the workforce.
- Actively supported the development of women throughout the introduction of women's only development courses.
- Extended our focus to ethnicity and disability pay monitoring.

### See also:

- Equal Pay Task Force [www.bt.com/equalpaytaskforce/](http://www.bt.com/equalpaytaskforce/)

### Pension scheme

The BT Pension Scheme is one of the largest funds in the UK, with assets of around £22 billion. The scheme currently has over 88,000 contributing members, about 178,000 pensioners and around 96,000 deferred pensioners. Most of our employees have chosen to belong to the scheme and contribute 6% of their salary, with BT paying the balance of costs (currently 12.2% of salary) necessary to provide the promised level of benefits.

The BT Pension Scheme is a defined benefit scheme, with the pension that members receive linked to their final salary in BT rather than the performance of the pension fund. The normal retirement age is 60.

On 1 April 2001, BT closed the BT Pension Scheme to new entrants and introduced the new BT Retirement Plan. The BT Retirement Plan is a defined contribution scheme for new employees, with the pension that members receive

linked to the contributions paid, the performance of the Fund and annuity rates at retirement, rather than their final salary in BT. Members have a choice of seven different funds in which to invest. There are currently around 5,000 contributing members.

This change is in line with the practice increasingly adopted by major UK groups and is designed to be more flexible for employees and enable the group to determine its pension costs more precisely than is the case for defined benefit schemes.

### Hermes Pensions Management Limited

The BT Pension Fund is managed on behalf of the Fund trustees by Hermes Pensions Management Limited, a wholly-owned subsidiary of the BT Pension Scheme. The Fund is controlled by trustees who are BT and Trade Union nominees, with an independent chairman.

The trustees look after the assets of the pension fund, which are held separately from those of BT. The pension scheme funds can only be used in accordance with its rules and for no other purpose.

The Annual Report of the BT Pension Scheme (<http://www.btpensions.net/>) includes a description of the appointment, removal and responsibilities of the pension fund trustees.

### Corporate governance

Hermes is considered a leader on issues of corporate governance and shareholder involvement. It has established a track record of working with company boards to ensure that companies are run by managers and directors in the best long-term interests of shareholders.

Hermes' Corporate Governance and Voting policy (including a statement on social, environmental and ethical matters) is available on the Hermes website. (<http://www.hermes.co.uk/corporate-governance/site/statements.htm>)

Hermes' policy is to support the recommendations of the Cadbury, Greenbury, Hampel and Higgs Reports and, where relevant, the policies of the National Association of Pension Funds and other related bodies.

The policy applies to both the BT Pension Scheme and the BT Retirement Plan.

Hermes exercises its voting rights at AGMs and EGMs and employs a dedicated corporate governance team who maintain a high level of contact with companies through correspondence and meetings. This is particularly the case where persistent failure to meet the Hermes Corporate Governance policy results in under-performance.

Specific examples of engagement are set out in the 'Action as Shareholders' section of the BT Pension Scheme Annual Report and Accounts. (<http://www.btpensions.net/>)

### Socially responsible investment

In July 2000, a new 'Disclosure Regulation' was introduced under the 1995 Pensions Act stating that trustees of occupational pension funds must declare in their statement of investment principles:

- The extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments; and
- The policy (if any) directing the exercise of the rights (including voting rights) attaching to investments.

In response to the Disclosure Regulation, the Trustees of the BT Pension Scheme have agreed that every investment consider the following when selecting the shares in which they invest the scheme's assets:

*"A company run in the long-term interests of its shareholders will need to manage effectively, relationships with its employees, suppliers and customers, to behave ethically and to have regard for the environment and society as a whole."*

Extract from the BT Pension Scheme Statement of Investment Principles

Hermes' active approach to corporate governance incorporates the implementation of this statement.

### See also:

- Hermes <http://www.hermes.co.uk/corporate-governance/site/statements.htm>

### Health & safety

It is one of our business principles to care for the health and safety of each other, our products and our operations. We have also made a specific commitment to promote a healthy lifestyle.

For this reason we have established our 'Significant Incident Rate' as a non-financial key performance indicator and set the accompanying strategic target of a 25% reduction in incidents by March 2005.

The Significant Incident Rate records incidences of injuries, diseases and danger occurrences and stands as a good measure of our success in promoting health and safety.

Since 2001 there has been a 21.2% reduction in workplace accidents and a 23% reduction in occupational ill health cases. This indicates that we are on track to achieve our target in 2005 – though we will only achieve it if we adopt a 'zero tolerance' approach to the causes of accidents and injuries.

We are committed to improving six areas over the coming year: driving; fire and incidents on BT property; international travel health; call centre health; injuries while working on the network; and work-related stress.

These priorities illustrate the breadth of our approach to health and safety – not just the importance of avoiding accidents but also emphasising physical and mental health.

Further details on the rest of our Health and Safety performance data – on rate of absence, sick absence due to accidents and ill health referrals – are available in the Data and targets section of this site.



In this section you can find out more about:

- Our health and safety guiding principles
- Implementation by our Lines of Business
- The issue of stress in BT.

#### Guiding principles

Set out below are our Health and Safety Guiding Principles:

##### **Health and Safety Guiding Principles**

***This Policy acknowledges the commercial advantages and the humanitarian necessity of robust and effective health and safety performance.***

*Health and safety performance is a key indicator of our success in managing the business. Implementing the policy effectively will yield financial and social benefits which will contribute to our vision of being the most successful worldwide communications group.*

***Achieving the aims of the policy will be the responsibility of Line Management.***

*The Group Chief Executive accepts overall responsibility for Safety Performance within BT. The Chief Executive Officer of each line of business will be responsible for safety performance within their sphere of control. Implementation of the policy will be carried out by line managers.*

***Everyone within BT must contribute and feel able to contribute if we are to succeed.***

*Everyone within BT has a responsibility to ensure they take reasonable care of their own health and safety and the safety of others. It is essential that managers and their people seek to work in ways where safe behaviour is seen as normal and unsafe acts are not acceptable. No one will be disadvantaged as a result of raising health and safety concerns or adopting reasonable safe practices. Mechanisms will be established to ensure that all employees and their representative bodies can fully contribute to the safety culture of the business. The provision of Information, Instruction and Training in the most appropriate form will be assigned the highest priority so that all employees understand the risks they face and how to control those risks to a level which is consistent with the objectives of this policy.*

***We will strive to achieve excellence in our health and safety performance wherever we work.***

*Internationally accepted best practice will be adopted as a group-wide minimum level of performance. Assessments of risk will form an integral part of the operational management process. Risks will be reduced to a level which is as low as is reasonably achievable.*

***Competent specialist support and clear technical information will be readily available to all who need it.***

*Appropriate levels of specialist support will be available to managers so that uncertainty about legal or technical aspects of health, safety and welfare issues will not hinder performance. Health and safety solutions will be developed by those who work with the risks. Guidance on safe working practices will be presented in an easily understood style using a format accessible to everyone who needs the information.*

***We expect our partners and others who work with us to share our aspirations in the area of health and safety performance.***

*The health and safety performance of contractors will represent a key criterion used in the selection process. Wherever contractors seek to work for BT, their health and safety policy and performance must equal or better the standards achieved within BT.*

#### Implementation

The following processes and structures underpin the implementation of our Health and Safety Guiding Principles. Each of BT's lines of business will:

- *appoint a health and safety champion who reports directly to the CEO and a BT Management Council Member.*
- *produce an annual health and safety plan, with objectives, targets and responsibilities.*
- *prepare an annual health and safety report demonstrating work done towards BT's health and safety commitment and measuring performance of the annual plan.*
- *maintain a comprehensive inventory of physical, chemical and psychosocial hazards.*
- *carry out formal risk assessment and profiling on all hazards within the inventory, and ensure that a system is in place to implement competent task-based risk checks.*
- *put systems in place to ensure that managers, employees, contractors and customers receive appropriate advice on relevant hazards that have not been eliminated and the potential risks from those remaining.*
- *ensure risk awareness training and risk management systems are in place to successfully implement risk control measures.*
- *ensure that arrangements are in place for the health surveillance of those identified by risk assessment as requiring it.*
- *arrange for sufficient competent support in the areas of safety, health and hygiene.*
- *ensure compliance with the reporting requirements laid down by the BT health and safety champion.*
- *ensure the safety champion has the responsibility to undertake adequate independent audit of the management of health and safety, commit to an action plan to deal with recommendations and have completion of actions verified.*
- *communicate health and safety strategy, planning and performance to all employees and others involved, and involve them in the continuous improvement process.*

## Stress

Stress is the fastest growing category of illness and the second largest cause of sickness absence in BT.

Indeed, stress is the fastest growing category in occupational health in the UK, with the UK Health and Safety Executive estimating that each year five to six million working days are lost due to stress in the UK.

We recognise that people's ability to deal with pressure is not limitless and we are committed to ensuring that unreasonable demands are not made on our people.

This is addressed through job design, resourcing, training and development, and people management. We also provide support for any of our people who are affected by factors outside our control.

BT has adopted a three-phase strategy to deal with stress in the workplace:

- **Primary prevention** – reducing stress at source through workplace and job design. For example, BT's new generation of Customer Contact Centres (Call Centres) have been carefully designed to create working environments which are 'beacons of excellence' in the call centre sector. Flexible working is actively encouraged to help our people balance their various commitments more easily. Comprehensive guidance is provided to BT people and their managers on the causes of stress and how to avoid problems on both an individual and an organisational level.
- **Secondary intervention** – identifying organisational 'hotspots' for stress by tracking data captured through our annual employee satisfaction survey, sickness absence records and unit performance statistics. Effort is then focused on addressing the organisational issues that are causing stress. Individual vulnerability is assessed through team meetings and one-to-one performance discussions. This is now being supplemented by an on-line stress management tool that has been developed with our trade union and targeted initially at the call centre environment. BT-wide roll-out of STREAM, BT's Stress Assessment and Management tool, will commence on 12 January 2004.
- **Tertiary support** – mental health problems are common and work can play an important part in recovery. We emphasise the importance of managers and colleagues keeping in touch with individuals during stress-related absences to help minimise the problems of isolation and demotivation. Formal support is offered through the Employee Assistance Programme and the Occupational Health (?) providing support to the individual employee and to their managers. Rehabilitation and recuperative programmes are used to help people effect a successful transition back into work when sufficiently recovered from their illness.

# BT and the environment

Better World  
BT's Social & Environment Report





# BT and the environment

Telecommunications is generally perceived as an environmentally friendly technology. However, any company the size of BT is bound to have an impact on the environment, as well as on the individuals and organisations we do business with. Indeed, we are one of the largest single consumers of energy in the UK.

We have a duty to manage our environmental impact. We also believe we have a duty to report on our performance, and have been doing so since 1992.

In this document, we report on the wide range of environmental aspects relevant to our business.

## Environmental management system

ISO14001 is an international standard for the certification of environmental management systems. Three of the key requirements are summarised below:

- The organisation shall identify and assess the significance of the impact its activities can have on the environment. These impacts are described as environmental aspects.
- Objectives and targets designed to reduce the organisation's environmental impact shall be established and a programme for achieving these objectives and targets shall be in place.
- The company's environmental policy must contain a commitment to continuous improvement, prevention of pollution and a commitment to comply with relevant environmental legislation, regulations and other requirements.

ISO14001 certification helps keep us focused on reducing the environmental impact of our operations at a time of very significant business, organisational and cultural change for BT.

However, experience has shown us that good environmental management not only yields financial savings, but also leads to efficient business practice.

BT's main impacts on the environment are classified into eight key groups, which are independent of local organisation or location.

The eight elements are:

- fuel, energy and water
- waste
- transport
- emissions to air
- procurement
- product stewardship
- local impacts
- benefits

We used to have a separate aspect group for Environmental Risk, which was formed to ensure that a concentrated effort was made to reduce our major environmental risks arising from fuel storage and hazardous telephone exchange materials. Major projects were put in place to minimise these risks, and as a result we have been able to integrate this aspect into the other aspect groups.

BT's strategy of classifying its environmental impacts by aspect, each with an 'aspect owner' (rather than by location, as is usually the case in business), has proved a sound one. Since 1999, BT has undergone radical structural changes, but the aspect-based registration has proved flexible enough to retain certification for all UK operations, with the exception of BT Global Services and BT Openworld.

An initial environmental impact identification audit of BT Global Services UK and European operations has just been completed and an assessment of US/Asia Pacific operations will be covered later this year.

The output from these assessments is being used to development systems for the collection of environmental performance data from our international operations and the incremental inclusion of the data in BT's environmental reporting on the Better World site.

### See also:

- Better World – Environmental management system
- Better World – Business principles

## Our environmental policy

As part of our continuing drive for quality in all that we do, we developed a comprehensive policy statement. This establishes our targets in sustainable environmental improvement and enables them to be regularly measured and monitored.

In this way we contribute to the future well-being of the environment.

We have undertaken to help every BT person understand and implement the relevant commitments of this policy in their day-to-day work, through regular

communication of the Group's environmental objectives, action plans and achievements.

### Policy extract

BT is committed to preventing pollution and minimising the impact of its operations on the environment by means of a programme of continuous improvement. In particular BT and its wholly owned subsidiaries will:

- Meet all relevant legislative and other requirements, and where appropriate exceed or supplement these by setting our own exacting standards.
- Seek to reduce consumption of materials in our operations, reuse rather than dispose of whenever possible, and promote recycling and the use of recycled materials.
- Design energy efficiency into new services, buildings and products and manage energy wisely in all operations.
- Reduce wherever practicable the level of harmful emissions.
- Market products that are safe to use, make efficient use of resources, and which can be reused, recycled or disposed of safely.
- Work with our suppliers to minimise the impact of their operations on the environment through a quality purchasing policy.
- Site our buildings, structures and operational plant so that we minimise visual, noise and other impacts on the local environment.
- Support through our community programme the promotion of environmental protection by relevant external groups and organisations.
- Include environmental issues in discussions with the BT unions and in BT training programmes; encourage all BT people to implement sound environmental practices.

As a minimum, monitor progress and publish details of our environmental performance in our Social and Environment Report, on an annual basis.

### See also:

- Full Environmental Policy – <http://www.btplc.com/system/OurEnvironmentalPolicy.htm>

## Environmental prosecutions ENV

BT was prosecuted once during the period April 2002 to March 2003.

On 9 December 2002, at Oldbury magistrate's court, BT pleaded guilty to pumping out contaminated water from a manhole, causing pollution of the River Tame in Oldbury. BT was fined £12,500 plus costs.

The magistrates took into account BT's excellent environmental record.

As a result of the prosecution, BT's water testing and pump-out processes, which contributed to the incident, have been reviewed and revised to avoid any recurrence.

## Fuel, energy and water

This section of the report looks at how BT manages its fuel, energy and water resources. It covers the principles, practices and technologies behind our drive to increase the efficiency of lighting, heating, ventilation, air-conditioning, utility, process and power systems, as well as the processes we employ to manage the storage of fuel at our sites.

As in previous years, we continued to focus on our energy management programme, through which we maintain:

- our energy efficiency accreditation
- our fuel storage tank integrity testing and remedial works programme
- our ISO14001 certification.

Another key objective has been to consolidate our energy management and plant replacement strategy, and build on the delivery mechanisms within our supply chain in property, facilities management and energy supply.

Throughout the year, we continued to invest in energy efficiency and in making it part of our normal business process. However, this integrated approach does make it more difficult to separate out the financial data and report fully on the cost savings we have made through energy efficiency initiatives.

Our most significant achievement this year was the continued rollout of 'interval half-hour metering' now installed at 5,900 sites. We now have 85% of all our electrical energy remotely metered, which allows us to identify and eliminate waste energy more effectively. It also means we no longer have to rely on poor quality industry-standard billing.

In addition, our energy management team is now working effectively in partnership with Telereal, owners of the BT estate, to drive forward the delivery of our long-term programmes and efficiency improvements.

### See also:

- Better World – Data and targets
- Recycling and resource use – <http://www.doingyourbit.org.uk>

## Renewable energy

We are committed to meeting and improving on the UK Government's sustainability targets for the purchase of renewable energy, and are working with our suppliers to increase capacity.

Renewable energy has major environmental benefits compared to more conventional methods of electricity generation. These include:

- a reduction in atmospheric pollution which has a negative impact on human health, materials, crops, forests, freshwater fisheries and unmanaged ecosystems
- a reduction in greenhouse gas emissions
- a reduction in noise pollution and improvement in visual amenity.

In 2002/03 we continued to build on our renewables strategy and increased supplies from our Combined Heat



and Power (CHP) contract to 1.6 TWh of electricity. CHP produces 40% less CO<sub>2</sub> when generated.

Also during 2002/03 we managed to secure 17GWh of new green capacity feeding BT Tower and its key exchange building. A further green supply contract was secured, feeding 90% of BT payphones, of almost 28GWh. This represents 2.1% of BT's total electricity consumption in the UK.

However, during 2002/03, our new green electricity purchases dropped to 45GWh: our 2002 achievement was 93GWh. This drop in new green purchases was due to the lack of available capacity.

Taken together, the use of new green and low CO<sub>2</sub> electricity deliver a reduction in CO<sub>2</sub> emissions of 286,000 tonnes compared to brown electricity.

### Energy consumption

We continuously monitor energy consumption throughout our operations, using one of the largest computer-based monitoring and targeting systems in the UK. This has been significantly expanded, using the half-hour interval data collected from over 5,900 sites.

Our investment in new electricity meters, which enable us to monitor consumption on a half-hourly basis rather than on the monthly receipt of a bill, helps us to identify wastage earlier.

Energy consumption for BT's network and estate during 2002/03 was 2676GWh. This is made up of 1727GWh electricity (approximately) for our network, 392GWh electricity (approximately) for our premises and 557GWh (gas and oil use) for our premises.

The approximate emissions from our use of energy can be seen in the data and targets section of this site.

### Trends in energy use

Network electricity use has continued to grow but at a lower rate than expected. The actual growth in consumption was 124GWh compared to the 250GWh we predicted last year. Further work is being undertaken to improve our network growth forecasting and assess the impact of broadband networks. However, the growth in network electricity consumption has been offset by the reduction in electricity use by our office estate of 34GWh. We expect this trend to continue in 2003-04.

Heating fuel use (gas and oil) continues to reduce with improvements shown when the data is weather corrected. Gas use is continuing to rise due to oil to gas heating conversions.

### Energy initiatives

BT is a heavy user of electricity. Here are some of the ways we are trying to reduce our consumption.

### Plant replacement

Our partners in Telereal have continued to use a cradle-to-grave principle of whole-life cost to help us to reduce energy waste.

Whole-life costing continues to deliver savings on our network power and cooling investment programme.

Replacing refrigerant-based cooling units with fresh-air based cooling systems, which are fitted with high efficiency DC motor drives and have more accurate control systems, increases plant efficiency and reduces the use of CFCs.

Our investment in DC power systems also continued, with the roll out of a programme to control and switch off excess rectifier capacity.

### Heating, ventilation and air conditioning (HVAC) investment programme

We have continued to invest in economic efficiency improvements. Initiatives include:

- the installation of liquid pressure amplification (LPA) pumps in the air conditioning chillers of central refrigeration plants. LPA is a new technology designed to increase the efficiency of refrigeration systems. This initiative, which was delivered to ten key sites last year and delivered average savings of 32%, was rolled out to a further two buildings at our Madley earth station site in 2002-03.
- replacement of system controls on our heating plant with Building Management System (BMS) controls. This allows us to integrate the plant heating and cooling control regime to eliminate waste.
- Retrofitting inverter-based motor controls (SAVAWATT) to pumps and fans on HVAC plant continued at a further 73 sites.

### Energy awareness

We have continued our in-house energy awareness programme, both through in-house publications, and an intranet guide to our ISO14001 certification. Workshops with our suppliers and contractors help them to help us maximise our environmental performance. External awareness has also been maintained, with BT winning the 'Liveable City' energy management awards, and being finalists in 'Energy Management Team of the Year'.

### Energy benchmarking and surveys

A number of energy-related key performance indicators have been built in to the contract with Monteray, our building facilities supplier. The facilities management team continues to conduct energy surveys at poorly performing sites, with a view to minimising consumption of energy and water. Web-based electricity exception reports, using half-hour data, have helped our building facilities supplier to focus further on waste, thus benefiting from our investment in metering. This has been augmented by energy surveys from BT within our network buildings, and surveys carried out by specialist consultants as part of the government 'Actionenergy' programme.

### Home working

BT continued its home-working programme, which enables many of our people to travel less and also allows us to close some of our older and less efficient office buildings.

### Contract and supply strategy

BT, in common with many UK organisations, has found that poor quality of electricity billing from the industry has had a negative effect on its energy programmes: because it makes it difficult to quantify the effectiveness of our energy initiatives. We are tackling this problem at a supplier, industry and regulatory level.

### Eliminating waste

Energy targets help our business focus on eliminating waste. They cover the following areas:

- Purchase of green/renewable energy
- Process energy
- Premises energy
- Metered water use

In 2002-03, BT Wholesale invested £845,000 in its energy conservation programme. This has resulted in savings of over 10GWh. A further £40 million was invested in plant replacement of Mechanical & Electrical (M&E) plant.

### Premises energy

Premises energy includes all the electricity, oil and gas required for more than 1,000 offices, warehouses and depots.

Energy usage within our premises is decreasing with further rationalisation of our office estate and the continued refurbishment of our office and depots. The modern office requirement of air conditioning has increased energy usage slightly per square metre, as older buildings are refurbished to our cradle-to-grave benchmark standards. However, as utilisation of these buildings is significantly higher the result is a reduction in office energy use.

Premises energy consumption decreased by 2.74%. Degree-day (pop-up glossary) corrected heating energy was also down by 0.63% from 2002-03, the equivalent 1,630KWh per degree-day. The average degree-days for 2002-03 were 2% higher than for the previous year.

Gas use is continuing to rise due to oil to gas heating conversions. This is clearly shown by the large fall in oil use.

### See also:

- Better World – Data and targets, energy consumption

### Process energy

Process energy includes all the electricity to power more than 6,300 radio stations, satellite earth stations and telephone exchanges that support our voice, data and Internet Protocol (IP) networks.

We continually seek to improve the accuracy of our data collection systems and over the past year, as a direct result of our investment in half-hourly metering and energy management reporting systems, we are now able to quantify and report on the amount of electricity we generate.

BT generates electricity on site using its on-site generators. This is done for load management at peak demand periods, for business continuity or during mains supply failures.

The total amount of electricity we generated in 2002-03, was 9.17GWh.

We have invested extensively in our networks in order to meet the strong growth in demand for new telephony services and second lines, together with the massive demand for mobile and Internet services. In particular, investment continues in new broadband networks, upgraded SDH transmission systems, IP-based switching centres and the rollout of ADSL to our customers.

During 2002-03, broadband penetration increased to over 800,000 connections. We anticipate a further increase in network demand in 2003-04.

### Water

Water is principally used in the BT estate for catering and hygiene purposes. 99% of it is consumed and measured at sites, which have water meters.

A concerted effort has been made to reduce our water consumption by increasing investment in leak detection, underground pipe replacement and water-saving devices. As a result, we have reduced our water consumption by 1.84%, from 2.14 million cubic metres in 2001-02 to 2.01 million cubic metres in 2002-03.

We are close to the economic benchmark for optimising water efficiency in most of our buildings but despite the fact that we did not achieve our 5% target in 2002-03, we will continue to target metered water use.

### See also:

- Better World: data and targets
- Reducing water use – <http://www.doingyourbit.org.uk>

### Fuel tanks

We have several thousand oil storage tanks, many of which are below ground. The oil is used both for heating and to supply stand-by diesel generators, which power the network in the event of electrical supply failure.

Oil is the single largest contaminant of land and ground water. It poses a real threat to drinking water supplies – particularly in sensitive areas close to water abstraction points.

To reduce the likelihood and/or severity of oil pollution incidents, two pieces of legislation, the Groundwater Regulations 1998 and the Control of Pollution (Oil Storage) Regulations 2001, were recently enacted in the UK.

### Fuel tank integrity

The testing, repair and decommissioning of fuel tanks is a vital part of BT's programme to reduce the risk of pollution to ground water and land from the storage of diesel fuel.

### Testing and remedial programme

#### Aims

Four years ago, we initiated an ambitious programme to test all our fuel tanks. A project control board – set up to manage a variety of issues relating to fuel tanks – highlighted the potential environmental impact of these tanks.

To date, we have spent £8.2 million on the testing and remedial work programme and have substantially reduced the risk of pollution from our oil storage tanks.





Scope

A project team, led by our network power and cooling systems team and supported by BT Property Partners, PSL Ltd. – an expert integrity testing company – has visited 5,065 sites, tested 5,594 tanks, passed 4,153 (74%) and provided detailed recommendations for remedial action.

Action

Over 2,985 remedial jobs were identified, 771 of which resulted in the decommissioning of the existing tank and replacement with a new internal tank. The remainder required either pipe-work repairs or other minor works. The testing programme has also identified 782 tanks, which no longer pose a risk to the environment, either because they had already been concrete/foam/slurry filled, or because the tanks had previously been removed from site or the site had been sold.

To enable us to monitor the speed of our response when an integrity test reveals the need for major remedial work, we introduced a measure to ensure that work is concluded within three months of the test date. Our fuel tanks database now contains a facility to alert planners if a failed tank has not been dealt with three months after the test report was logged. However, this is only a ‘backstop’, and in practice, the link between the test contractor and the remedial works contractors ensures that remedial work is completed sooner than this.

Incident reporting

Because of the sheer size of BT’s operations, even with good controls, environmental incidents occasionally happen. To reduce the number and severity of these incidents, it is important that they are investigated promptly, lessons are learnt and any changes are implemented quickly. BT classifies environmental incidents as:

- *local*, where a minor spillage is contained within a very small area
- *significant*, where the spillage covers a wide area but is confined to a hard standing area only and there is no evidence of entry into the drainage system or topsoil
- *serious*, where the spillage has entered, or is likely to enter either the drainage system or topsoil.

For significant and serious incidents, the Facilities Management helpdesk is informed and a specialist contractor is contacted to clean up the spillage. For serious incidents, the Environment Agency (EA) or the Scottish Environment Protection Agency (SEPA) are also informed about the incident.

Investigation process

The BT Wholesale Power Technology Support team, which already investigates major power-related incidents, now investigates fuel-related serious environmental incidents. The team’s investigative skills, technical understanding and legal/regulatory awareness are helping to improve our performance in this area.

Last year, a new process was established, which required details of incidents to be recorded on a database. In the

financial year 2002-03, 20 actual, or potential, spillage related incidents were investigated by the PTSG, with recommendations made for improvement where appropriate. Of these, 16 were classified as serious, one as significant and one as local. Additionally, two cases were investigated where conditions found on site required remedial work to avoid any potential incident occurring in the future.

The approximate known quantity of diesel fuel lost as a result of these incidents is 3,623 litres.

Site questionnaires

A comprehensive site questionnaire has been developed to improve our detailed understanding of the environmental risks associated with each of our facilities. It covers information such as drainage plans, the proximity of the fuel delivery points to drains, and whether the site has oil interceptors that are regularly maintained.

By the end of September 2002, questionnaires were completed for all of BT’s sites.

The programme will now continue and the assessments will be reviewed as part of an annual cycle by BT’s contracted Facilities Management supplier, Monteray.

Oil recovery

In the last financial year 2002-03, 994,133 litres of oil have been removed from tanks that have been decommissioned as a result of our integrity testing programme or conversions from oil to gas-fired heating systems.

Of this, 174,833 litres have been reused for heating purposes at other BT sites. 507,200 litres has been reused in replacement generator tanks. Where it has not been possible to reuse internally within BT, other external reuse options have been considered. 238,500 litres of recovered oil have been sent for reuse in the manufacture of road surface material. As a last resort, we disposed of 73,600 litres as controlled waste so that the fuel tank decommissioning programme would not be delayed.

See also:

- Better World: data and targets

Waste

The production and correct disposal of waste from our operations are key environmental issues for BT. We produced around 90,000 tonnes of waste in 2002-03 and to maintain our ISO14001 certification, it is essential that we have efficient and effective waste management systems.

As with BT’s other environmental aspects, all BT’s waste management activities are under the control of a single aspect owner. This ensures a uniformly high standard of waste management throughout the company.

In the financial year 2002-03, we recycled 24% of the total waste we generated (27,809 tonnes) and sent 89,878 tonnes of waste to landfill. We increased the amount of waste we recycled by 16% and we reduced the amount of waste sent to landfill by 1%.

Types of waste generated

- Category 1 – waste that does not present a danger of environmental pollution.
- Category 2 – waste that is not toxic or hazardous in unmodified form, but which has the potential to become so if not treated properly on disposal.
- Category 3 – waste that is inherently toxic or hazardous and requires the most careful handling at all stages of the disposal process.

See also:

- Better World – Data and targets

The BT Waste Forum

Our Waste Forum is chaired by the ‘Waste Aspect Owner’ and meets every two months. It is attended by key people from across the Group.

The Forum’s role is to:

- set and monitor waste environmental targets
- review contractors’ environmental performance
- ensure BT complies with all environmental legislation
- manage BT’s packaging obligations
- promote and communicate environmental initiatives and awareness
- consider any new environmental ideas.

Waste targets 2002-03

In this period we had mixed success in meeting our environmental improvement targets:

- We increased the amount of items we recycled (measured in tonnes) by 16%, a significant improvement to the 10% target we set.
- Unfortunately, we only managed to reduce the amount of waste going to landfill by 1%, against our target of 5% (based on the outturn figures for 31 March 2002). This is because, as stated when the target was set, we were carrying out a major clean up of many of our large sites, which significantly increased the amount of waste we recovered. However, the clean-up campaign has had a positive effect on the amount of waste we recycled! (see above).

BT’s Waste Aspect Owner is also responsible for a number of targets in other environmental impact areas where there is Facilities Management involvement.

These are:

- We met our target to phase out all Halon portable fire extinguishers in advance of anticipated legislation.
- We met our target to phase out all Halon fixed automatic flood systems in advance of anticipated legislation.
- We have met our target to identify the total volume of refrigerant used in our ‘estate’ cooling plant (excluding networks).
- We met our target to ensure that risk questionnaires were completed for the whole of the BT estate. These questionnaires are designed to improve awareness of the environmental impact of our facilities.

- We met our target to complete routine tests to the modified MM23 routine, on all bulk fuel tanks.
- We met our target to have drainage plans at all our sites.

See also:

- Better World – Data and targets

Outsourcing initiatives

In one of the biggest property deals ever seen, BT sold the vast majority of its estate in the year 2001-02 to Telereal, a joint venture between Land Securities and The Pears Group. However, we still retain responsibility for the environmental impact of our activities.

Facilities management of the whole estate, comprising around 7,000 properties, was outsourced in April 2001. A key factor in choosing our contract partner, Monteray, was their ability to work to the same high environmental standards that we set ourselves.

Contract management

A team known as the ‘Informed Client Unit’ (ICU) manages both the Telereal and Monteray contracts and liaises with them to improve environmental performance.

Recycling

We continue to promote a wide variety of recycling initiatives. This is not only good environmental practice, it makes good economic sense by reducing our landfill costs, and in some cases earning revenue.

Here are the quantities recycled during 2002-03 for some of our schemes:

Cable	4,434 tonnes
General office recycling	7,719 tonnes
Telegraph poles	6,551 tonnes
Metal	2,056 tonnes
Telephone exchange equipment	2,679 tonnes
Telephone directories	359 tonnes
Clothing	2.88 tonnes

In addition BT disposed of over 17,203 tonnes of waste from manhole pump-outs (see Better World data & targets section, waste model).

Initiatives

Material Recovery Facilities (MRFs) were introduced into the BT Waste Management process in 2001-02 as part of the waste contracts managed on our behalf by Monteray. MRF facilities continue to be introduced and expanded.

At an MRF site, general waste is sorted at a waste station before being sent to landfill. Any items which can be recycled (such as paper, cardboard, metals, uncontaminated plastics, etc) are taken out and only the remainder goes to landfill. We have actively supported the introduction of such activities for our waste contracts: MRFs are now working at a number of sites across the country and will expand further.



# Transport

BT fleet manages BT’s commercial and company car fleets. The scale of our business makes BT a major player in the fleet industry; and we use our considerable purchasing power to ensure we achieve the best possible value for money and lowest whole-life costs.

We provide end-to-end transport services for BT, including full-service leasing, specification and procurement, service maintenance and repair, fleet management and used vehicle sales.

To minimise our environmental impact, BT Fleet adheres to environmental standards including ISO14001. We work collaboratively with our customers on fleet efficiency and cost reduction initiatives. BT Fleet has an ongoing commitment to report to BT on the environmental impact of its vehicles.

As part of the strategy to grow the business in both the internal and external markets, BT Fleet became a wholly owned subsidiary within BT in 2002, and has a five-year exclusive contract with BT.

### Commercial vehicle fleet

BT’s commercial fleet of 33,979 vehicles is one of the largest in the UK. Over the past five years, the size of our fleet has reduced by 7.5% and fuel consumption has reduced by 16%. Full details are available in the data and targets section of the Better World site.

These beneficial environmental reductions have been influenced by a number of initiatives and policies:

- Engineering productivity targets and systems that have improved vehicle routing to eliminate unnecessary travel.
- Operational policies that optimise vehicle utilisation.
- Vehicle replacement cycles that ensure the current fleet benefits from latest technologies and emission standards, while delivering greater reliability and lower maintenance frequency and costs.

BT Fleet has been working with BT’s major operational groups in the development of their Transport Plans for 2003/2004. These are aimed at delivering financial savings and operational improvements that we believe will lead further environmental benefits from reduced fuel usage. There are a range of work packages and targets being delivered, which include:

- target to remove 832 vehicles from the commercial fleet and achieve a 1 man 1 van ratio
- targets to downsize to smaller more fuel efficient vehicles eg new Transit Connect
- The removal of Taxi’s – vehicles that are used only to ferry people from home to office
- Under-utilised vehicles/low mileage users – looking to identify alternatives such as pool vehicles.
- High Mileage users – to understand why these are high mileage and looking to see if better resource planning can reduce the mileage covered.
- Larger/ specialist vehicles – looking at the opportunities for pooling vehicles within defined geographical areas.

- Fit for purpose fleet – looking here at the fleet mix to standardise and downsize where possible in order to develop a national fleet template for each key work function.
- Identifying best practice across matching work areas in respect of fleet mix, people to vehicle ratios, and developing a fleet template for each of these key work areas, and wherever possible, downsizing.

### See also:

- Better World – Data and targets

### Company car policy

BT’s most recent company car scheme supports the key objectives of the government’s emissions-based company car taxation initiative, by offering the following benefits:

- Increased allowance to employees who choose to opt out of company car ownership.
- Improved tax efficiencies for employees with a ‘business need’ for a company car who opt for lower-emission cars.
- Improved advice and communications to company car drivers, encouraging users to choose lower-emission cars.

### Reducing fuel consumption

As car users will no longer be chasing mileage thresholds in order to benefit from the tax breaks in the current regime, we anticipate that our overall mileage will reduce. We also now reimburse our people for business travel according to their grade, and not, as was previously the case, according to car engine size – in other words, we will no longer finance ‘gas-guzzlers’.

We also have a ‘penalty’ for those who still choose to be gas-guzzlers! Cars that fall in Fuel Category A (those that return less than 23 miles per gallon) are subject to a £20 per month surcharge on their users’ hire charge.

Since the introduction of these initiatives, the company car fleet size has reduced by 21%. There has also been a combined mileage reduction of 64 million kilometres, for company cars and private vehicles on BT business, as well as a reduction in hire car mileage of 46%.

However, as a result, we believe that this is what has caused us increased expenditure on second class rail travel of 7.5%, offset against a decrease in first class rail travel of 2.87%.

### Online ordering

Our company car ordering system for car drivers is completely web-based, with links to all the vehicle manufacturers as well as all new vehicles Fuel Consumption and CO<sub>2</sub> Emission data. This enables drivers to make fully informed new car choices and supports the government’s aim of encouraging the selection of lower-emission cars.

Information to help drivers minimise their impact on the environment is also included on the site.

### Alternative fuels

BT’s fleet consists predominantly of medium and large vans – nearly all dieselpowered. There are alternatives, but each has its drawbacks:

- We could replace diesel vehicles with petrol-run vehicles, but this would reduce fuel economy, as petrol vehicles are inherently less efficient than diesel equivalents.
- Liquid Petroleum Gas (LPG) is the cleanest-burning fossil fuel, but supplies are limited. Moreover, the additional space and loading specification needed to store the LPG tanks would mean replacing existing vehicles with larger, less fuel-efficient vehicle types. Equally, replacing diesel vehicles with petrol would further reduce fuel economy, as petrol vehicles are inherently less efficient than diesel equivalents.

- ‘Dual fuel’ – since it is not possible to convert diesel engines to run on LPG, we would have to bring in new vehicle types with LPG tanks – and currently, these are larger and less fuel-efficient than our existing fleet vehicles. However, as manufacturers expand their model range of dual fuel vehicles this has become a more viable option for BT. We will therefore review their use for ‘business need’ company cars and fleet vehicles operating in cities, in order to reduce vehicle emissions and gain exemptions from congestion charges.

### See Also:

- Better World – Data and targets

1995 Model	Cycle 1 MPG	Cycle 2 MPG	Combined MPG	Veh Average
Driver A	23.90	26.46	25.18	24.49
Driver B	23.25	24.35	23.80	
2000 Model Cycle	1 MPG	Cycle 2 MPG	Combined MPG	Veh Average
Driver C	24.58	26.46	25.52	25.29
Driver D	24.76	25.36	25.06	

### Fuel economy

For the past three years BT Fleet has taken part in vehicle technical trials organised jointly by Institute of Road Transport Engineers (IRTE) and Brewery Transport Advisory Committee (BTAC). The aim of the trials is to test the effect of new vehicle models and/or market enhancements on vehicle fuel efficiency. This two-day event is funded by the DETR under its Energy Efficiency Best Practice Programme.

At the 2003 trials we tested our 3.5 tonne engineering vehicle, comparing the fuel economy of the 1995 and 2000 model year vehicles. The 1995 model has a 2.5 litre capacity diesel engine compared to the smaller capacity 2.4 litre diesel engine and lower body profile of the 2000 model. The vehicles tested were equally laden, had been in service for approximately 10,000 miles and therefore considered to be ‘run-in’.

The vehicles were subject to a series of test cycles on the track that resulted in a 3.3% overall improvement in fuel consumption for the 2000 model over the 1995 model:

### Fuel efficiency devices

BT fleet has recently been evaluating a fuel economy device. The analysis of the data and final report concluded average fuel savings of 12.49% and emissions reductions (smoke) of 36.42%.

Further tests, involving the new generation Transit at Vauxhall’s proving ground at Millbrook, found similar reductions. We have now asked Ford to investigate for any detrimental effect the device may have on the engine. They have found a ‘wax’ build-up in the fuel injection system of the trial vehicle, and we await their final report.

Together with the vehicle manufacturer BT has also been exploring a new product that has potential for our heavy engineering vehicles. This device regulates LPG into the inlet manifold of diesel engine vehicles and effectively reduces the amount of diesel fuel used. The manufacturer of the product claims that independent tests have confirmed improvements of between 5 and 18% fuel economy, 20% more power and up to 20% more torque. However, the vehicle manufacturer has advised that the device is not compatible with their new diesel engines and would therefore invalidate the warranty.



# Emissions to air

## Noise suppression

We have worked hard to develop specifications that minimise noise for our operators and those in the vicinity of our specialist cabling vehicles. Over the years we have:

- Developed the vehicle specifications to include higher horsepower engines (allowing operation at lower engine revs).
- Introduced sound deadening panels behind the engine.
- Revised the hydraulic valve component to reduce noise.

Despite increased power demands, we have reduced 'noise at the operator's ear' which means that our operators do not have to use ear defenders.

We also specify that all vehicles fitted with hydraulic systems return to tick over when not powering the system. This reduces fuel usage and exhaust fumes, and keeps operating noise to a minimum.

## Electric vehicle trial

BT is again taking part in the TH!NK@bout London mobility project launched and supported by motor manufacturer Ford. This project helps businesses and environmental groups in London join forces with local, regional and central government to introduce electric vehicles to the city's streets.

Phase 1 began in August 2001 when London Mayor Ken Livingstone presented BT Fleet with the keys to a brand new electric vehicle for the company to use around the capital. Phase 2 began on 9 April 2003 when BT Fleet were again presented with a Th!nk car to use in London for 18 months.

The silent, zero-emission electric car provided by TH!NK@bout London will again be used by a network planning team for light delivery work and site visits in and around the capital. The electric car, which replaces a Ford Fiesta van, is fitted with telemetry systems to check performance. The data is sent directly to Ford for analysis.

Like phase 1 of the scheme, phase 2 was heavily oversubscribed and BT was one of 15 companies chosen to participate as we were considered an environmentally aware, high-quality and innovative organisation that reflects the diversity of transport users in London.

There are now 88 Th!nk cars on the road in the UK under various schemes, including – Th!nk@bout London, Th!nk@bout London Boroughs, Th!nk@bout Edinburgh.

The Th!nk electric car will continue to be rigorously tested around the streets of London on a daily basis.

### See also:

- Th!nk@boutLondon – [http://www.thinkaboutlondon.co.uk/default\\_ns.html](http://www.thinkaboutlondon.co.uk/default_ns.html)

Emissions to air simply means the release of gases into the environment, similar to exhaust gases that come from a car engine. It is an environmental aspect that is particularly highly regulated.

At BT we monitor the emissions to air of a number of substances that impact adversely on the environment and contribute to climate change (ozone depletion and global warming). The most significant of these are emissions from the use of fuel in our vehicles, and losses of refrigeration from air conditioning plant and fire-suppressant gases.

For the past four years, BT has been reporting on its impact on climate change in accordance with the Department of the Environment, Transport and the Regions (DETR) Guidelines for Company Reporting on Greenhouse Gas Emissions, which recommend that 'impact' is measured in equivalent tonnes of CO<sub>2</sub>. Our records show that:

- compared to 1991 we have achieved a 60% reduction in CO<sub>2</sub> emissions due to the energy programmes we have introduced.
- compared to 1992 we have achieved a 35% reduction in CO<sub>2</sub> emissions due to the transport programmes we have introduced.

This is equivalent to an annual saving of almost 1.2 million tonnes of CO<sub>2</sub>.

For further details see data and targets section of the Better World site (CO<sub>2</sub> Model and CO<sub>2</sub> equivalent emissions chart).

We also report on our ozone-depleting substance emissions (as defined by the Montreal protocol) in accordance with the requirements of the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines – i.e. equivalent tonnes of CFC-11. For further details see the data and targets section of the Better World site (CFC-11 equivalent emissions chart).

## Refrigerants

Wherever possible, we use fresh air to cool the telecommunication equipment in most of our telephone exchanges. However, on warm or hot summer days the outside air temperature results in high internal temperatures and we have to switch on the refrigeration cooling of our air conditioning units.

On a broader level we also play an active role in making telecommunications products and environments more efficient in terms of cooling.

### Fresh air cooling

We are able to use fresh air cooling because we insist that as far as possible communications equipment complies with the requirements of the European Telecommunications Standards Institute. This means we can make full use of fresh air cooling – with its inherent lower energy and maintenance costs – for about 70% of the year.

## Refrigeration cooling

Our key environmental concern here is to prevent the accidental release of refrigerant gas.

To this end, all cooling units purchased since February 2000 use ozone-friendly, chlorine-free refrigerant R407C, and hermetically sealed refrigeration units.

In addition, air conditioning units are fitted with pressure transducers, a new control system, and are designed to be operated without the need for refrigerant analyser gauges, through which refrigerant gas can escape.

At five large London sites, we are refurbishing and replacing large centralised chilling plants that use the CFC R11, an ozone-depleting refrigerant. Refurbishment of three of the sites was completed by March 2002 and the fourth site was completed in July 2002. The remaining site is being left in operation until building closure in 2005.

We continue to monitor available refrigerants that comply with the requirements of the Ozone Depleting Substances Regulations 2037/2000 and will, where possible, use HFC refrigerants in new and existing plant.

## Product design

Through our active participation in the European Telecommunications Standards Institute (ETSI), we continue to explore opportunities to improve the energy/cooling efficiency of the equipment we purchase and influence the design of future communication equipment to ensure that standard cooling practices can be applied.

In the financial year 2002-03, BT and Marconi jointly submitted a proposal to ETSI intended to aid a harmonised cooling approach in the interests of energy/cooling efficiency and the free movement of goods into Europe.

## IT environment design

We have also participated in a research project with the Buildings Services Research and Information Association (BSRIA) on the Integrated Design of IT Communications Rooms. This looked at:

- the different options for air flow management to allow optimum cooling – for example, raised modular floors, ventilated ceilings, ducted distribution and 'free blow' installations.
- alternative methods of cooling – fresh air, refrigeration cooling and chilled water.

The project has now been completed, with the final report due for publication in the very near future. We will provide an update on this project as part of our next report review.





# Procurement and the environment

## Action on climate change

BT has been reporting on its greenhouse gas emissions since the publication of the Department of the Environment, Transport and the Regions (DETR) Guidelines for Company Reporting on Greenhouse Gas Emissions.

## Energy and vehicle emissions

Energy and fleet management is firmly embedded in our management systems and we have been monitoring our energy and fleet-related CO<sub>2</sub> reductions over the last few years.

- Compared to 1991 we have achieved a 60% reduction in CO<sub>2</sub> emissions due to the energy programmes we have introduced.
- Compared to 1992 we have achieved a 35% reduction in CO<sub>2</sub> emissions due to the transport programmes we have introduced.

This is equivalent to an annual saving of almost 1.2 million tonnes of CO<sub>2</sub>.

## Exceeding government targets

Our emissions savings already exceed the UK Government's 'self-imposed' target – which in itself goes beyond the Kyoto Protocol target of 12.5% and is intended to achieve a reduction of 20% in greenhouse gas emissions (from a 1990 baseline) by the year 2010.

## See also:

- Better World – Data and targets

BT spent over £8 billion during the 2002-03 financial year on products and services, ranging from telephone exchange equipment and vehicles to accommodation, fuel and energy, stationery, office machinery and postal services.

This makes us one of the UK's largest purchasers, with an environmental influence that extends well beyond that of our own staff and workplaces. In recognition of this fact, for ISO14001 certification, BT identified 'Procurement' as one of eight company activities that have an impact on the environment (an 'environmental aspect').

## Environmental objective

BT reviewed its Procurement environmental objective in 2002. The outcome of this review is as follows:

We will continue to seek to influence our suppliers and contractors through our purchasing policy concerning the environment. However, we now have specific objectives to ensure appropriate supplier environmental data is collected and, following evaluation of our suppliers' environmental impacts, to encourage improvement of poor performers in significant risk areas.

We have therefore adopted a risk-based approach – focusing attention on encouraging environmental improvements where the greatest impact can be made.

## See also:

- Better World – Data and targets

## Progress in 2002-03

### Development of new purchasing 'environment processes'

Since 1992, BT has aimed to influence the environmental performance of many of our suppliers through the use of a supplier environmental questionnaire (GS13). In 2002, we underwent a comprehensive review of this process and have created a new two-pronged process for managing environmental issues with our suppliers. Utilising technology to ensure central collection of data and minimise the resources required, we have developed two questionnaires to enable us to identify risk and take appropriate action where required:

- **Product Stewardship Questionnaire (GS19).** This takes account of environmental issues relating to electrical and electronic products supplied to BT. In particular, it addresses the issues covered by the WEEE (Waste, Electrical and Electronic Equipment) directive. Responses are considered at the tender stage.
- **Environmental Impact Questionnaire (GS13).** This takes account of a supplier's overall policies and procedures for managing environmental issues. With a pre-contract award commitment to working towards continuous improvement if required, this questionnaire is completed post-contract award and enables BT to identify and to drive continuous improvement in significant risk areas where required.

The new process, having successfully undergone a trial and been approved by external auditors, was launched in November 2002.

## Buyers awareness training

To support the implementation of the new purchasing environment processes (GS13 and 19), 11 training seminars have been attended by 182 (57%) of BT's buyers. The training was designed to help them understand why this initiative is important to BT, the reasons for changing the process and their role in ensuring its successful delivery with BT's suppliers.

Health-checks have been conducted to determine the extent to which our buyers are implementing the new process, and key aspects of the initiative are being reinforced by presentations at their team meetings.

Following the launch of the new process in November 2002 and the delivery of the training sessions, a total of 473 requests have been made by buyers for suppliers to complete the GS13 questionnaire. 314 suppliers have already submitted a response, and BT's buyers are working with 103 of these to encourage environmental improvements.

## Recognition of suppliers excellent environmental performance

Through the BT Investor in Excellence awards, which recognise best practice among our suppliers, we have continued to reinforce the message to our suppliers that their environmental improvements are important to us. The winner of the Commitment to Social Responsibility award category for 2002 was given to Finnforest, which had made improvements to its water treatment, waste reduction, and groundwater monitoring processes (see case study).

## See also:

- Selling2bt – <http://www.selling2bt.com/html/working/environment/default.asp>

## Case study

### Telephone poles – Finnforest BBH Limited

Last year's winner of the Investing in Excellence Awards (Commitment to Social Responsibility category) was Finnforest BBH Limited.

Finnforest BBH Limited is a company with whom BT has a long partnership history. For over 100 years they have been supplying us with telephone poles.

Finnforest has clearly recognised the need to revisit established business practices in order to make a positive contribution to the environment in which they work.

The judges commented:

*"This company is a long-established operation" "Dyed in the wool" specialist suppliers can sometimes be hard to shift when a sea change in social responsibility challenges their established way of doing things. Not this company. Their commitment, and what has resulted from it, has strengthened their future and turned them into a very modern contender."*



# Why Product Stewardship (PS) is so important

As part of their aim to achieve an environmental accreditation standard, Finnforest appointed an environmental consultant and an environmental scientist to look at their business processes. Great changes and great improvements followed:

- They have modified their creosote treatment process, introducing an energy efficient heat exchanger unit that has greatly reduced their CO<sub>2</sub> emissions.
- Importing dressed, as opposed to rough wood poles, has enabled them to reduce freight costs to the UK, a saving that has been reflected in the cost of the product to BT. This, together with further energy efficiency savings, produced total savings of almost £70,000 per annum.
- At their treatment facility in Scotland, close to a salmon fishing river, Finnforest carry out groundwater monitoring on a weekly basis to check that the river remains pollution free.
- On a wider scale, their environmental management team now plays an active role in initiatives such as Forests Forever and other sustainability programmes.

It is for these reasons that BT awarded Finnforest the Investing in Excellence Award for 'Commitment to Social Responsibility' for 2002.

## Future plans

- Over the coming year a key focus for us will be to encourage environmental improvements with our suppliers, where this is identified as a requirement following their completion of the GS13 risk assessment questionnaire.
- In April 2003, BT signed up to level A2 of the Mayor of London's Green Procurement Code. We are therefore committed to holding one-to-one discussions with London Remade over the coming year, to explore practical opportunities for us to specify and purchase products made from recycled materials.

In association with these activities we have set a number of targets.

## See also:

- Better World – Data and targets
- London Remade – <http://www.londonremade.com>

Our linked-up world runs on electronic products. The drive to make better, faster, cheaper products can be good for customers and good for business, but it also creates waste.

We accept that when we buy products for use in our own business or for onward sale, we are placing demands on the Earth's resources:

- Our organisation may not carry out mineral extraction, but through our supply chain, we inevitably cause minerals to be extracted.
- We may not manufacture goods, but the demand we create inevitably causes materials and energy to be consumed and waste to be produced.
- Our responsibility does not end when we supply on to others. Even when we no longer own products, we have caused them to be created. We share a responsibility for: minimising the energy consumed during the life of our products; reducing the use of hazardous materials in their manufacture; and enabling reuse, recycling and ultimately, safe disposal.

'Product Stewardship' is a set of principles designed to reduce the environmental impact of a product throughout its life cycle. Because it focuses on the design stage, when critical decisions affecting the product's future performance are made, Product Stewardship plays an important part in sustainability.

As well as benefiting the environment, Product Stewardship can also bring benefits to the business. This can be achieved by:

- Taking back products at the end of their useful life enables them to be refurbished and reused, thus reducing landfill and increasing revenue.
- By Incorporating eco-design into products, it is possible to reduce manufacturing, use and recycling costs, because issues such as energy use, durability, materials content and recycling options are considered at the design stage, when recommendations for improvements can be more easily adopted.

In this section we report on the legislative and business drivers of Product Stewardship in BT, and on our own initiatives in this area.

## See also:

- Better World – Data and targets

## Why we have to manage our products

### The PS role in supporting sustainability

PS is a product-centred approach to reducing the environmental impacts of consumer (and business) products – particularly electrical and electronic equipment (EEE).

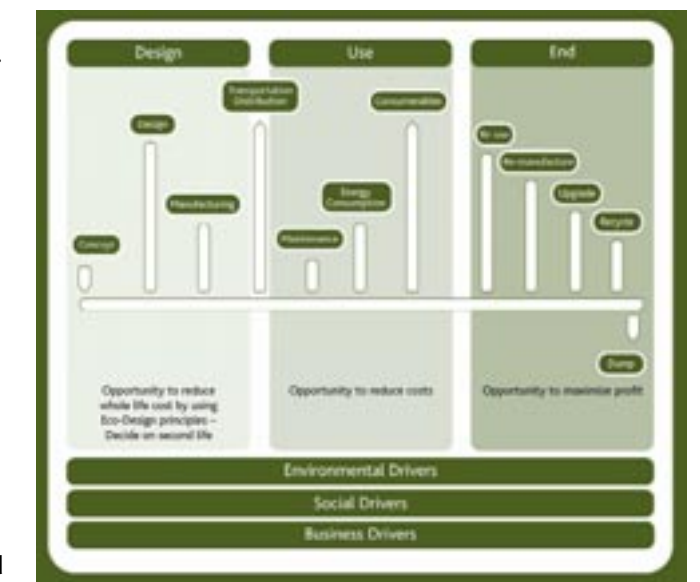
PS challenges manufacturers of EEE to consider the entire life-cycle impacts of a product and its packaging by:

- minimising the actual amount of material that is used
- reducing or eliminating the use of toxic materials
- minimising the energy used in sourcing, processing, manufacturing and transport

- extending the absolute service life by incorporating "future-proofing" into product design to maintain/enhance functionality
- incorporating characteristics which enhance durability while in service

In summary, the objective of PS is to encourage manufacturers to redesign products with less material, no toxic materials, and to make them more durable, reusable, and recyclable, and with recycled materials. Also, take increasing responsibility for the end-of-life management of the products they produce.

Although BT is not a manufacturer (except for many BT badged products) it is a vast user of EEE both for own use e.g. Network equipment and customer provided equipment e.g. routers, servers and consumer products such as modems, telephones etc.



This simplified diagram shows the PS process – the height of the indicator shows environmental benefit e.g. reuse has a greater benefit than re-manufacture.

## Legislative Drivers

The waste stream of electrical and electronic equipment (EEE) has been identified as one of the fastest growing in the EU constituting 4% of the municipal waste today, increasing by 16-28% every five years – three times as fast as the growth of average municipal waste.

The EU have sought to redress this growth in EEE by creating new Directives which became European Law on 13 February 2003, which member states must implement by 13 August 2004:

- Directive 2002/96/EC of the European Parliament and of the Council of 27 January 2003 on waste electrical and electronic equipment (WEEE).
- Directive 2002/95/EC of the European Parliament and of the Council of 27 January 2003 on the restriction of the use of certain hazardous substances in electrical and electronic equipment (RoHS).



Both Directives aim to minimise the use of hazardous materials in electrical and electronic equipment, to minimise the amount of hazardous waste going to landfill, and to encourage reuse of materials.

This will be achieved by setting targets for collection, treatment, recycling and recovery of waste electrical and electronic equipment. It embraces the concept of extended producer responsibility, requiring manufacturers to finance 'take-back' schemes for equipment at the end of its life.

Furthermore, certain materials defined as hazardous will be banned from electrical and electronic products. For example, lead-based solders, mercury, cadmium and brominated plastics will no longer be allowed to enter landfill sites without appropriate pre-treatment. This will significantly reduce the environmental pollution created by these materials (and their potential to enter the food chain and impact human health). We welcome this groundbreaking legislation because it supports our desire for sustainability.

The BT Product Stewardship team advises the company on the impact of specific pieces of impending legislation.

In preparation for the WEEE directive, BT has launched a new process (GS19) requiring its suppliers to provide information about their products and how they propose compliance with the new directive (see later section about GS19).

On the horizon is a further (more demanding) EU Directive known as the End use Products (EuP). This was published by the European Commission in August 2003 and is based on proposals by Directorate-General for Enterprise and Directorate-General Transport & Energy. This Directive will mean that any new electrical or electronic equipment must have its environmental impact measured using life cycle analysis, and have followed eco-design principles, before it can be 'CE' marked and sold in Europe.

#### Contributing to legislation

BT continues to make a positive contribution to legislative developments by working with industry bodies, such as the Industry Council for Electronic Equipment Recycling (ICER), which provides forums for discussion with trade associations and feedback to UK government departments such as DTI and DEFRA.

As an active member of ICER, we work closely with manufacturers and recyclers with similar responsibilities on how to solve issues such as how the various targets will be met, providing data and how to organise waste collection.

We also contributed to the first round of consultation carried out by the DTI for the implementation of the WEEE and RoHS Directives in the UK.

More information about the work of these EU Directorates can be found at:

- <http://europa.eu.int/comm/enterprise/> and
- [http://europa.eu.int/comm/energy/index\\_en.html](http://europa.eu.int/comm/energy/index_en.html)

#### See also:

- ICER – <http://www.icer.org.uk/>
- DTI legislation – <http://www.dti.gov.uk/sustainability/index.htm>

#### Product Stewardship in action

##### Broadband end-user study

In the 2002 financial year we carried out a study of Broadband in Cornwall as part of the ActNow project. This gave us a better understanding of the energy use of equipment in our telephone exchanges. As a follow-up to this study, we are now assessing the energy consumption of Personal Computers and equipment used at home to connect to Broadband so that BT can understand its environmental impact resulting from this new technology. We will be presenting our findings in terms of CO<sub>2</sub> emissions because this is how BT measures its climate change impact.

##### Improving what we do

Giving careful consideration to how we set our targets each year helps us to look at how we can make improvements in what we do. This year, using our GS19 process, we are working closely with our buyers, product managers and suppliers to help improve how we gather information on the products that we buy. This not only helps us to comply with legislation but also helps us to make better buying decisions.

As part of the Invitation To Tender Process (ITT), suppliers of Electrical and Electronic Equipment (EEE) are requested to complete an on-line questionnaire, which asks about material content, along with other environmental characteristics of their products.

This information is required to ensure that BT meets its obligations under the WEEE and RoHS Directives, designed to encourage suppliers to design products, which have less environmental impact, increase recovery and recycling of EEE, and to reduce hazardous materials contained within new equipment.

Monitoring the effectiveness of the GS19 process will include a series of training seminars for BT buyers, following the programme of 'health checks' designed to ensure that the process is being followed.

Encouraging BT's suppliers to make changes which reduce the environmental impact of their products is critical to BT achieving its own targets of minimising energy and resource use. The Communications Products team within BT Retail is working with Product Stewardship as they seek to influence the design of products by non-European suppliers. PS is also recording and monitoring materials data of products, which will enable environmentally responsible disposal options to be considered at end of life.

#### Looking at ways of reusing our equipment

The Product Stewardship team provides input into the exchange recovery operations of Network Strategy and Development. In addition to monitoring the hazardous materials content of switch equipment, PS processes that reduce whole life costs of electrical and electronic products have been incorporated.

BT Wholesale have created a 'Virtual Warehouse' database which provides visibility of switch equipment available for re-use and allows it to be reserved and tracked through to delivery. PS issues are now being included in relevant Core Network Installation Requirement documents.

##### Telephone poles

We have also been helping our colleagues in BT to comply with other environmental legislation by suggesting other treatments and materials for wooden poles that carry all our telephone lines.

The EU Marketing and Use Directive (MUD) has placed restrictions on the use of creosoted wood. To ensure compliance with this Directive, Product Stewardship has researched alternative wood treatments that would be suitable for use in areas where new creosoted poles can not be placed. Our report was published in June recommending an alternative wood treatment that does not contain creosote or arsenic.

##### Gathering information about products

So that BT can identify the hazardous materials that will require special treatment under the WEEE Directive, Product Stewardship is helping BT Retail, Global Services and Payphones to set up databases. These databases will store information about materials as required under the Directive. To date we have identified all of the materials of concern in hundreds of telephone products. We are currently awaiting replies from a range of suppliers of equipment with materials information to enable us to compile the data and meet our legal obligations.

We are also assessing the responses from our suppliers to the Product Stewardship GS19 questionnaire in order to determine whether new products are compliant with the WEEE & RoHS Directives. This will help us to advise our buyers and product managers of any specific issues and potential problem areas.



# Our partnerships

## e-Living – Life in a Digital Europe

PS is contributing to the European Union's 'e-living' – Life in a Digital Europe' project'. We are evaluating the direct environmental impacts of the use of Information Communication electronic equipment. 'ICT usage and the environment' is one of five areas under investigation in this nine-partner collaborative research programme.

Our main areas of work are:

- Researching data on the contribution of ICT equipment to waste electrical and electronic equipment impacts including hazardous materials and emissions of (CO<sub>2</sub>) greenhouse gases through energy use.
- Reporting on the Influence of EU Policies and Regulations – particularly the WEEE and RoHS Directives but also initiatives such as Integrated Product Policy (IPP) and the adopted proposal for the Framework for Eco-design of Energy Using Products Directive (EuP).

## Green Alliance: Sustainability through producer responsibility

PS is also working with the Green Alliance on the 'Sustainability through producer responsibility' project. This is a collaboration with partners from business, government and non-government organisations. The aims of the project isare to examine the potential of Producer Responsibility schemes to contribute to a step change in the efficient use of resources and to develop a set of widely-agreed guidelines for the design and implementation of producer responsibility schemes in the UK.

## Environmental Standards

Product Stewardship has just started to work with a world-renowned environmental standards organisation to produce the first world wide environmental and ergonomic standard for telephones.

More information about the e-living, Life in a Digital Europe can be found at:

<http://www.eurescom.de/e-living/>

More information about the Green Alliance can be found at:

<http://www.green-alliance.org.uk/>

# Achievements so far this year

1. BT will not install new creosoted telegraph poles in school playgrounds, play areas or other places where children will congregate.
2. BT now has a database of all the hazardous materials (as required under the WEEE Directive) for all telephones manufactured since the 1970s.
3. We have now trained over 80% of BT buyers in the principles of Product Stewardship.
4. We have identified all Product Managers in BT. These have now been targeted to undertake the Product Stewardship awareness programme.
5. We provided BT's response to the first round of consultation carried out by the DTI on the implementation of the WEEE and RoHS Directives.
6. Our innovative product assessment process (GS19) has been incorporated into BT's procurement policy as a mandatory requirement.
7. We have improved our core network installation requirements to include Product Stewardship principles.



# Future Plans

During the coming year, PS will be carrying out Environmental Impact Assessments on a number of products within the BT Portfolio. This will be helpful in determining where improvements can be made at the design and manufacturing stage, which will minimise the products' use of energy and material resources.

A major objective for PS will be making sure that GS19 is incorporated into the BT Procurement model as a business as usual activity. A programme of awareness training to the buying community and presentations to our colleagues in Strategic Procurement will raise the profile of PS and help reduce the environmental and business risk to BT.

BT will be participating in the 2nd Discussion paper on the WEEE and RoHS Directives in December 2003.

Product Stewardship will be supporting all the lines of business in the phase-out of lead solder, hexavalent chromium, brominated flame-retardants and all other materials covered in the RoHS Directive (BT phased out Cadmium as a pigment in all telephones in 1989).

PS will continue to contribute to the dialogue on the EuP Directive within the stakeholder group being co-ordinated by the DTI and Defra.

## See also:

- Better World – Data and targets
- EU legislation – [http://europa.eu.int/comm/environment/legis\\_en.htm](http://europa.eu.int/comm/environment/legis_en.htm)
- ICER – <http://www.icer.org.uk/>
- e-Living – <http://www.eurescom.de/e-living/>
- Government guidelines on sustainability – <http://www.defra.gov.uk/environment/sustainable/index.htm>

# Local impacts

BT's commitment to the wider environment is well known, but we also recognise that our products, services and operations affect our customers' immediate surroundings too. Disturbance to the local environment can take a number of forms, whether it's the visual intrusion of telephone wires, or disruption caused by construction work.

BT's approach to 'local impact' is embedded in our Network planning rules and procurement policies. We have recognised channels enabling customers to communicate with us on these issues.

## The infrastructure

BT provides communication services the length and breadth of the UK, from the most densely populated cities to the remotest Scottish islands.

The infrastructure needed to support our 28 million customer lines includes around four million telegraph poles, millions of manhole covers, thousands of roadside cabinets, 24 tunnels running through cities and hundreds of radio stations.

We are conscious that infrastructure on this scale has a potential impact on the environment – on the countryside, on skylines and cityscapes – that is of concern to all our stakeholders.

In tackling issues concerning the local environment, we support the four principal elements set out in the UK government's sustainable development agenda i.e.:

- social progress which recognises the needs of everyone
- effective protection of the environment
- prudent use of natural resources
- maintenance of high and stable levels of economic growth and employment.

## Visual amenity

What do we mean by 'visual amenity'? BT proposed the following definition, in response to the then Department of Environment, Transport and the Regions (DETR) consultation on telecommunications development:

*"the preservation of a view or prospect available to a member of the local community from a public location which is designated as protected".*

But when it comes to putting this into practice, it can be difficult to strike the right balance.

For example, replacing overhead wires with buried underground cable has both positive and negative environmental impacts.

Underground cables may have less visual impact, but burying wires consumes much more energy and material resources.

Poles are made from timber grown in managed forests and can be regarded as a renewable resource; underground installation requires plastic ducting, concrete and metal manhole covers, which are made from non-renewable sources.

Recognising that there is no 'one size fits all' solution for all situations, we work with our customers to try to achieve a balance between visual impact, cost and resource use.

## Street furniture

Our roadside cabinets are sometimes vandalised by fly posters and graffiti, and this year has seen increased activity by local authorities to improve streetscapes. BT is working in partnership with local authorities and community groups to find a suitable and commercially viable solution to deal with this issue.

## Environmental complaints

Based on 2002 data, the number of environmental complaints received represents less than 1% of the total complaints that BT receives. However, we are currently reviewing our data collection methodology, to decide how best to identify any possible trends and issues.

## Street works

BT works closely with developers of housing estates to minimise the impact of construction activities when extending our network. Our agreement with the House Builders Federation ensures a co-ordinated on-site approach by all service providers.

The disruption caused by digging in the street is of concern to our stakeholders. BT was involved in the consultation undertaken by the then DETR regarding the New Roads and Street Works Act 1991: specifically Section 74 of the Act, Code of Practice, which is seeking to reduce disruption to road users caused by utility street works.

The working party helped develop the Street Works Regulations 2000 (charges for prolonged occupation of the Highway), which came into effect on 1 April 2001.

These regulations itemise the responsibilities of all parties and set out the penalties to be imposed should the 'utilities' fail to meet their responsibilities.

BT is committed to working within this revised framework.

Using our e-business experience, we also worked with the then DETR to develop the Electronic Transfer of Street Works Notices, launched in 1999. This eliminates the need to use paper and significantly speeds up the street work notices transfer process.

## Wires and cables

Complaints relating to our wires and cables range from the visual intrusion to birds sitting on wires creating noise and mess.

2002-03 saw a major initiative to validate all reported instances of overhead wires and cables which were not at the correct height. Remedial work is now being carried out as a result of that survey.



### Overhead works (telephone poles)

There are a number of reasons for replacing poles – safety reasons, raising the height of wires to enable larger vehicles to pass, and so on.

When constructing new pole routes, consideration is given to the environment in which the apparatus is to be placed e.g. tree roots and hedgerows, particularly in areas of outstanding natural beauty, on listed buildings and other protected areas.

### Overhead works (radio masts)

BT has around 300 radio stations throughout the UK.

Radio communication remains an important part of our network, particularly where the terrain is difficult – for example, in the mountainous areas of the Scottish Highlands.

Of course, where there is radio there are also radio masts, which can impair the beauty of the landscape. While we are undertaking experiments with the use of modern satellite technology, it will be necessary for these masts to remain a feature of our landscape for some time to come.

## Biodiversity principles

### What is biodiversity?

In simple terms, biodiversity means the whole variety of life on Earth.

Biodiversity is a key test of sustainable development because it:

- enhances quality of life
- provides natural assets from which economic benefits can be derived (e.g. pharmaceuticals)
- demonstrates that the environment is in good health
- enables future generations to meet their needs

There is now a statutory basis for biodiversity conservation, in the Countryside and Rights of Way Act (2000).

We would argue that most of BT's impact on biodiversity is not directly through our land holdings, but indirectly through our transport, energy and natural resource use. Our environmental policy and environmental management systems cover these indirect impacts. We measure and report on our environmental emissions, energy and fuel use etc, using DETR (see glossary) guidelines where possible.

Nevertheless, we take every opportunity to promote and encourage biodiversity. To see what steps we're taking, please go to biodiversity action.

## Biodiversity action

Where we have significant land associated with our sites, we work with the appropriate organisations to conserve their biodiversity.

BT also has a positive impact on biodiversity through a wide range of programmes including procurement, property and product stewardship:

- **Publications** BT has published Variety and Values in order to advance the discussion of global cultural and biodiversity issues.

Our Environmental Policy contains an extract of policy, from which users can go to the full report, which describes how we site our buildings, structures and operational plant to minimise their impact on the local environment.

- **Procurement:** We will only procure telephone/telegraph poles that are sourced from sustainably managed forests.

We are continuing to change over from the solvent-based paints that we used to use to spray our large microwave towers, to water-based ones. These towers are often located in remote rural locations often surrounded by unspoiled habitats, and we do not wish to cause possible contamination with the volatile organic compounds that make up the solvents.

### Waste management:

A comprehensive recycling programme is in place for the company and its customers, preventing nearly 28,000 tonnes of waste per annum ending up in landfills (24% of our total waste). Operational plant, cable, batteries, oil, mobile phones, paper, toner cartridges and telephone directories are all recycled.

### Property:

Many of our new flexible 'workstyle' office buildings and our telephone exchanges incorporate fresh air rather than refrigerated cooling to minimise their emissions, and have bird/bat boxes to encourage local biodiversity.

### Campaigning:

#### a) Work with Forum for the Future

In order to progress our biodiversity strategy we have worked with Forum for the Future (link to ) to focus on:

- the impact of the telecommunications sector on biodiversity
- best practice business approaches to management of biodiversity within the telecommunications and other sectors.

The reports resulting from these studies have highlighted that nearly all major companies implicitly manage some of their biodiversity impacts as part of broader environmental, social or sustainability management strategies without drawing these together under the biodiversity umbrella.

#### b) Work with schools

In addition to internal initiatives, many companies sponsor biodiversity-related projects. BT has in the past sponsored 'Grounds for the Future' to promote biodiversity within schools.

We are now sponsoring the GLOBE UK schools project to measure local biodiversity indicators and post these onto a database via the internet.

## Special projects

#### a) Goonhilly Downs SSSI

One of our satellite communications centres, which is 171 acres in area and a component of The Lizard Special Area of Conservation, is located on Goonhilly Downs, designated a Site of Special Scientific Interest (SSSI) for its rare lowland heath habitat. Here we have agreed a site management statement with English Nature (EN) to manage the site to maintain and improve its biodiversity. We received the 'English Nature SSSI Award for Outstanding Achievement' for the site management statement and follow-up work plan in 1997. Examples from the work plan have appeared in the Earthwatch booklet 'Case Studies in Business and Biodiversity'.

#### b) Madley Environmental Education Centre

The Madley Environmental Study Centre (MESC) is a facility for environmental educational studies. The MESC, which is part of 218 acres of land owned by BT, has made available 11 acres of wetland, woodland and meadows where children and adults can study or just enjoy the wildlife. MESC is supported by the Environment Agency (EA), Hereford Council and BT. BT already manages the land for wildlife and provides technical facilities and support as well as purpose-built, innovative classrooms and a lecture auditorium on the site.

#### c) Adastral Park

The BTexact site at Adastral Park shows how development can contribute to the socio-economic stability of an area without biodiversity loss provided good environmental management practices are adopted. To ensure we optimise biodiversity at Adastral Park, a 99-acre site in the Suffolk Coast and Heaths Natural Area, we have partnered with English Nature on their 'Lifescapes' initiative. This aims to achieve landscape-scale changes to favour wildlife through habitat re-creation, wildlife-friendly land use and generally by building a landscape that encourages biodiversity.



# Benefits

*"ICT is a wonderful tool for creating value, creating an inspired work environment and an opportunity for people to develop themselves"*

Ben Verwaayen 2002

For BT Chief Executive Ben Verwaayen, communications technology not only benefits business, but the people doing business. Within BT itself, creative use of BT's own products and services enables us both to reduce our consumption of finite materials and to improve the work-life balance of our people.

In this benefits aspect section, we attempt to identify some of the benefits that ICT is bringing to BT – the impact of phone and video-conferencing on travel, the social and travel implications of more flexible workstyles, and the impact of e-Business.

Last year we were also closely involved in the Global e-Sustainability Initiative ICT sector report prepared for the 2002 World Summit on Sustainable Development. This sets out the views of the communications sector and the impacts of our products and services on the Sustainable Development Agenda.

## See also:

- BT Better World – Sustainability and Employees sections
- GeSI – <http://www.gesi.org/>

## Conferencing

Conferencing by video, phone or the web is not only more time and cost-efficient than meeting in person, it improves the quality of life for those shouldering the burden of frequent travel. It's also a major benefit for BT's 6,600 home-based workers and a growing number of teleworkers – those who occasionally work from home.

BT Conferencing provides all BT's internal phone, video and e-conference facilities, as well as providing conferencing solutions for customers.

## Improving facilities

This year BT Conferencing enhanced its range of meeting enablers. Traditional methods of conferencing have been coupled with new internet technology to create even more options for BT people to share information remotely

## Research

The group also conducts regular surveys of the economic, social and environmental performance of our phone conferencing services. The results can be seen in the following section, Impacts of conferencing.

## Impacts of conferencing

In October 2002, a representative sample of BT staff were surveyed about their use of conferencing. 14% of the people contacted replied; this group is broadly representative of BT in terms of business unit and age, but includes a higher proportion of managers and women than BT as a whole.

The main findings of the survey are summarised below. For full data see BT Conferencing Survey Report v14.pdf.

## Economic impacts

Conferencing is reducing BT's travel costs. Most respondents felt that conferencing was benefiting their work. 66% said it was essential to their job, and over 80% believed it had improved their performance.

## Environmental impacts

The survey suggests that the average conference call has the following benefits:

- avoiding travel of at least 91 miles for car users; 94 miles for train users.
- freeing up road space and seats on public transport at the busiest times of day. (Nearly half the trips would have taken place at this time.)
- alleviating congestion in London. (Around a third of replaced meetings would have been in the capital.)
- Reducing harmful CO<sub>2</sub> emissions. (At a conservative estimate, each conference call saves a minimum 22.05 kg of CO<sub>2</sub>; all conference calls save at least 20,060 tonnes of CO<sub>2</sub>.)

## Social impacts

Conferencing is also creating personal benefits for BT staff. Three quarters of respondents said conferencing had a positive impact on their quality of life, with only 2% reporting a negative effect.

One respondent's comment summed up most people's view of teleconferencing:

*"Travelling less = more time at home = balance of home/work priorities = less stress = better performance."*

## See also:

- BT Conferencing Survey Report v14.pdf

## Flexible workstyles

Technology is providing more flexible working solutions to better suit the needs of both individuals and businesses.

It is giving us the freedom to work away from the office, but with all the resources we need to do our jobs effectively.

BT has supported and sponsored the development of work-style choices for our people for a number of years. More than 6,600 BT people are now full-time home-based workers, experiencing personal benefits to their lifestyle while reducing the environmental impact of their travel to and from work.

In this section we look at the pros and cons of teleworking, as indicated by two linked studies:

- 1) An internal BT survey, which acted as a pilot for;
- 2) An external survey conducted by SusTel ([www.sustel.org](http://www.sustel.org)). SusTel is an EU-sponsored survey assessing the economic, social and environmental aspects of teleworking.

## SusTel Pilot Report

The report summarises an online survey, carried out in October 2002, of staff registered with Workabout, BT's official teleworking scheme. Answers were received from 1,874 people – a response rate of 36.5%.

The main findings of the survey are summarised below. For full data, see SusTel Pilot Report.pdf

- The majority of respondents felt that they had a better life through teleworking than if they commuted to an office. Many reported an increased contribution to domestic and community activities, while a small number believed that they would be unable to do their present job if unable to telework.
- Most teleworkers reported an increase in working hours – of over nine hours per week for nearly half the respondents. This was the main reason given by the small minority of respondents who felt teleworking had a negative effect on their lives.

So for the majority of people, teleworking has resulted in a higher quality of life as well as an increase in working hours. How can this paradox be explained? One reason is reduced time commuting, which can free time for both work and private life, and also greatly reduce stress. Another is the ability to multi-task – for example, hanging out washing during breaks – so that there is more quality time at the evening or weekends.

## See also:

- SusTel Pilot Report.pdf

## SusTel UK

The report summarises the UK results of SusTel (Sustainable Teleworking), a European Commission research project on the social, economic and environmental consequences of telework.

In the autumn of 2002 the project conducted 30 case studies and six surveys in Italy, United Kingdom, Germany, the Netherlands and Denmark.

The main UK surveys were carried out with BAA Heathrow and BT (The two companies, along with four other organisations – Acre (a small NGO), Bradford Council, East Midlands Electricity and Word Association (a small internet company) – were also the subject of case studies for the project.)

The main findings of the survey are summarised below. For full data, go to (UK SusTel Summary Report.pdf)

## Personal and social benefits

The vast majority of respondents felt that they had a good quality of life over the past 12 months, and that teleworking was having a positive effect.

- Most respondents felt that they had a good work-life balance and that teleworking had positive impacts on partners, children and adult dependants.
- Particular impacts noted were: more time spent on domestic activities (particularly shopping, cooking and washing up) than previously; positive effects on respondents' health; increased involvement in community activities and greater use of local services.
- For a minority of people, teleworking was the only way they could remain in employment at all.
- Most respondents felt that teleworking had a positive influence on career development, although a minority (15.5%) of BT respondents felt that it had a negative effect.

However, teleworking does have some downsides:

- Many respondents felt that their working hours had increased – by more than 11 hours a week in the case of some BT respondents.
- Respondents feel isolated from work colleagues and to a lesser extent, from non-work contacts – something which doesn't seem to matter for most people but does disappoint a large minority of BT staff.
- While most people find that teleworking has no effect on domestic conflict, a quarter of BT respondents and nearly 30% of BAA respondents find that it has slightly increased.

## Key economic benefits

Better performance, reduced absenteeism and need for less office space are among the economic benefits of teleworking:

- Nearly half of BT respondents who felt that their performance had improved believed that teleworking had made a major contribution.
- Performance improvement mainly took the form of higher productivity and better quality of work, and the main causes were reduced stress and better concentration.
- Three of the six case study companies showed major reductions in space requirements, with one – Word Association, a small internet company – using telework to give up a central office entirely to become a 'virtual' organisation, thus saving £10,000 pa.
- Three of the six cases also found that teleworking was reducing absenteeism and job turnover. Nearly three quarters of both BT and BAA respondents reported that they worked when illness or travel disruption prevented them from reaching a desired working location.
- Nearly a quarter of BT employees reported a positive benefit of more than 800 Euros a year from teleworking.



### Travel reduction

SusTel, like previous research, found that teleworking reduces commuting travel. However, it went further by offsetting the extra journeys people make as a result of working from home. This showed that:

- Non-work-related journeys resulted in mean additional weekly travel of 60 miles at BT and 16 miles at BAA.
- However, set against weekly commuting savings of 253 miles at BT and 61 miles at BAA, teleworking still results in considerable travel reductions.

Most respondents stated that teleworking had had no impact on their in-work travel.

Of the people whose number of journeys had changed, 18% of BT people reported an increase in in-work travel, and only 9% a decrease. (However, of that 9%, the average decrease was 393 miles – greater than the average increase of 266 miles.)

Teleworking was also saving large quantities of time at BT with 64.7% of BT respondents saving six or more hours a week, and 22.9% saving 11 or more hours per week.

### Conclusions

Although there are some downsides, such as increased working hours and some concerns about career development, teleworking in the UK appears to be a mutually advantageous activity for both individuals and organisations. It is creating net economic, environmental and social benefits.

### See also:

- UK SusTel Summary Report.pdf
- Full report available at [www.sustel.org](http://www.sustel.org)

### e-Business (e-BT)

The increased use of electronic transactions in BT has had clear environmental and social benefits, as well as a positive impact on the bottom line. In the last five years, as we have been transforming BT into e-BT, the use of e-business transactions has resulted in a reduction in the use of paper, ink and other stationery items.

Although the increased use of e-mail is often believed to lead to increased local printing and greater use of printer/copier paper and other consumables, this is not proving to be the case in BT.

### Paper consumption

BT's Billing and Telephone Directories operations remain the largest areas of print and paper usage.

During the year 2002-03 BT's billing operation was outsourced and paper consumption data for this operation is not currently available. This section will be updated as soon as the data is available.

#### Highlights:

- Copier Paper 500-tonne (28%) reduction
- Billing Paper (including envelopes) – prior to outsourcing monthly usage was down by almost 40 tonnes
- Office Paper supplies (forms etc) decrease of 93 tonnes, contributing to a 60% reduction over the last five years
- Print decrease of 550 tonnes (26%) last year
- Overall decrease (excluding billing) in consumption of nearly 2,900 tonnes (35%) last year

Last year's paper consumption figures included the documentation for the rights issue and BT Wireless demerger, amounting to 957 tonnes of paper. Excluding this one-off requirement BT has seen a 1,915 tonne reduction in paper used during the year due in part to increasing adoption of eBusiness solutions (this report being an example) and in part due to the focus on cost reduction during the year.

### e-Donation

In 2002, BBC Children in Need introduced a new e-Donate platform from BT.

This provided real-time statistics to aid future event planning and helped it earn extra interest and increase online donations by 50% – every penny of which goes directly to those in need.

e-Donate supported BBC CiN's web and digital satellite TV donation channels, enabling card donations to be automatically processed into the bank. Previously, online donations were taken on the night, then manually processed after the event, taking up to two weeks for the money to go into the BBC CIN account. e-Donate has not only saved BBC CiN several thousand pounds in processing costs and resources, but has also enabled it to earn extra interest as the money goes into the bank almost immediately.

### Customer solutions

#### Online Directory

BT's online Directory Enquiries holds number information for both people and businesses, including organisations such as government bodies and charities. Users are entitled to 10 free searches per day and can search by name, town or the initial letters of the post code

#### e-Billing

BT produces millions of bills every year, using millions of sheets of paper. We are developing ways of using our technology to reduce the amount of paper we use and to improve customer service:

##### Business online paper-free bill

The advantages of paper-free billing are as follows:

- No more paper – better for the environment
- The facility to sort and analyse your fully itemised call details
- An online VAT statement that is fully supported by Customs and Excise which can be printed if needed
- The ability to download your billing data to your PC
- 2,000 extra FREE online directory enquiry searches every month

##### Other paperless payments

Customers can arrange to pay by direct debit without completing any paperwork, simply by phoning BT and speaking to an advisor, or by accessing [bt.com](http://bt.com).

Each paperless sign-up saves us mailing one paper direct debit instruction, one leaflet explaining payment options and one return envelope -as well as the envelope it is all sent out in. There is also an automated telephone set-up service on 0800 150111.

### BT and Entropy lead government revolution

The BT environment unit, together with BT Retail, has developed a partnership with an external software company, Entropy. Our collaboration with Entropy means that we can now offer the company's award-winning Envoy software as part of an integrated solution. Designed to ensure compliance with ISO 14001, EMAS, ISO9001 and OHSAS18001, Envoy covers environmental, quality, and health and safety (EQS) management and monitoring.

Some of the departments now using this solution are:

- Department of Trade and Industry
- Office of the Deputy Prime Minister
- Department for Transport
- Department of Environment, Food and Rural Affairs
- Department for Education and Skills
- Driving Standards Agency
- Highways Agency
- Inland Revenue
- HM Treasury
- Driver and Vehicle Licensing Agency
- Kent County Council
- Bristol City Council

Many of these are using the Envoy EMS and Monitoring modules to achieve certification to ISO14001, in line with the Central Government targets.

### Working with others

Ongoing dialogue with a number of national organisations gives us an independent view of how we manage our environmental performance and the ways in which this could be improved. In particular, these partnerships focus on the application of information and communications technology for social and environmental benefit.

### UK CEED

BT has worked with the UK Centre for Economic and Environmental Development (UK CEED) an independent charitable foundation specialising in sustainable development research, for several years.

We are also supporting the further development of UK CEED's sustainIT centre. SustainIT is a new research and development centre focusing on the relationship between ICT and sustainable development.

### Forum for the Future

We are corporate partners of Forum for the Future, a research organisation formed by three of the UK's leading advocates of sustainable development.

### See also:

- Telephone conferencing – [www.conferencing.bt.com](http://www.conferencing.bt.com)
- residential & business billing – <http://www.bt.com>
- CEED – <http://www.ukceed.co.uk/>
- SustainIT – <http://www.sustainit.org/>
- Forum for the Future – <http://www.forumforthefuture.org.uk/>



# Payphones

As the UK's leading payphone provider, BT Payphones is a highly visible aspect of BT's operations.

BT Payphones was the first group within BT to gain certification to ISO 14001 in May 1999. The fact that we still maintain separate certification shows the strength of our commitment to the environment.

Approximately, 18 million customers, 37% of the UK population, use our 105,000 (approx) public payphones every year.

Our payphone operations raise a number of environmental issues, primarily:

- siting of kiosks and advertising
- materials purchase and maintenance activities
- payphones and the community
- cleanliness/vandalism

## Siting and advertising

When siting a payphone, we always consider the environmental impact it will have on its surroundings. And we often work with local authorities to ensure that a wide range of views and options are considered.

We are currently undergoing a kiosk rationalisation programme whereby we are consulting with Local Authorities and Parish Councils and removing kiosks that are no longer required. This is helping to reduce street clutter.

In addition, we have drafted a code of practice for responsible advertising on public phone box housings.

Our code of practice goes beyond the scope of legal planning requirements by looking at issues such as safety, planning and amenity. We believe that self-regulation by means of our own code demonstrates our responsible approach to advertising.

## Advertising code of practice

Our self-imposed code excludes advertising in:

- areas of outstanding natural beauty
- national parks
- the Norfolk Broads
- the Greenbelt
- open countryside
- areas of special control of advertisements
- areas of special county value
- the setting of a listed building
- the setting of a Royal Park
- a World Heritage site and its setting.

In these areas, advertising space on kiosk glass is reserved exclusively for local community action groups.

The Office of the Deputy Prime Minister (ODPM – previously DTLR) is due to announce shortly that kiosk advertising will be given its own class under the Outdoor Advertisements Control legislation. This means that BT Payphones, or other payphone companies, need no longer apply for express consent from the planning authority, subject to certain limitations and restrictions.

BT Payphones will also work with closed circuit television (CCTV) operators to ensure that advertisements do not obstruct the visibility of cameras.

Advertising will be confined to modern kiosks and to one side of the kiosk.

Posters will not be displayed on consecutive sides where kiosks are next to each other.

## Materials purchase

All BT Payphones' suppliers are required to demonstrate their commitment to supporting our environmental impact considerations.

For many years this has involved 'recovering' – i.e. refurbishing and reusing – a wide range of the payphone portfolio (products and spares). This minimises the amount of waste within the business as well as maximising savings.

Last year, BT Payphones embarked on an extensive rationalisation of our street payphones, which involved recovering approximately 13,000 kiosks by the end of March 2003. BT Payphones has set up recovery and refurbishment contracts with its main suppliers to ensure that the products and housings recovered are refurbished and reused wherever possible. Where this is not possible, secure disposal routes have been established with the relevant supplier – for example, to granulate polycarbonate and recycle stainless steel.

## Maintenance activities

We operate a road transport fleet and have made steady progress this year in reducing our environmental impact in this area. Over the last year we have reduced vehicle numbers by 9%.

We continue to monitor vehicle usage carefully and take opportunities to reduce it where we can; it's good for the environment and good for BT.

## Payphones and the community

As the UK's largest payphones provider, BT Payphones (BTP) sustains a presence throughout Britain's many and varied public spaces. We currently operate approximately 77,000 public payphones and 28,000 managed sites (managed sites are those generally accessible to the public but which are located on private land, such as train stations).

At present, we maintain approximately 15,000 traditional red boxes (K2 and K6), including listed kiosks, even though they involve higher running costs than modern boxes (KX100, KXplus).

We are keenly aware of the important role that the payphone network plays in society and we are committed to safeguarding this.

Payphones can help to raise local amenity standards by promoting social inclusion, particularly amongst those in areas of greatest poverty.

Payphones are also critical to promoting community safety. 8.4% of genuine emergency calls are made from payphones (based on 2001 data); they give people going about their daily lives extra confidence, in much the same way as the presence of CCTV does.

In a new initiative, BT Payphones are working closely with Local Authorities and Police Forces to see whether the range of CCTV systems can be increased by siting CCTV cameras in the roofs of kiosks.

## Cleanliness

BT Payphones has a dedicated team overseeing the cleaning of the BT payphone network, which is undertaken by a specialist contractor on BT Payphones' behalf.

BT Payphones adheres to the very highest standards in maintaining and cleansing our estate of payphones. The frequency of cleansing of payphones depends on usage and need, and ranges on average from monthly to four times per week. We offer a rapid turnaround when responding to requests for special cleans reported by customers or local authorities and this is monitored by the National Contracts Office.

Graffiti, fly-posting, vandalism and litter have a negative impact on this local amenity by discouraging public usage. Our own customer satisfaction research shows us that cleanliness and vandalism are significant factors, which impact on customer use of our kiosks.

BT Payphones spends approximately £20m annually on maintaining and cleaning payphones' housings. This excludes the cost of crime, which for criminal damage, is approximately £5m.

## Frequency and monitoring of cleansing

BT operates two processes for carrying out cleaning:

- a) Scheduled Cleaning – On average, high usage payphones are cleaned four times a week. Frequency of cleaning is linked to the level of usage of the payphone. This means that some payphones may be cleaned four times a week, whereas those in very remote areas, where usage is extremely low, would be cleaned less frequently.
- b) Special Cleaning – The response time is dependent on the nature of the complaint, for example, if noxious substances are present, attendance within four hours is undertaken, if the condition could prevent usage a next-day visit is undertaken, and a report of generally poor standard of cleanliness is undertaken within five working days or next scheduled visit.

The value of individual cleaners' contracts is linked to the quality of contractors' cleans, to encourage the highest possible standards. Furthermore, we try to motivate cleaners, who have a sometimes unpleasant job, through excellence awards.

Standards of cleaning are monitored by BT's Local Contracts Officers, and by separate contractors responsible for posting kiosk glass advertising. They provide feedback to the cleansing team each time they visit a payphone. On a daily basis, our engineers also report on cleanliness levels.

In future there are likely to be even higher numbers of visits to payphones and, therefore, increased opportunity to check on standards of cleanliness, as BT Payphones installs and maintains new services in payphones, such as multimedia terminals and CCTV cameras for street surveillance. This means that we have a system of ongoing, random checking of payphones in high volumes.

## Fly-posting

We are currently funding trials on measures to discourage fly-posting, in co-operation with local authorities.

Fly-posters are subject to the same processes and levels of attention for cleansing as set out above. In addition to removing material and cleansing the boxes, we have been working with local authorities to identify ways to prevent fly-posting in the first place.

Pilot projects have shown that fly-posting is less likely to take place over legal, smartly designed and maintained kiosk glass advertisements. This is particularly the case when advertisements are posted on the outside of kiosks, as the fly-posters stick less readily to the advertisements' material.

In areas very badly hit by fly-posting, BT Payphones is looking at trialing a number of products with which to coat kiosk glass, to which materials cannot easily be fixed. However, this option carries with it substantial costs which may be disproportionate to the benefits they bring.

BT Payphones is active in pursuing those who consistently disfigure kiosks with fly-posters through the courts. However, it is often difficult to secure convictions, as fly-posting is often not enough to prove actual damage to the kiosk, as required under current legislation.

## Prostitute cards

BT led the campaign for criminalisation of prostitute carding, which became effective in September 2001. BT Payphones removes millions of prostitute cards from payphones every year at significant cost to us. These cards would otherwise cause ever-higher amounts of litter, as well as offence to payphone users.

Our dedicated BT Payphones Security Group co-operates with police and local authorities to log and share the telephone numbers on the cards for enforcement action. We are currently awaiting confirmation from other operators that they will follow suit.

We are currently trialing the application of various products on the inside of kiosks, where cards are usually placed, to reduce the effectiveness of any adhesive used to stick the cards to the kiosk.





BT Payphones' investigation team works in conjunction with the police and local authorities to tackle prostitute carding in London. In a series of operations throughout and since the summer, over 70 arrests have been made – for 'Carding' itself and for other offences – and over 60,000 cards confiscated. Work is ongoing, demonstrating a sustained multi-agency approach to disrupt carding activities.

#### Other measures

- **Payphones Security Group** – BT Payphones operates its own security team, incorporating a 24/7 Crime Unit that provides a crime monitoring/reporting service as well as administrative support to the police, both in relation to payphones and wider street crime. The team delivers a programme of Crime Awareness at Police training venues and also runs an investigation team to tackle offenders.
- BT Payphones' security team works closely with the police and other agencies to investigate crime and to support prosecution. In any one year, there are between 1,500 and 2,000 arrests for payphone crime offences and BT Payphones security team support the judicial process as material and/or expert witnesses.
- **Environmental policies** – All BT Payphones contractors must complete environmental questionnaires, as required by BT's procurement processes. We also have ISO14001 certification. We had no environmental prosecutions during the period April 2001 to March 2003.
- **School and community initiatives** – BT Payphones has a number of long-running programmes to encourage community co-operation in tackling problems such as graffiti, vandalism and fly-posting. An example of this is 'Kiosk Kate' which we use as a focal point to showcase anti-vandalism messages to schoolchildren around the country.

Another initiative we have introduced to encourage community co-operation is our new website. In November 2002, BT Payphones launched a website (see <http://www.bt.com/payphonecitizen>) aimed at Key Stage 3/S1-S2 schoolchildren studying the new Citizenship curriculum. The website contains interactive pages for students, worksheets and teachers' notes about community involvement, the emergency services, the effects of crime (including vandalism and hoax calls), and the 'digital divide'.





# Suppliers

Better World  
BT's Social & Environment Report



# Suppliers

BT conducts a vast range of procurement activities with thousands of suppliers around the globe. In the 2003 financial year, we spent over £5 billion with our suppliers.

Expenditure included a wide range of goods and services, from major network and IT equipment, cables and software to design services and disposals.

We are committed to ensuring that all our dealings with suppliers – from selection and consultation, to recognition and payment – are conducted in accordance with the principles of fair and ethical trading.

Key aspects concerning suppliers covered in this section are:

- Selection – how we choose our suppliers.
- Development – how we work in partnership with our suppliers.
- Payment – our commitment to pay our suppliers promptly and as agreed.
- Recognition of supplier achievements through Awards.
- Ethical trading – the application of our Sourcing with Human Dignity standard.
- Diversity – the promotion of diversity in our supply chain.

## Selection

BT operates a fair procurement process – administering, tendering and contracting procedures in good faith. We value the diversity of our suppliers and we will not make the award of a contract conditional on a supplier being a customer of BT.

Specific commitments are detailed in our Purchasing Principles

These and other specific commitments are detailed in our Purchasing Principles.

Authority for forming a contract is restricted to our authorised procurement professionals, trained to world-class procurement standards and applying BT's Purchasing Principles.

Our supplier selection process seeks to ensure that high safety, environmental and social standards are met.

BT plays its part in a variety of Government and commercially-sponsored initiatives designed to enhance small suppliers' awareness of total quality, so that they can compete for business more effectively in the global marketplace.

See also:

- Purchasing principles
- Diversity

## Development

We use a range of tools, from basic desktop evaluations to sophisticated supplier capability assessment and partnership evaluation processes – to assess and develop our suppliers.

We work closely with our key partners and share benchmarking of partnering best practice in order to strengthen our relationships. This partnership evaluation process, known as the PEM process, won an award in October 2002 from the Institute of Quality Assurance (IQA) for its leadership in the complex area of partnership development.

The benefits for companies engaging with the PEM process are becoming clear. One BT partner is exploring several new business opportunities following an evaluation identifying potential growth areas.

The PEM process also enhances our suppliers' understanding of how to work in partnership. This not only benefits BT, but can also be of real use to suppliers when they compete for non-BT work. It is envisaged that BT major supplier relationships will be evaluated using the PEM process where both parties agree that benefits will result.

BT also shares learning and expertise in the areas of quality, the environment, diversity and ethical trading with its suppliers.

All our suppliers also get the chance to express their views and get a response via a supplier feedback form on our selling2bt website.

## Payment

BT's policy is to use its purchasing power fairly and to pay promptly and as agreed. BT has a variety of payment terms with its suppliers.

The terms for payments for purchases under major contracts are settled when agreeing the other terms negotiated with the individual suppliers.

It is BT policy to make payments for other purchases within 30 working days of the invoice date, provided that the relevant invoice is presented to the company in a timely fashion and is complete.

BT's payment terms are printed on the company's standard purchase order forms or, where appropriate, specified in individual contracts agreed with the supplier.

The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the 2003 financial year and the amounts owed to its trade creditors at the end of the year was 23 days.

## Supplier awards

We hold our supplier awards scheme, 'Investing In Excellence', in the highest esteem and consider the level of prestige attached to the awards to be of the highest order. The exceptional standard of submissions in 2002 was a direct reflection of the importance we attach to the awards.

The award categories which are closely linked to our key strategic objectives, are:

1. Quality of Product and Service
2. Innovation and Responsiveness
3. Reduced Whole Life Costs
4. Commitment to Social Responsibility
5. Breaking the Mould

We received over 60 entries for the 2002 awards. The overall trophy winner was 3M Quante Telecommunications Ltd.

The individual category winners were:

- Quality of Product and Service: 3M Quante Telecommunications Ltd
- Innovation and Responsiveness: Belden Communications Division
- Reduced Whole Life Costs: Lucent Technologies Network Systems UK Limited
- Commitment to Social Responsibility: Finnforest BBH Limited
- Breaking the Mould: Edotech Limited

Further information about the awards is available at [www.selling2bt.com](http://www.selling2bt.com)

## Ethical trading

Society expects the products bought from and used by BT to be manufactured under working conditions consistent with international guidelines. Chief among these are the UN's Universal Declaration of Human Rights and the International Labour Organisation conventions.

To meet this expectation, in April 2001 we launched Sourcing with Human Dignity, a supply chain initiative which seeks to ensure that the working conditions in our supply chain really do meet accepted standards.

Although the promotion of these standards is common practice in the retail sector, it is still a relatively new development for the communications industry.

Of course, BT alone cannot commit to Sourcing with Human Dignity – it is a collaborative undertaking that requires the active support of all our suppliers.

Since the launch of our Sourcing with Human Dignity initiative we have been working with an increasing number of our buyers and suppliers to implement this initiative within our supply chain.

This is set out in our sections on Training, Risk Assessment, On-site Assessment, Industry Approach and Future Plans.

See also:

- Sourcing with Human Dignity – <http://www.selling2bt.com/html/working/humandignity/default.asp>
- Universal Declaration of Human Rights – <http://www.un.org/Overview/rights.html>
- International Labour Organisation conventions – <http://www.ilo.org/public/english/standards/norm/whatare/fundam/index.htm>



Training

It is critical that BT’s procurement professionals have the awareness, knowledge and skills required for the successful implementation of Sourcing with Human Dignity. This was a key focus for us during the 2003 financial year.

Buyers awareness training

We have been running a series of half-day awareness training courses designed to introduce BT buyers to the rationale behind the initiative, its key features and the role of buyers in ensuring its successful implementation. The courses have been attended by 176 (54%) of BT’s buyers. A Computer Based Training package has been developed to enable the remaining 46% of BT buyers to undertake the course and complete an online assessment. The package, launched in April 2003, is also available on the BT Intranet as an awareness raising tool for others in BT.

Assessors training

During the 2003 financial year we delivered – with the help of an external company – a two-day assessors course to procurement and quality professionals in the knowledge and skills required to conduct on-site assessments using the BT Sourcing with Human Dignity Standard. Eight BT participants and one representative from a direct supplier attended the first of these training courses. These people are now being encouraged to put their training into practice and conduct on-site assessments within BT’s supply chain, initially with the assistance of an experienced BT lead assessor. Two of the course attendees have been approved as lead assessors for BT after being observed leading a number of successful assessments. The course has since been re-delivered to a further 13 people, including BT Procurement professionals, internal auditors and a representative from a supplier.

Risk assessment

The 2002 and 2003 financial years have witnessed a phased implementation of the Sourcing with Human Dignity standard. From April 2001 to July 2002 our key Network and IT suppliers – together with contracts of ‘known risk’ – were required to contractually agree to work towards the Sourcing with Human Dignity standard. From July 2002 all new contracts with a value of over £250,000 were required to incorporate a Sourcing with Human Dignity contractual commitment. From April 2003 all new contracts, regardless of contract value, were also required to incorporate a Sourcing with Human Dignity contractual commitment. As a result, by October 2003, 314 suppliers have contractually agreed to work towards the Sourcing with Human Dignity standard, up from 55 at the end of March 2003. This includes 16 of our key network and IT suppliers who have signed a ‘corporate-to-corporate’ agreement and 298 other suppliers who have signed a Sourcing with

Human Dignity contract clause and been requested to complete a risk assessment questionnaire. To date, of the 198 suppliers who have completed the risk assessment questionnaire, 64 were identified as requiring further investigation.

On-site assessments

BT undertakes on-site assessments of supply chain working conditions in those areas identified as being at the highest risk of falling short of our Sourcing with Human Dignity standards. BT’s assessment methodology currently includes management interviews, documentation reviews, worker interviews and premises ‘walk-rounds’, including worker accommodation where this is provided. The observations are discussed with the supplier and (where required) improvement plans are agreed and monitored. Re-visits are also undertaken and can cover some or all of this process, depending on the issues identified.

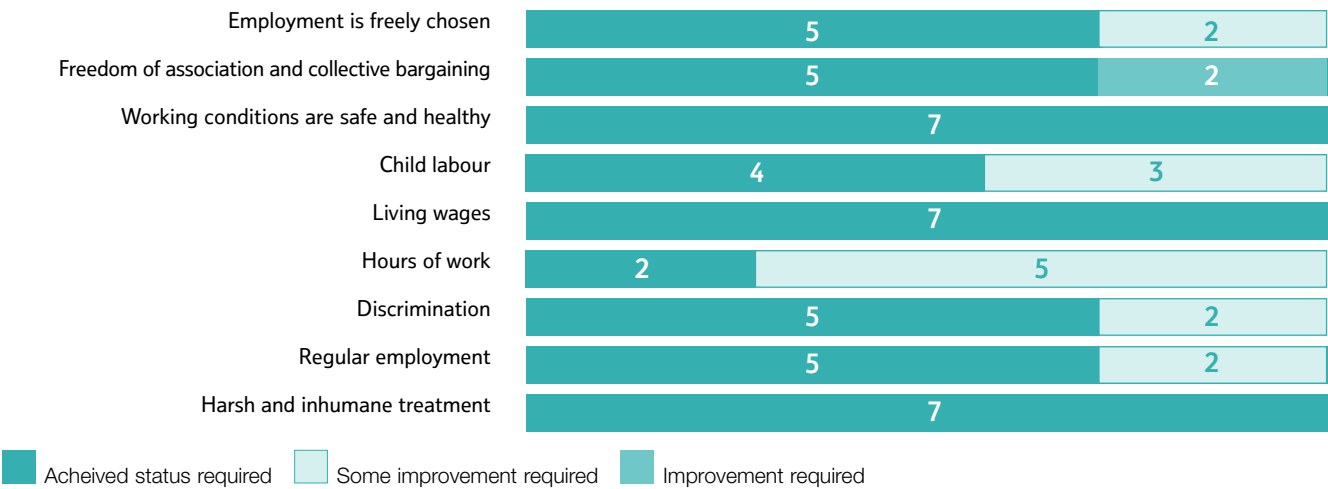
2003 assessments

In the 2003 financial year we conducted 14 on-site assessments to ascertain the extent to which suppliers were meeting our Sourcing with Human Dignity standard. Of the 14 assessments conducted (in China, Sri Lanka, India and Taiwan) seven were assessments of facilities not previously assessed. These seven visits resulted in the following findings about the extent to which suppliers were meeting the Sourcing with Human Dignity standard: A scoring system is used. ‘Improvement required’ means that progress is needed on at least 51% of the aspects in that category. ‘Some Improvement required’ means that progress is needed on at least one aspect in that category. NB: Assessments were undertaken in areas at highest risk of falling short of our Sourcing with Human Dignity standard and should not be taken as a representative sample of our supply chain. As this graph demonstrates, the assessments revealed a number of areas where improvements are required of suppliers to fully achieve BT’s Sourcing with Human Dignity standard.

In all instances we have sent the assessment reports to the suppliers and discussed our observations with them. We have either agreed improvement plans with suppliers and are monitoring progress, or for the more recent assessments are still in the process of agreeing improvement plans. It is important to note that not all the shortfalls identified represent major labour abuses. For example: • Employment is freely chosen: The two cases where some improvement is required were not due to traditional forced labour being found. Rather, companies were holding workers’ personal documents such as original identity papers, which could potentially be used to retain workers beyond their will. There was no evidence of this being the case – but our standard required that the risk should be removed.

Ethical Trading Assessment Findings

2003 Financial Year



- Child labour: The three cases where shortfalls were identified under the child labour section were not due to underage children being found working in our supply chain. Rather companies were not always retaining copies of reliable proof of age or did not have adequate procedures for ensuring that young workers (those between the legal minimum age and 18) did not work in hazardous conditions or at night.
- Living wages: All seven suppliers were found to be paying at least minimum wage. However, improvements were required on issues such as the provision of adequate written information to workers regarding their pay prior to their employment.

A further seven re-visits were made to facilities where improvement plans had already been put in place and being monitored. Two of the re-visits included full reassessments and the others are scheduled for a full reassessment every two years, provided they remain as suppliers to BT.

One of the re-visits led to the discovery that a subcontractor was allowing serious shortfalls of our Sourcing with Human Dignity standard to persist, including excessive and forced overtime and intimidation of workers. The subcontractor was also falsifying records in an attempt to disguise these issues from the auditors.

As a result, no further BT orders have been placed with the subcontractor and they are no longer supplying products to BT.

This is the first and only supplier to date that we have ceased trading with due to a serious breach of the Sourcing with Human Dignity standard. All other suppliers have demonstrated the collaborative, open and continuous improvement approach that the Sourcing with Human Dignity principles encourage.

2002 assessments

In the 2002 financial year we conducted nine on-site assessments (in China and Sri Lanka) of supply chain working conditions in areas identified as being ‘high risk’. These assessments revealed a number of areas where improvements were required of suppliers to fully achieve BT’s Sourcing with Human Dignity standard. The largest number of improvements were required in the following four categories: Freedom of association and collective bargaining; Working conditions are safe and healthy; Living wages and Hours of work. In all instances we have sent assessment reports to the suppliers and discussed our observations with them. We have agreed improvement plans with suppliers and are monitoring progress. Indeed, seven re-visits have been undertaken and we expect to report further progress in due course.

Industry approach

We held four ethical trading forums with our key network and IT suppliers following the launch of Sourcing with Human Dignity in 2001 to share experiences and examine opportunities for collaborative working. However, the effective implementation of ethical trading standards in the communications industry doesn’t just require the support of our suppliers – it depends on the engagement of fellow service providers too. By taking an industry-wide approach we are able to achieve more together on supply chain working conditions than we can alone. For this reason we invited a number of industry colleagues to our fifth ethical trading forum in February 2003, which was attended by five other service providers. In total, 17 major communications companies shared experiences and were presented with perspectives on ethical trading from a major UK investor and an expert in



corporate social responsibility. The forum provided an opportunity for companies to address, in smaller groups, the issues most appropriate to the stage of development of their programmes.

These included:

- Why bother with ethical trading?
- First steps in implementation
- Managing ethical trading issues with suppliers

The forum resulted in a number of companies expressing an interest in forming an industry-wide working group to address our shared concern about supply chain working conditions.

BT shares this view and is working proactively with industry colleagues towards the establishment of this group.

## Future plans

During the 2004 financial year we plan to:

- Develop a supplier self-assessment process to use in conjunction with our on-site assessment programme.
- Ensure further investigation is conducted with all contracts identified as high and medium risk following an initial ethical trading risk assessment.
- Ensure all BT buying units inside and outside the UK have received awareness training on Sourcing with Human Dignity and how to incorporate this issue into their procurement contracts.
- Launch and promote the completion of the Computer Based Training Package within BT.

Specifically we have established two targets:

- By March 2004 all BT buying units inside and outside of the UK will have received awareness training on Sourcing with Human Dignity and how to incorporate it into their procurement contracts.
- By March 2004 there will be evidence that action has been conducted with all contracts identified as high or medium risk in terms of GS18 Sourcing with Human Dignity.

See also:

- Data and targets
- Ethical Trading Initiative

## Diversity

### The business case

BT has been at the forefront of the equality and diversity agenda for some time, and has been especially active in developing the business case for diversity.

Diversity is commercially important to us and built into our business objectives because our customer base is diverse. Approximately 51% of the UK's population is female, 7.7% from ethnic minorities, and 18% have a disability.\* This is a large customer sector which we must understand and align with, if we are to provide a truly world class service.

To gain the full benefits and competitive advantage of diversity it must be reflected throughout our operations, including our supply chain.

### Supplier diversity programme

Through our supplier diversity programme we work with Minority Business Enterprise's (MBEs) to help encourage a diverse supply chain. MBE businesses are defined as being at least 51% owned, controlled and operated by one or more members of a minority group – including ethnic minorities, women and people with disabilities.

We believe thereby working with these business communities we are contributing to business development and job creation.

The success of the first phase of the programme confirms that ethnic minority MBE companies do indeed have the richness of skills and expertise that we need to ensure our products and services reflect the diversity of the markets we serve. This has been reflected in the number of MBEs who have secured sub-contracts with BT and its main suppliers

### Key programmes

Supplier Diversity delivers two independent but complementary programmes. The first is aimed at reflecting the diversity of our customers in the supply base via Business to Business mentoring. The second encourages the development of Minority Business Enterprise in the wider business community via MBE development seminars.

### Business to business mentoring

The mentoring programme is a structured relationship between BT, an MBE owner and representatives from BT's suppliers. This relationship enables best practice to be shared with MBE's and for each participating company to learn from each other's experiences.

### Business development seminars

These seminars bring business skills and knowledge to the wider business community through the support and contribution of BT and its Suppliers. The seminars cover important areas for a successful business infrastructure. These include Marketing, Finance, Customer Service, e-Commerce and Tendering. An expanding range of seminar themes will be delivered in 2004.





# CSR for investors

Better World  
BT's Social & Environment Report



# CSR for investors

Investors are increasingly interested in the social and environmental dimensions of business performance and the relationship between these aspects and business strategy.

The key issue for investors is the 'business case' for sustainable development and CSR (Corporate Social Responsibility) – the extent to which social, environmental and ethical risks and opportunities are managed to both preserve and grow shareholder value.

## Common approaches

However, whilst a great deal has been written about the business case for CSR, much is generic – applying to the business sector as a whole rather than a specific enterprise – and often based on an intuitive, rather than quantified rationale.

There are few enterprise-specific, quantitative business cases for CSR.

Moreover, from an investor's perspective, information in social and environmental reports is often both backward looking (when investors are more interested in future prospects) and unfocused (when investors are seeking information presented in terms of business strategy and growth).

## BT's approach

So, in communicating with investors, companies should be compiling forward-looking, business-strategy related quantitative business cases for CSR and sustainable development.

You can read our attempt at meeting these investor needs on our Investor Centre site. Here you can find:

- Our 2003 financial year sustainability performance presentation <http://www.btplc.com/Investorcentre/PublicationsandDownloads/Presentations/Otherpresentations.htm> to city analysts, hosted by HSBC (July 2003)
- An analyst's presentation and accompanying narrative that identify how BT's CSR activities contribute to five of BT's top seven strategic priorities for 2002-05. (January 2002)

The latter presentation identifies the key sustainable development and CSR risks and opportunities for BT, sets out how these are managed for future growth and illustrates where BT's CSR performance adds shareholder value.

In addition, BT's response to the Association of British Insurers' disclosure guidelines covering social, environmental and ethical risks and opportunities is provided in the Annual Report and Accounts.

## The future

Showing how sustainable development and CSR add shareholder value is a tough challenge, but one that we feel is of increasing importance and relevance. Most importantly, the strength of individual business cases for CSR will become a key test of the extent to which the market is being shaped and harnessed to deliver sustainable development.

## Our Business Case

These core messages drive our communication with investor audiences:

- CSR is critical for optimising customer satisfaction. For example, we estimate that BT's CSR performance accounts for over 25% of the Image and Reputation driver of customer satisfaction. Further statistical analysis shows that a 1% improvement in the public's perception of our CSR activities effects a 0.1% increase in our retail customer satisfaction figures.
- Working conditions and the nature of our relationship with employees will have significant bearing on employee satisfaction and be reflected in the customer experience. A proactive approach to improving employee satisfaction helps improve customer satisfaction, and hence business success.
- Long-term sustainability trends are creating new market opportunities for us, such as the use of teleconferencing and flexible working to reduce the need to travel and provide more flexible lifestyles, or the provision of online environmental management systems.
- Increasingly we have to address social and environmental matters when bidding for business – more than £300 million in last financial year – and our internal expertise in these matters has helped us win a number of contracts.
- Proactive engagement in CSR gives BT a competitive advantage. This is supported by our placing in various CSR rankings and ratings.

More details are found in an analyst's presentation and accompanying narrative located in the Investor Centre.

## Ratings

A number of specialist CSR ratings agencies provide rankings based on information about a company's social, ethical and environmental policies and practices.

All are based on the premise that a company's management of these aspects will have a significant bearing on its ability to both preserve and grow shareholder value over the long term.

The main ratings are:

- BT has been ranked as the world's Number One Telecommunications Company in the Dow Jones Sustainability Index for three years running.
- BT is top of the telecommunications sector in the Business in the Community Corporate Responsibility Index and placed in the first quintile of companies in the overall index.
- The German independent rating agency, OEKOM research AG, ([http://www.oekom.de/ag/english/press\\_english/pm\\_te.htm](http://www.oekom.de/ag/english/press_english/pm_te.htm)) has ranked BT second out of 24 in its analysis of corporate responsibility in the telecommunications sector.
- BT is included in the UK, European and World FTSE4Good Indices.
- BT earned 'Best in Class' status for our social and environmental performance by Storebrand.

## See also:

- BT Strategy.
- 2003 Dow Jones Sustainability Index.
- BT 2003 Annual Report and Accounts.

# Economics

Better World  
BT's Social & Environment Report





BT is one of the largest telecommunications companies in the world and a significant economic force in its own right. In this document we try to interpret and understand some of BT's direct and indirect economic impacts, and highlight the linkages to their social and environmental consequences.

In 2002 the UK Department of Trade and Industry published the first ever league table of wealth-creating companies. BT was placed 15th in Europe, contributing £11.3 billion to the economy.

This size brings with it a range of direct and indirect economic impacts.

Our direct economic impacts can be understood using traditional financial measures – our turnover, spend with suppliers, dividends, employee costs, taxation paid and so on.

But a company such as BT affects the economy in many ways that aren't reflected through traditional financial reporting.

Our indirect economic impacts can arise from the income and employment created in businesses that supply goods and services for use by BT.

But the communications sector by its very nature can also have significant indirect economic effects. For example, prices, bandwidth and processing power can all have considerable impacts on the productivity of individual enterprises, industrial sectors and the wider economy. This in turn can affect innovation and competitiveness.

Other significant economic issues in the communications sector are globalisation and the development of the 'knowledge economy'.

**Accounting for indirect impacts**

As one moves beyond pure company finances through to some of these more intangible issues, the level of influence we as an individual company have on effecting change diminishes. But that's not to say that we can absolve ourselves from responsibility for the less direct social and environmental impacts arising out of our commercial activities.

This analysis aims to put into practice some of the ideas we presented in Adding Values, our 2001 occasional paper on the economic dimension of sustainable development.

**Direct impacts**

BT's direct economic impacts can be illustrated using traditional financial data, such as turnover, dividends and taxation paid.

Financial measures can also be used to demonstrate how the economic status of each stakeholder group changes as a result of BT's activities.

The figures below measure the financial flows between BT and our key stakeholders – customers, suppliers, employees and shareholders – as well as with governments. We also provide a geographical breakdown of BT's markets.

All data relates to our activities during the 2003 financial year.

**Customers**

BT turnover was £18,727 million, distributed as follows:

BT Retail:	£11,333 million
BT Wholesale:	£3,472 million
BT Global Services:	£3,882 million
Other:	£40 million

When BT's share of associates' and joint ventures' turnover of £1,445 million is added, our total turnover reaches £21,182 million.

More details are found in the BT profit and loss account on page 26 of the 2003 Annual Report and Form 20-F.

**Suppliers**

Our total spend with suppliers was approximately £5,000 million. Further details of our operating costs are found on pages 35-37 of the 2003 Annual Report and Form 20-F.

Our total capital expenditure was £2,445 million. A more thorough description of this expenditure, including its nature and geographical spread, is found on page 44 of the 2003 Annual Report and Form 20-F.

**Employees**

Our total employees in post were 104,700, of which 96,300 are in the UK and 8,400 non-UK.

Total expenditure on employees was:

Wages and Salaries	£3,621 million
Social Security Costs	£275 million
Pension Costs	£322 million
Employee Share Ownership	£36 million
Total	£4,254 million

**Shareholders and creditors**

The total dividend paid to shareholders was £560 million.

Our net debt was reduced from £13.7 billion to £9.6 billion.

Our total interest payable on continuing activities was £1,439m.

The total amount falling due to creditors within one year is £9,680 million. More details are available on page 84 of the 2003 Annual Report and Form 20-F.

**Governments**

Total taxes paid to governments was £459 million, comprising £598 million on the profit before taxation, goodwill amortisation and exceptional items, offset by tax relief of £139 million on certain exceptional charges.

Non-UK taxation amounted to a total of £102 million.

More details of our total taxes paid are available on page 96 of the 2003 Annual Report and Form 20-F.

**Geography**

The geographical breakdown of BT's turnover is as follows:

UK	£17,536 million (94%)
Europe (excluding UK)	£978 million (5%)
Americas	£153 million (1%)
Asia and Pacific	£60 million (<1%)

BT's share of the UK residential fixed-voice call market is 73%, as it has been since June 2000.

BT's share of the business sector fixed-voice call market is 45%, compared to 49% for the 2002 financial year.

**BT**

The profit retained in the company for investment was £2,126 million, up from £822 million in the 2002 financial year.

The return before goodwill amortisation and exceptional items on the average capital employed was 15.7%, the same as for the 2002 financial year.

**Indirect impacts**

We have separated BT's indirect economic impacts into the following categories:

- Income and Employment
- Productivity
- Globalisation
- Knowledge Economy

ncome and employment

Indirect impact

Indirect economic impacts arise from the income and employment created in businesses that supply goods and services to BT.

In a report compiled for BT by DTZ Pida Consulting in March 2002, these indirect impacts were estimated (in Great Britain) as follows:

Indirect Income and Employment created in businesses that supply goods and services to BT		
	Income £ million	Employment
From capital expenditure	720.7	35,230
From revenue expenditure	1,341.3	65,560
Total	2,062.0	100,790

Source: DTZ Pida Consulting. Based on the following 2001 figures for BT:  
Total Supplier Expenditure: £4.5 billion  
Total Capital Investment: £3.2 billion  
Employees: 126,560

In short, the expenditure of BT in Great Britain creates over £2 billion of income in the British economy, which in turn supports the employment of almost 100,800 people.

Induced impact

Further indirect (or ‘induced’) impact is created when incomes created directly and indirectly by BT are spent in the economy.

The DTZ Pida Consulting report estimates these induced impacts to be £2.96 billion of income and 144,530 employees.

Total impact

The total economic impact of BT in terms of income generation and employment can be calculated by adding together the direct, indirect and induced impacts:

Total Income and Employment Impact of BT in Great Britain		
	Income (£billion)	Employment
Direct	2.866	101,226
Indirect	2.062	100,790
Induced	2,957	144,530
Total	7.885	346,546

Source: DTZ Consulting March 2002

The table shows that BT’s activities generate income of £7.9 billion and support the employment of 346,500 people throughout the British economy – almost 1.4% of all employment in Britain.

Notes

- These figures take account of ‘leakages’ of expenditure from the local economy in the form of non-British purchases, savings and national taxes. They are calculated using ‘input-output’ tables showing the flows of expenditure between sectors of the economy and allow the impact of a given level of expenditure on income and employment to be calculated.
- BT’s profile has altered since this study was completed – for example, the total number of BT employees has reduced from 126,560 to 104,700. However, the study still stands as an illustration of the scale and nature of BT’s indirect economic impacts.

Productivity

One of BT’s main indirect economic impacts is on the productivity of individual enterprises, industrial sectors and the wider economy.

Information and communications technology (ICT) In the industrialised world, information and communications technology (ICT) is a major force in the economy.

For example, according to the Organisation for Economic Co-operation and Development (OECD), the UK ICT industry accounted for 8.4% of total GDP in 1997. In the same year, a quarter of the UK’s GDP growth of 3.5% was attributable to growth in the ICT industry.

But the impacts of ICT go beyond the size of the industry alone.

ICT and productivity

There are characteristics specific to ICT – such as increased bandwidth and the plummeting cost of communications – which enable organisations to become more efficient and productive.

Indeed many economists make the case that ICT has increased productivity and global competition while holding down inflation, allowing higher economic growth without the need to choke off inflationary pressures with higher interest rates.

The UK Treasury, for example, has suggested that very high levels of expenditure on ICT equipment in the USA helped to achieve an average annual labour productivity increase of 2.5% between 1996-99, and an annual GDP growth of 4% in the five years prior to 2001.

Current situation

However, the statistical evidence for ICT increasing productivity is thin. As Diane Coyle and Danny Quah argue in Getting the Measure of the New Economy, top line productivity figures often show little of this impact. Coyle and Quah call this the “productivity paradox” – that one can see the evidence of the computer revolution everywhere apart from in the productivity figures.

Nevertheless Coyle and Quah make the case that the “absence of evidence should not be taken as evidence of absence”. It will take time – indeed decades – for ICT to filter through into the whole economy, and we are only just beginning to see the wholesale restructuring of business, industrial and organisational models made possible by the diffusion of ICTs.

Economists continue to anticipate that e-business will enable firms to lower costs – in procurement, production, selling and distribution – as well as stimulating the development of new markets and services.

For example, according to Goldman Sachs, cost savings from business-to-business e-commerce alone will bring a sustained extra economic growth of 0.25% per year over the next decade.

Our ‘Hot Topic’ on e-business and the environment looks at BT’s experience of adopting e-commerce techniques in its own operations and asks whether the productivity gains promised by e-commerce will be matched by similar eco-efficiency gains.

ICT and competitiveness

Against this backdrop of potentially enhanced economic growth, the industrialised nations are increasingly looking to use the productivity benefits of ICT to improve their competitiveness.

The productivity potential of ICT is also recognised by the EU, who set the strategic goal in Lisbon in 2000 to become “the most competitive and dynamic knowledge-based economy in the world ... regaining the conditions for full employment and to strengthen social cohesion.”

Indeed, the UK Prime Minister Tony Blair has set the following targets:

- everyone in the UK to have internet access by 2005.
- all government services to be online by 2005.
- the UK to have the most extensive and competitive broadband market in the G7 group of countries by 2005.

The UK Regional Development Agencies also see e-business as key to economic development. This in turn can bring a range of social and environmental improvements in the regions. You can read about BT’s efforts to spread the benefits of broadband to the more remote regions of the UK in the digital inclusion section of the Better World site.



## Globalisation

The globalisation of economies is a controversial subject that raises significant passion among supporters and opponents alike.

To quote from our occasional paper Variety and Values:

*“There is no doubt that globalisation has brought enormous benefits and has the potential to deliver more. Trans-border communications have enabled previously undreamed-of personal and cultural connections between billions of people. The economic potential to deliver an improved standard of life across the world may also be within our reach. For the first time we may have the global tools, global knowledge, and global reach to tackle some of our most basic human needs, while dealing with more modern challenges and driving innovation. But to reap these benefits, the process of globalisation must be managed with responsibility.”*

### The digital divide

There is great concern that digital technologies, although providing so many opportunities, might also serve to exacerbate existing economic divides between rich and poor people and between rich and poor nations.

The 1999 United Nations Human Development Report took globalisation as its main theme and focused on the potential of the internet for human development as well as exclusion.

The report recognised not just the potential of the internet to drive efficiency improvements, but also its potential to foster major advances in health and education, to empower small businesses and organisations, and to provide remote communities and poorer countries with easy and cheap access to information.

Crucially, however, the report also recognised that these advantages are not automatically going to be delivered to those who need them most.

### BT's approach

It is partly for this reason that the Digital inclusion has been selected as one of the main sections of this site.

Also of relevance is the analysis of the economic implications of our activities in the BT in India case study. BT has sold its stake in three of the four Indian joint ventures since this case study was prepared; however, the report still stands as an analysis of BT's impact during its involvement in these joint ventures.

Moreover, the Call centre section of the Better World site discusses the issues associated with the opening of two new call centres in New Delhi and Bangalore.

BT's goods and service are also sourced from across the world and whenever we buy something we leave behind an economic consequence to the benefit of that community.

But we also want to make sure that we buy without exploitation of people. Our Sourcing with Human Dignity programme seeks to ensure that working conditions in our supply chain are consistent with international guidelines such as the Universal Declaration of Human Rights and the International Labour Organisation Conventions.

This global dimension of ICT also provides the rationale for our involvement in the Global e-Sustainability Initiative (GeSI). Amongst GeSI's recent activities has been an overview on the contribution of ICT to sustainable development as an input to the 2002 World Summit on Sustainable Development.

## Knowledge economy

We believe that we are living in a knowledge economy, in which value is more a function of ideas, creativity and imagination than it is of traditional capital investment.

For this reason BT places considerable emphasis on research and development and knowledge management.

We believe that BT has an important role to play in enabling the knowledge economy. As the largest capacity telecommunications network in the UK – with 885 local and trunk exchanges, 119 million kilometres of copper wire and 6 million kilometres of optical fibre – we also have the infrastructure to play an important part in it.

The new knowledge economy is leading to rising demand for advanced data, mobile, broadband and internet services. Consequently we are building a new national network, capable not just of meeting our customers' needs now, but their future needs as well. To achieve this we are refocusing our investment away from today's technology in order to spend more on future technologies.

Critical to the development of the knowledge economy is the roll out of ADSL broadband technology. Broadband means, very simply, a high-speed connection to the internet that is 'always on'. It is called broadband because it has a much larger capacity to send and receive data than a standard telephone connection. These investments also bring a range of social and environmental impacts, set out in the benefits and broadband sections of the Better World site.

### A digitally literate workforce

There is growing concern in Europe about the gap between supply and demand for information technology professionals.

BT shares these concerns and we are responding in a number of ways:

- we work with the European Union to improve the supply of ICT professionals.
- we encourage women and ethnic minorities into ICT careers.
- we promote the ways in which ICT can enable more flexible working patterns, thereby bringing excluded people into the employment.

But the challenge is wider than simply meeting the demand for information technology professionals.

Digital literacy is becoming an increasingly essential element of basic employability.

For this reason we have launched a digital inclusion campaign – Everybody Online – to support the government's aim to give all citizens online access by 2005 and demonstrate how communications can help improve society.

The campaign aims to increase access to communications technology in underprivileged areas and to

deepen the understanding of the causes and effects of the digital divide and how they may be addressed nationally.

BT has a range of other activities in place to encourage the development of digital literacy:

- The BT Academy – an online learning portal open to all employees.
- A special schools roadshow focusing on communication and ICT skills.
- A website for teachers and young people, highlighting important ICT skills.
- A programme to e-enable 1,700 groups.

More details of these activities can be found in the education, digital inclusion and employees sections of the Better World site.





# Human rights

Better World  
BT's Social & Environment Report



# Human rights

We have based our policies and procedures on the principles set out in the United Nations Universal Declaration of Human Rights, which sets “a common standard of achievement for all peoples and all nations”.

We are committed to protecting and enhancing the human dignity of everyone who works for the company and everyone who has dealings with it.

This section of the Better World site examines a range of human rights issues relevant to BT and how we manage them.

## Principles

We use the Universal Declaration of Human Rights to ensure all our policies enhance human dignity. But new challenges and opportunities arise all the time, and we don't rely on policy alone to make sure we handle human rights issues well.

All our employees have access to the Universal Declaration via our intranet, and an outline of our approach is included in the guidance document accompanying our statement of business practice.

We are in contact with many expert groups and information sources that can help us maintain our commitment to human dignity and evolve our procedures if necessary.

For example, we are a signatory to the UN's Global Compact, an initiative that strives to motivate business and industry around nine principles of environment, labour and human rights. BT participates in the Global Compact Learning Forum, and you can read about our performance and progress in relation to these principles in the Global Compact Site Index.

## BT products and services

We have learnt that one of the best ways for us to fulfil our commitment to human dignity is to enhance the positive impact our products and services can have on human rights.

Freedom of expression is a fundamental human right, and a critical means of promoting human rights in general. Greater access to communications technology can be a source of openness in otherwise closed societies; it provides an extremely fast, efficient and mainly safe means of managing and communicating information, and can be invaluable to organisations dedicated to human rights.

However, we recognise that world-wide respect for human dignity is more than just a click away. Equally, like many of the rights enshrined in the Universal Declaration of Human Rights, new technological advances bring new

challenges to and interpretations of free expression. Our new 'Hot Topic', Virtual Vice, explores some of these concerns about misuse of new technology and the internet.

We hope that the economic potential of e-commerce and the increased transparency brought about by new technologies will have a positive impact upon human rights. Our hot topic, Modern Communications and Quality of Life, explores this potential in more detail.

This document examines BT's approach and activities in our supply and use chains, and the issues of privacy and freedom of expression.

## Supply and use chains

Our impact on human rights has two aspects:

- The supply chain – the working conditions under which the products and services purchased by BT are produced
- The use chain – the effect of the use of our products and services, after they have been sold, on human rights.

### Supply chain

It is our aspiration that the working conditions in our supply chain meet standards based on the Universal Declaration of Human Rights and the International Labour Organisation Conventions. More details are available in the Ethical trading section of the Better World site.

### Use chain

A principal concern here is the misuse of our products and services, for example the use of the internet to undertake illegal activities. Our 'Hot Topic', Misuse of the Internet, describes how BT addresses these issues. Other use chain issues are privacy and freedom of expression.

The Modern Communications and Quality of Life 'Hot Topic' addresses the question of whether communications technology has made life better or worse.

On the positive side, communications technology offers new opportunities for education, learning and development – issues that are examined in more detail in the Digital Inclusion section of the Better World site.

These are complex issues. With so many different national approaches to censorship and access to information, companies such as BT have to balance their support for free expression with their commitment to abide by the law, wherever they operate.

But we believe that, ultimately, developments in information and communications technology will have a beneficial impact on human rights. BT will continue to play a key part in the debate.

## Privacy

Article 12 of the Universal Declaration of Human Rights states:

*No one shall be subjected to arbitrary interference with his privacy, family, home or correspondence, nor attacks upon his honour and reputation.*

While privacy is not a new challenge, developments in information and communications technology have given rise to some new dilemmas.

### Protecting online customers

We have to balance giving a tailored customer service with protecting customer privacy.

For example, if BT customers in the UK wish to use our website to manage their account, check their bill and buy various products or services, they have to register first – which involves the disclosure of certain personal information. We have a specific privacy policy covering this situation.

BT also has a detailed Acceptable Use Policy that shows how we protect the privacy of approximately 1.75 million customers who use our online services.

Customers' preferences can be tracked on-line in order to offer them personalised services and special offers. However, an 'opt-out' option is available for those who prefer.

### Protecting all customers

We know that privacy is very important to all our customers, not just those online. BT complies with and is registered under the Data Protection Act in the UK, and we take all reasonable care to prevent any unauthorised access to personal data.

BT's Caller Display and Call Return services in the UK can make customer numbers available to the people they are calling. Dialling 141 before calling can prevent this, and we are also able to withhold numbers permanently free of charge.

Customers are also able to screen out most direct marketing calls by registering with the UK Telephone Preference Service.

British Telecommunications plc (BT) operates under a licence granted by the Secretary of State for Trade and Industry, under section 7 of the UK Telecommunications Act. This means we only use personal details for the reason that they were entrusted to us and don't pass them on to other parts of the business.

Sometimes personal details do have to be disclosed – for example, in the prevention or detection of a criminal offence.

## BT employees

We also have several policies and codes relating to the use of BT telephones, e-mail and the internet by BT staff.

All staff have been made aware that e-mail and internet access may be monitored and that certain types of message and use of the internet are considered inappropriate while at work and using our system. This is common business practice, and BT does allow reasonable use of personal e-mail.

## Freedom of expression

Article 19 of the Universal Declaration of Human Rights states:

Everyone has the right to freedom of opinion and expression; this right includes freedom to hold opinions without interference and to seek, receive and impart information and ideas through any media and regardless of frontiers.

Freedom of expression is a fundamental human right and a critical means of promoting human rights in general.

However, as we mentioned in our introduction, new technological advances bring new challenges to and interpretations of free expression.

### Protecting children

A key challenge is to balance the right to freedom of expression with the need to protect children online.

BT is a board member of the Internet Content Rating Association (ICRA), which aims to “protect children from potentially harmful material; and to protect free speech on the internet.”

The ICRA asks web authors to give details of what is and isn't present on their site. From this they generate a content label (a short piece of computer code) which the author adds to the site. Parents can then set their internet browser to accept or reject access to certain types of content. The key point for freedom of expression is that ICRA does not itself rate internet content – the content providers do so if they wish to participate.

We have our own programme, BT Safe Surf, which gives detailed information for parents and user friendly training for children themselves.

### Content provision

BT acts upon complaints about content hosted on our servers. We sit on the funding council of the Internet Watch Foundation, who notify us of illegal content stored on our servers and webspace.

We have also contributed to the work of The Independent Committee for the Supervision of Standards of Telephone Information Services (ICSTIS).

Part of ICSTIS' remit involves registering certain types of phone service in the UK, such as dating services, betting, fundraising and services of a sexual nature. This allows for free speech while ensuring protection of users, legality and quality.

Our recent 'Hot Topic', Virtual Vice, explores issues of misuse on the internet. (Repeated)



# Stakeholder dialogue

Better World  
BT's Social & Environment Report



# Stakeholder dialogue

BT has critical relationships with a range of stakeholders. While no formal process has been used to identify stakeholders, over time it has become clear that six stakeholder groups are particularly critical to the success of our business:

- Customers
- Employees
- Suppliers
- Shareholders
- Partners
- Community

Our Statement of Business Practice The Way We Work sets out the aspirations and commitments which apply in each of our stakeholder relationships.

We believe that effective dialogue with each stakeholder group is essential to BT. Quite simply, the more positive and mutually beneficial these relationships are, the more successful our business will be.

We also seek the input of specialists in social and environmental policy through our Stakeholder Advisory Panel and our Social and Environment Report Independent Advisory Panel. We are now reconfiguring both these panels in response to the changing needs of the business and more details will be available in June 2004.

This site is itself part of BT's dialogue process, which is why we host a number of e-mail and live online debates on issues of interest and concern to our stakeholders.

Readers can also provide feedback on BT's social and environmental performance directly by e-mail.

The various ways in which we engage with stakeholders are described below. Links are included which take you to the relevant section of this site.

## Customers

Highlights of our dialogue with customers include:

- Consumer Liaison Panels
- Surveys of customers on quality of service and future expectations
- Telecommunications Advisory Committees

## Employees

Highlights of our dialogue with employees include:

- Our annual employee survey
- Relationships with trade unions
- European Consultative Works Council

## Suppliers

Highlights of our dialogue with suppliers include:

- Supplier relationship management programme
- Ethical trading forums with key suppliers and industry colleagues

## Shareholders

The Investors section of the Better World site was developed following close consultation with analysts specifically interested in the social and environmental performance of companies.

BT always values feedback from shareholders and aims to inform investors of the issues we face. More details are found in the Shareholder administration section of our Investor Centre site <http://www.btplc.com/Investorcentre/Shareholderservices/index.htm>.

## Partners

A description of our relationship with joint ventures and wholly-owned subsidiaries on social and environmental issues is described in the Statement of Business Practice section.

## Community

Recent surveys of our stakeholders tell us that education should be a top priority for our social investment. This section describes how we manage and distribute this investment.

## Stakeholder Advisory Panel

The Stakeholder Advisory Panel brings together a diverse mix of opinion formers from all over Europe to help shape and evolve BT's social policy strategy.

The Panel is made up of 14 members (three from within BT and 11 external members) and meets twice a year to share insights into societal trends and expectations that help shape our policies and practices. The external and international dimension of the Panel offers many valuable perspectives on issues of corporate social responsibility and sustainable development.

At each meeting BT representatives report back on progress made against the Panel's recommendations.

Recent meetings have covered the development of non-financial key performance indicators, BT's role in developing new communications products and services that help deliver sustainable development and the climate change implications of broadband.

Previous meetings have covered issues as varied as the digital divide, the gap between commercial drivers and those for social change, targets for social reporting and the positioning of social management within the restructuring of BT.

We are now in the process of reconfiguring this Panel in response to feedback from Panel members and the changing needs of our corporate social responsibility strategy. Further details will be available in June 2004.

The Advisory Panel members act in a personal capacity – the organisational affiliations below are listed for identification purposes only:

- Maria Buitenkamp – Independent consultant on strategies and innovation for sustainable development
- Jon Cousins – Formerly an educational e-entrepreneur and managing partner in Fundango
- John Evans – Member of the International Trade Union Advisory Committee to the OECD
- Claude Fussler – Vice-president of Dow Chemical Europe, currently on secondment to the World Business Council for Sustainable Development (WBCSD) as Director for Stakeholder Relations
- Adrian Hosford – Director of BT's Group Social Policy Team
- Dr Caroline Lucas – Member of the European Parliament (Green, South East Region, England)
- Jane Nelson – Director, Business Leadership and Strategy, Prince of Wales International Business Leaders Forum

- Robin Pauley – Director of Group Communications BT
- Jonathon Porritt – Chair of the UK Government's new Sustainable Development Commission
- Dr Jorgen Randers – Professor, The Norwegian School of Management, Oslo
- Richard Sandbrook – Co-founder of Friends of the Earth
- Rita Kellner-Stoll – Senator for Building and Environment, Bremen City Council
- Dr Chris Tuppen – BT's Head of Sustainable Development and Corporate Accountability
- Jan Walsh – Principal of Crescent Consultants

## Influencing BT

We believe that it is important to be explicit about what BT is trying to achieve with each stakeholder group and to deepen our understanding of what they expect from us.

For this reason our Statement of Business Practice sets out the specific aspirations and commitments which apply in our relations with our customers, employees, shareholders, partners, suppliers and communities.

BT's performance against these specific principles, aspirations and commitments can be found via our site index based on the Statement of Business Practice.

It is difficult to make direct links between a specific consultation exercise and a particular company decision.

Nevertheless, the various sections of this site that relate to specific stakeholder groups describe how stakeholders do influence BT policy, strategy and practice. For example:

- How our consumer liaison panels have helped shape our Next Generation Contact Centre strategy for call centres.
- How BT managers work with their teams to analyse the results of the annual employee survey and carry out action plans.
- How ethical trading forums with our suppliers is leading to an industry-wide approach to supply chain human rights.
- How regular communication with socially responsible investment analysts led to further disclosure about the links between CSR and the BT strategy.
- How stakeholder dialogue was used in the selection of non-financial key performance indicators.
- How stakeholder dialogue led to the selection of education and better communications as key themes of our social investment programmes.

## Influencing the Better World site

Stakeholder consultation has significant bearing on the content of the Better World site.





## ‘Hot Topics’

Using selection criteria approved by our Independent Advisory Panel, we trawled various opinion polls, company stakeholder consultations and press coverage to identify issues of concern to both BT and society. This resulted in the Misuse of the Internet and the Digital Divide being included amongst our ‘Hot Topics’.

Previous ‘Hot Topics’ selected in this way included Modern Communications and Quality of Life, E-Business and the Environment and Mobile Phones and Health.

## Indicators

In June 2003 we established a small number of non-financial key performance indicators to provide an overview of BT’s social and environmental performance. These were derived from a consultation exercise involving report users such as investors, customers and employees, together with outside experts such as the BT Stakeholder Panel and the report’s Independent Advisory Panel.

In deciding what other indicators to use in the report we chose to follow the 2002 Global Reporting Initiative Guidelines. As a multi-stakeholder initiative, these guidelines provide the most comprehensive and independent insight into the interests and concerns of our stakeholders.

## Other content

When defining the content for each section of the site we take into full consideration the results of consultation activities. For example, the Investors section was developed following close consultation with analysts specifically interested in the social and environmental performance of companies. The Customers and Employees sections cover issues that we know to be of concern to these groups, such as services for customers with special needs and our call centre reorganisation programme.

In June 2003 the remit provided to our verifiers was extended to include assurance against the AA1000 Assurance Standard.

The underlying basis of this standard is ‘inclusivity’. It requires our report to reflect the concerns of stakeholders, both in its content and in terms of demonstrating BT’s response to these concerns.

More details on how we have applied AA1000 Assurance Standard are found in the About the Report section of this site.

### See also:

- Global Reporting Initiative [www.globalreporting.org](http://www.globalreporting.org)



# Sustainability

Better World  
BT's Social & Environment Report



# Sustainability

The concept of sustainable development has increasingly come to represent a new kind of world – a world in which economic growth delivers a more just and inclusive society, at the same time as preserving the natural environment and the world's non-renewable resources for future generations.

The successful realisation of sustainable development requires a degree of international consensus and a great deal of multi-institutional support.

We would argue that no individual country, business or any other organisation can become sustainable on its own – although it can become more sustainable than it was, and it can make a valuable contribution to making the world a more sustainable place.

## BT's approach

This website is BT's triple bottom line sustainability report. In it we identify and quantify our social, economic and environmental impacts and set forward-looking targets.

Within BT we tend to use the term corporate social responsibility (CSR) more than sustainable development. This is because we identify CSR as the voluntary actions a company can take to contribute towards the wider societal goal of sustainable development.

CSR requires a co-ordinated approach to managing social, economic and environmental issues right across the company. This is covered in more detail in the section on business principles, specifically the description of our CSR governance framework and the recent introduction of our CSR health check process.

However, sustainability is not just about having the right systems, checks and balances in place. BT aspires to lead by example, and this section is about the practical steps we are taking to raise awareness of and participation in sustainability.

In particular we look at:

- how we have taken a lead in assisting moves towards sustainability through raising awareness and working in partnerships.
- how information and communication technologies can enable sustainable development.

## See Also:

- Better World – Business principles
- CSR governance
- Raising awareness
- Partnerships

## Raising Awareness

As well as addressing its own direct impacts, a company can also make a real difference by raising awareness, stimulating dialogue and responding to consultations on sustainable development and corporate social responsibility.

### Publications

We produce a series of occasional papers designed to address some of the complex inter-relationships between companies and the societies in which they operate. They aim to raise the debate rather than an attempt to give definitive answers.

- Changing Values (1999) considers the role of business in a sustainable society.
- Enlightened Values (2002) offers a practical business case for accountability and stakeholder engagement.
- Variety and Values (2000) gives a review of globalisation and its linked effects on cultural and bio-diversity loss.
- Adding Values (2001) provides an insight into why and how to account for a company's economic performance and effects.
- Just Values (2003) asks the question 'what happens when responsible business doesn't pay?' by examining the relationship between the business case for sustainable development and the moral imperative.

### Participation

In 2000 we hosted a CEO forum at the World Telecommunications Congress that led to the signing of a communiqué on sustainable development amongst our biggest suppliers.

We also led the Impact on Society Task Force that produced Winning with Integrity ([www.business-impact.org](http://www.business-impact.org)) and hosted the 2000 ETNO environmental conference (<http://www.etno.belbone.be/site/IPSWICH/Ipswich.htm>)

We are often invited to participate in UK government, European Union, research consortia, business associations and NGO dialogue sessions on the role of business in sustainable development, and we sponsor selected events and conferences.

We are also members of a number of organisations that attempt to influence public policy on matters connected with corporate social responsibility and sustainable development. Some, but by no means all of these, are business led:

- CSR Europe [www.csreurope.org](http://www.csreurope.org)
- Forum for the Future [www.forumforthefuture.org.uk](http://www.forumforthefuture.org.uk)
- Green Alliance [www.green-alliance.org.uk](http://www.green-alliance.org.uk)
- Business for Social Responsibility [www.bsr.org](http://www.bsr.org)

We also respond to formal consultations such as the UK government sustainability strategy and the EU green paper on CSR.

In short BT is keen for the government to deliver changes in the current legal and fiscal frameworks that will enable business to survive and flourish from sustainable business practice. More details are provided in the Public policy section of the Better World site.

## See also:

- Occasional papers
- Public policy
- WTC CEO communiqué  
<http://www.groupbt.com/Corporateinformation/Regulatory/RegulatoryInformation/Europeancommissiondocuments/CorporateSocialResponsibility/index.htm>
- Winning with Integrity ([www.business-impact.org](http://www.business-impact.org))
- 2000 ETNO environmental conference  
<http://www.etno.belbone.be/site/IPSWICH/Ipswich.htm>
- BT response to EU Green Paper on CSR  
<http://www.groupbt.com/Corporateinformation/Regulatory/RegulatoryInformation/Europeancommissiondocuments/CorporateSocialResponsibility/index.htm>

## Partnerships

We often work with external partners in the delivery of BT branded projects and programmes.

We also receive many invitations to participate as a partner in activities co-ordinated by external agencies. It's impossible to become involved in everything so we select those where we have both something to offer and something to gain, especially through mutual learning and the exchange of ideas.

Particularly relevant in this context would be our:

- support for the UN global compact [[link to Global Compact Site Index](#)]
- partnership in Digital Futures
- direct support to the Global Reporting Initiative

Many issues around sustainable development are best tackled at an industry level, and to this end we collaborate with our competitors and our suppliers.

For example, we:

- chair the Global e-Sustainability Initiative.
- are a signatory of the ETNO Environmental Charter.

## See also:

- BT's Global Compact Index
- Digital Futures – [www.digitalfutures.org.uk](http://www.digitalfutures.org.uk)
- Global Reporting Initiative – [www.globalreporting.org](http://www.globalreporting.org)
- Global e-Sustainability Initiative – [www.gesi.org](http://www.gesi.org)
- ETNO Charter – <http://www.etno.be/>



## ICT and Sustainable Development

By reducing the need for physical goods and transportation, telecommunications technology can help cut energy and resource use – thereby uncoupling economic growth from resource use.

### Envisaging the future

As Peter Johnston of the Information Society Directorate of the European Commission has said: “Advanced telecommunications services are one of the few achievements of our ‘consumer society’ that could be accessible to, and used by every person on earth without exceeding sustainable limits on resource-use and environmental impact”.

In such a scenario we would envisage:

- networks powered by energy derived from renewable sources.
- equipment and cables made from non-oil derived plastics (probably coming from agricultural products).
- polymeric conductors used in place of metals.
- fibre-optical switches and computers. (As glass is derived from a plentiful supply of sand, fibre-optic components could reduce the need for metals and traditional semiconductor materials.)

Our services also have the capacity to enable a more productive and inclusive society in which people experience improved democratic participation, more efficient provision of health and education services, and unlimited access to each other and to knowledge.

### Assessing the impacts

Of course all these benefits will not always be automatically forthcoming, and information and communication technologies are not without their downsides.

Our original analysis of these matters A Question of Balance still contains some useful perspectives, as do our special ‘Hot Topics’ that are included as part of this site. These cover issues such as the digital divide, quality of life, misuse of the internet and the environmental impacts of e-business.

We were also closely involved in the Global e-Sustainability Initiative ICT sector report prepared for the 2002 World Summit on Sustainable Development. This contains a number of helpful recommendations to ICT companies and governments and has led to a fruitful partnership with WWF in the preparatory stages of the World Summit on the Information Society.

The proof of sustainability is in the practice, and we want to demonstrate the sustainability potential of our own products and services through their application inside BT. You will find an analysis of the sustainability benefits of BT’s own use of teleworking, conferencing and other ICT technologies in the Benefits section of the Better World site.

### See also:

- A Question of Balance
- Better World – ‘Hot Topics’
- Better World – Benefits
- Global e-Sustainability Initiative ICT sector report – [www.gesi.org](http://www.gesi.org)
- Global e-Sustainability Initiative input to WSIS – [www.gesi.org](http://www.gesi.org)





# BT and Digital Inclusion

Better World  
BT's Social & Environment Report



# BT and Digital Inclusion

We believe that access to information and communications technology can improve people's lives. By opening doors to things that really matter – education, employment, entertainment and contact with friends and family – communications technology is an important feature of modern life.

But not everybody has access to communications technology or the necessary skills to exploit that access.

For this reason we undertake a range of activities to promote digital inclusion and spread the benefits of our technology as widely as possible.

In order to achieve this goal, the technology must be of the right sort, people need to know how to use it and it must deliver useful information, advice and content.

All these three issues must be addressed if communications technology is to deliver the services people require:

- Connectivity – access to communications technology
- Capability – the ability of groups and individuals to use technology
- Content – the type of communication and the way it is used for social and economic benefit.

This section contains a range of information and perspectives on the BT approach to digital inclusion:

- A table setting out BT's business activities, policy influence and social investment that contribute towards the connectivity, content and capability

- dimensions of digital inclusion.
- A 'Hot Topic' paper from Simon Zadek and Peter Raynard (published in 2001) to provide an independent commentary on BT's approach to the digital divide.
  - A more recent paper from Maya Forstater, Peter Raynard and Simon Zadek (published in June 2003) to provide commentary and analysis on progress made by BT subsequent to the 'Hot Topic'.
  - Our digital inclusion campaign.
  - The relationship between broadband and digital inclusion.
  - BT's position statement on the digital divide.

## BT activities

Our core business activities, policy influence and social investment each contribute towards the connectivity, content and capability dimensions of digital inclusion in the UK.

The table below highlights some of our key initiatives and policies, which are introduced in more detail in the case study boxes which follow.

	Core Business	Capacity building & policy influence	Social investment
<b>Connectivity</b> (access to comms technology)	Providing connectivity  Rolling out broadband  Trialing new technologies and products	Working with Regional Development Agencies to make rural broadband access achievable  Contributing to the public debate	Working with Citizens Online to get 'Everybodyonline'  Providing free PCs and connection to community groups and charities
<b>Content</b> (the ability of groups and individuals to use comms technology)	Creating and Enabling Commercial Content  Enabling the development of e-learning	Contributing to the public debate	Supporting voluntary sector content  Recognising good practice through the eWell-Being awards
<b>Capability</b> (the type of information accessed)	Working with Regional Development Agencies to make rural broadband access achievable  Enabling the development of e-learning	Enabling the development of e-learning	Working with Citizens Online to get 'Everybodyonline'  Providing free PCs and connection to community groups and charities

## Providing connectivity

Our main impact on digital inclusion in the UK is through the provision of access to the Internet for consumers and small businesses through a number of key routes:

**BT Openworld** – BT's mass-market internet division is one of the UK's leading Internet service providers, delivering broadband and narrowband services to more than 1.75 million customers in the UK. A range of access packages has been developed including high-speed broadband, unmetered narrowband, and pay-as-you-go services.

**BT Wholesale** – BT wholesale provides the telephone networks through which other telecommunications companies and internet service providers can deliver internet connectivity to their customers.

## BT Retail

- Phone lines – BT provides phone lines to 19 million residential customers. This remains the main route by which residential users access the Internet with 80% of internet users continuing to access the Internet using regular dial-up services.
- BT Broadband – since July 2002 BT has been marketing to BT Retail customers a low-cost, easy-to-install broadband product, which is integrated within people's existing telephone bill.
- Developing a home network, computer and support package to make getting a computer and getting online trouble-free.
- BT Retail also delivers connectivity and IT services to small and medium enterprises (SMEs) and larger organisations in the private and public sectors.

Over the past two years, prices for broadband and narrowband internet access have fallen, further incentivising connectivity.

## Rolling out broadband

Broadband is a key strategic focus for BT. Moving towards greater availability of broadband is not the same thing as closing the digital divide – though it can be very important to social inclusion issues, especially in rural areas.

We have a roadmap in place to extend broadband availability to 90% of homes and small businesses by 2005. By March 2003 we had upgraded 1,167 exchanges, making broadband available to 67% of UK households. Work is currently under way at a further 247 exchanges to enable them to offer ADSL.

In June 2002, we announced the introduction of a new broadband registration system that enables consumers who cannot get ADSL services to register their interest. The registration scheme covers the whole of the UK and we have set a trigger level for over 800 exchanges at which it would become economically viable to broadband-enable the local exchange.

In January 2003, we announced changes to our registration scheme, following a review of the costs of enabling exchanges. This review has enabled us to reduce the trigger levels at 388 exchanges and to set trigger levels for a further 87 exchanges. We have also announced plans

to streamline the broadband demand registration scheme, speeding up the time taken to upgrade an exchange.

Over 320,000 people have now registered their interest and over 44 exchanges have been broadband enabled.

## Promoting broadband

We have a target of attracting one million wholesale broadband customers by the summer of 2003. In support of this, we have launched a major advertising campaign to increase awareness of broadband in 2002, to some effect. Ofcom recently concluded that, "It is likely that the recent BT advertising campaign has impacted greatly on broadband awareness."

## Trailing new access technologies and business models

BT is developing new technologies and marketing approaches to reach new markets and extend uptake of ICTs.

- **Community Broadband** BT has confirmed it will go ahead with the full national launch of its pioneering project to bring high-speed broadband technology to small local communities. Following successful trials in eight sites across the country in England, Wales, Scotland and Northern Ireland, 'ADSL Exchange Activate' will be available commercially from July 2003. The scheme involves a sponsoring body that has a social, development or commercial interest in bringing broadband to specific areas. The sponsor pays a lump sum to get groups of 30 customers connected to asymmetric digital subscriber line (ADSL) equipment for a three-year period.
- **Midband** BT announced in April 2003 its new high-speed internet service, BT Midband. Designed to meet a need for higher-speed internet access for customers living in areas where broadband is not yet available, the Midband service will start on 1 June 2003 and be available to 97% of the UK population. BT Midband is an interim alternative, high-speed (128k) internet access solution for instances where broadband (ADSL) is not yet available in customers' local exchange area, or if they live over 5.5 km away from it.
- **BT Home Computing** ([www.bt.com/homecomputing](http://www.bt.com/homecomputing)) – is a complete package covering PC choice, installation by a BT engineer and ongoing support. It aims to help customers get the most out of home communications without needing to be technology experts.
- **Internet kiosks** ([www.payphones.bt.com](http://www.payphones.bt.com)) BT operates 77,000 payphones, the largest network in the UK. There are currently more than 1,200 BT internet kiosks offering internet access, e-mail and text messaging as well as phone calls, with a total of 20,000 planned by 2007.



### Working with Regional Development Agencies to make rural broadband access achievable

To enable more SMEs to benefit from ADSL technology, BT is working with several public and private bodies to develop demand-led projects to bring broadband to regions of the UK where deployment would otherwise be uneconomic.

One key example of this approach is the ACTNOW ([www.actnowcornwall.co.uk](http://www.actnowcornwall.co.uk)) partnership in Cornwall, involving Cornwall Enterprise, BT, South West Regional Development Agency, Cornwall College, Cornwall County Council and Business Link. EU Objective One funding has enabled the partnership to offer subsidised packages to SMEs ranging from a line connection and advice to integrated business solutions through to complete networked solutions.

### Working with Citizens Online to get 'Everybodyonline'

In partnership with the charity Citizens Online we have established a programme initially working in four pilot sites in under-privileged areas where Internet usage is low and deprivation high. Other criteria for selection include commitment to strategic partnership by local government and the voluntary sector in addressing the digital divide, and enthusiasm by prospective local partners for the project.

The project aims to increase the use of communications technologies and skills in these communities, enhance the quality and level of ICT knowledge amongst new and existing users and deepen understanding of digital exclusion both locally and nationally.

An 'eEverybodyonline' project officer has been appointed in each location. Their job is to:

- map local access points, training providers, potential partners and key issues;
- establish a steering group to design a locally-owned action plan;
- facilitate activity to improve awareness of ICT and its benefits; and
- capture data, case studies, examples of good practice and feedback.

The local audits have revealed that many opportunities and facilities already exist for ICT training and internet access and the emphasis for 'Everybodyonline' is on developing life skills and targeting those who are most daunted by the prospect of using new technology. Once they have taken the first steps they are signposted to established training providers. In some cases the barriers to access have been about poor bus services or lack of child care facilities and the 'Everybodyonline' project officers have taken the initiative to overcome these.

These are demonstration projects and the end result will be a toolkit that could be used by any community to promote and encourage ICT and Internet access as part of a regeneration or community development process. The project is developing indicators to identify local and nationally recognised improvements in order to demonstrate to government and others the social and economic benefits of this programme.

### Providing free PCs and connection to community groups and charities [[www.communityconnections.com](http://www.communityconnections.com)]

BT Community Connections offers community and voluntary groups and organisations the opportunity to connect to the Internet. The awards scheme, in its second year, is giving out more than 1,700 internet-ready PCs to community groups across the UK. Past winners have included city farms, disabled dance groups, local history groups and silver surfers shopping online. Award winners receive an Internet-ready PC and a contribution of £180 towards cost of Internet access.

### Creating and Enabling Commercial Content ([www.btopenworld.com](http://www.btopenworld.com))

BT hosts third-party content as BT Global Services and BT Openworld and also provides content under the BT Openworld banner. Examples include:

- **BT Openworld** has launched five sites aimed at computer gamers, music fans, sports and betting enthusiasts and travellers: [www.gamesdomain.co.uk](http://www.gamesdomain.co.uk), [www.dotmusic.com](http://www.dotmusic.com), [www.btopenworld.com/classical](http://www.btopenworld.com/classical), [www.btopenworld.com/sport](http://www.btopenworld.com/sport) and [www.btopenworld.com/travelclub](http://www.btopenworld.com/travelclub). These provide a mix of free and subscription-based services.
- **BTclick&buy** ([www.btclickandbuy.com](http://www.btclickandbuy.com)) Over the last two years, advertising revenues on the Internet have been decimated. European businesses with premium online content have been faced with the task of generating profitable revenue streams. Our new micro-payments scheme launched in September 2002 provides consumers with secure access to Internet content, without needing to give out credit card details. Eventually it will enable people to purchase premium content online and pay for it through their phone bills.

### Enabling the development of e-learning

BT education has developed a range of content on the Internet aimed at teachers, parents and kids, including:

- **Connected Earth** ([www.connectedearth.org](http://www.connectedearth.org)) Launched in 2002, this Museum on the Internet is now one of the largest virtual museums in existence, providing access to the history of telecommunications.
- **BT Toolbox** – resources for teachers, parents and children on communication skills – including animated tutorials, quizzes and classroom activities.
- **BT Learning Centre** ([www.btopenworld.com/thelearningcentre](http://www.btopenworld.com/thelearningcentre)) an online learning subscription service for home users, tailor-made for specific age groups. This new service provides pupils with the same or similar content to that available in schools to help give them a step up the educational ladder. We have also been working with leading education content providers including Actis, Netmedia Education, Cyber Mind and Granada Learning to aggregate a wide range of education titles into the service. Free content is available to both subscribers and

non-subscribers, alongside links to other educational sites such as GridClub, NGfL, museums and others.

In addition, we are involved in pushing forward development and innovation in the field of e-learning – for example, we support the ICT in Education awards which identify and promote best practice.

The majority of our education products, services and activities focus on formal education through schools and colleges. However, we are also beginning to support some informal learning projects such as the Real Bus with Glasgow City Council, which has created an IT-enabled learning centre on a bus to bring internet taster sessions to people in community settings such as mother and toddler groups and shopping centres.

### Enabling public sector content

In recent years we have worked with both local and national government to develop a number of high-profile projects:

- **Leeds Learning Network** ([www.leedslearning.net/](http://www.leedslearning.net/)), formed by BT and Leeds City Council to connect schools, libraries and museums throughout Leeds on one single network, offering the whole community an invaluable educational resource.
- **NHSnet with C&W** ([www.nhs.uk/nhsnet/pages/about/intro/nhsnet.asp](http://www.nhs.uk/nhsnet/pages/about/intro/nhsnet.asp)) BT Health is the main service provider for NHSnet, the world-class secure intranet for the health service. Introduced in 1995, the multi-media resource is transforming the way that health professionals work, enabling them to deliver electronic healthcare, more efficient administrative processes, and giving them the capability to deliver on the government's ambitions for electronic patient records. The network has been rolled out to all Health Authorities, to 98% of NHS Trusts and to more than 80% of the country's GP practices.

### Supporting voluntary sector content

We provide support to a number of voluntary sector initiatives that provide online services and web-based resources. Examples include:

- **CancerBacup** ([www.cancerbacup.org.uk](http://www.cancerbacup.org.uk)) to develop an interactive cancer information service on the Internet for people affected by cancer and for health professionals.
- The development of the Time Bank [www.timebank.org.uk](http://www.timebank.org.uk) website which matches volunteers' time and skills to local organisations.
- The redevelopment of the National Council for Voluntary Organisations' website to provide a comprehensive online resource for large and small voluntary organisations.

We have teamed up with ik.com [www.ik.com](http://www.ik.com) to make free, simple-to-build websites – [www.communitykit.ik.com](http://www.communitykit.ik.com) – available for UK charities and community groups. This is an extension of our existing work with UK schools – more than 4,000 whom have already created some excellent new sites that are developed and maintained by pupils and teachers.

### Recognising good practice

We sponsor SustainIT's ([www.sustainit.org/ewell-being/ewb\\_awards.htm](http://www.sustainit.org/ewell-being/ewb_awards.htm)) E-Well-Being awards which identify and promote organisations and initiatives which use ICT to create environmental, economic and social benefits. The awards are an important part of our commitment to digital inclusion. We recognise the vital role that communications technology is playing in providing tangible social, environmental and economic benefits, and hope the projects highlighted will inspire other organisations to enter the awards in future.

### Contributing to the public debate

An example of our contribution to the public debate on digital inclusion is our active membership of the Broadband Stakeholder Group (BSG) ([www.broadbanduk.org](http://www.broadbanduk.org)) the government's multisector advisory group on broadband. Although the BSG has largely focused on the issue of extending broadband coverage and competition it is now also recognising the need to accelerate demand and create compelling commercial and public service content.

## Everybodyonline

We have launched a digital inclusion campaign to support the government's aim to give all citizens online access by 2005 and demonstrate how communications can help improve society.

A key element of the campaign is the 'everybodyonline' programme, which has been established in partnership with charity group Citizens Online [www.citizensonline.org.uk](http://www.citizensonline.org.uk) and is initially focused in a few pilot locations:

- Walker in Newcastle-upon-Tyne
- St Stephen in Restormel (Cornwall)
- Broad Green in Croydon
- Audley & Bignall End in Newcastle under Lyme.

### Project aims

The specific aims of the project are to:

- Increase use of communications technologies and skills in communities where income and adoption rates are amongst the lowest in the UK.
- Increase opportunities for access for groups within these communities identified as excluded or marginalised by reason of –
  - Age
  - Gender
  - Ethnic background
  - Disability
  - Previous educational opportunity
  - Employment status.
- Enhance the quality and level of ICT knowledge amongst new and existing users.
- Deepen understanding of the causes and effects of the digital divide and how they may be addressed nationally.





The campaign aims to increase access to communications technology in underprivileged areas and to deepen the understanding of the causes and effects of the digital divide and how they may be addressed nationally.

Each pilot area has different social and geographic issues, but all the locations chosen have the common factors of low internet usage and a 'high' ranking in the government's index of deprivation. The local authorities in each area have actively welcomed the initiative and are working with us to ensure optimum benefit.

Local project managers have now been recruited to work in these communities. Their role is to map existing facilities, identify community needs and develop local partnerships.

The project will use a unique measure set to identify local and nationally recognised improvements in order to demonstrate to government and others the benefits of this programme.

## Broadband

Broadband ([www.bt.com/broadband](http://www.bt.com/broadband)) is an 'always on' high-speed connection to the Internet. It's called broadband because it has a much larger capacity to send and receive data than a standard telephone connection – indeed, up to 10 times faster.

Broadband is expected to bring a range of economic, social and environmental benefits.

Indeed, the UK Government has set the target for the UK to have the most extensive and competitive broadband market in the G7 group of countries by 2005.

BT has established the target of one million broadband connections by summer 2003 and five million by 2006.

### Digital inclusion

Broadband roll-out raises a number of issues for the digital inclusion agenda. Specifically, these include:

- Connectivity – the availability and uptake of broadband
- Content and capability – use of broadband to deliver social, economic and environmental gains.

Examples of the potential benefits include:

- Enhancing the productivity of individual enterprises, industrial sectors, regions and the economy as a whole
- Increasing opportunities for teleworking that reduce the need to travel
- Remote diagnosis and in-home care bringing health benefits
- Increased access to learning materials in the education sector.

## Connectivity

BT is determined to spread the benefits of broadband as widely as possible.

At 31 March 2003 the ADSL 'footprint' of broadband-enabled exchanges covered 67% of all UK homes and small businesses. We have also set out a roadmap that will see broadband reach more than 90% of the country.

Critical to the delivery of these goals will be co-ordinated action through partnerships with both

government and industry to make broadband accessible to the wider community.

Partnerships are essential for broadband to reach parts of the country where a commercial case could not otherwise be made. Indeed, such partnerships can generate more interest and take-up than industry marketing on its own.

### Partnerships

An example of cross-sector partnership in action is the ACTNOW initiative in Cornwall ([www.actnowcornwall.co.uk/](http://www.actnowcornwall.co.uk/)).

ACTNOW is a partnership between BT and key public sector bodies, including Cornwall County Council, the South West Regional Development Agency (RDA), Devon & Cornwall Business Link and Cornwall College.

The initiative will provide business support packages to 3,300 businesses using broadband technology.

By February 2003, 13 Cornish exchanges had been enabled and over 1,000 businesses and households signed up to broadband.

BT now has regional initiatives in an additional eight areas. Together these are expected to enable 100 additional exchanges and make broadband available to a further 48,000 businesses.

Each region has its own challenges driving demand for broadband. Prominent themes include improving competitiveness, tackling social exclusion, delivering government targets and improving skills and education.

In Wales, 10 exchanges have been enabled under an EU Wales Programme and BT is now a partner in Opportunity Wales ([www.opportunitywales.co.uk](http://www.opportunitywales.co.uk)) a broadband demand stimulation programme targeted at 'Objective 1' areas where the GDP is less than 75% of the average.

### Registration scheme

A barrier to the further expansion of broadband is the lack of demand to 'enable' every exchange.

Therefore, BT has launched an innovative registration scheme to identify the exchanges where sufficient demand exists.

By March 2003, trigger levels had been established at over 800 exchanges with trigger levels for a further 759 exchanges already planned for the 2004 financial year. More than 320,000 registrations had been made, 44 exchanges had been enabled and a further 247 were in the process of being enabled.

The 'trigger levels' are cost-based and set at 200-750 registrations.

Assessing and stimulating demand in rural areas will be critical to enabling more exchanges and BT is encouraging greater take-up – for example, working with rural bodies such as the Countryside Agency and local pressure groups to advance sign-up to the registration scheme.

We are also hopeful that the purchasing power of the public sector could drive demand even faster. For example, government plans to enable schools and GP surgeries with broadband would benefit the whole community if

implemented in a way that helps reduce 'trigger levels' in non-enabled exchanges.

### Community broadband

BT has announced that, in July 2003, we will launch nationally a pioneering project to bring broadband ADSL technology to small exchanges where previously it was not commercially viable.

Following successful trials in eight sites across the UK, BT Wholesale will make 'ADSL Exchange Active' available commercially. The scheme involves a sponsoring body that has a social, development or commercial interest in bringing broadband to specific areas. The sponsor pays a lump sum to get groups of 30 customers connected to ADSL equipment for a three-year period.

These sponsors during a trial period were the Highlands and Islands Enterprise; Gwynedd County Council; Denbighshire County Council, together with consultants The ITC (UK) Ltd; the East of England Development Agency; the New Forest Business Partnership; and Omagh District Council.

The sponsoring organisation will team up with an internet service provider of their choice to aggregate demand, source funding and deliver service.

## Alternative solutions

We believe that other innovative technological and business model advances – such as satellite, wireless broadband and mesh radio – can play their part in increasing the number of households who live in broadband-enabled areas.

To achieve this advance in digital inclusion BT is pioneering a number of new technologies:

- Improving the range of existing enabled exchanges.

Technology advances will increase the exchange reach within an enabled area from 94.5% to 97.5% and has the potential to increase broadband access to a further 3% of the population.

- Satellite.

Broadband satellite has some technology and price limitations but is available throughout the UK and has the potential to increase broadband access to a further 1% of the population.

- Midband products.

BT Midband connects to the Internet using ISDN technology and switches between 64k per second and 128k, enabling users to surf the net and make calls at the same time. BT Midband is available to 97% of UK homes.

## Health and education

Broadband enables users to 'do things differently' rather than just 'doing things more quickly'.

But the benefits of doing things differently require compelling content, which itself drives broadband take-up.

The Prime Minister has promised that every school and every doctor's surgery in the UK will have a broadband connection by 2006. However, technological innovation

must be accompanied by innovative exploitation of bandwidth if the full social and environmental benefits are to be realised.

### Health

Shorter waiting times and more efficient patient care will result from a £168 million agreement between BT and the NHS Information Authority.

The agreement will involve BT upgrading the existing NHSnet infrastructure to a broadband platform, linking more than 7,000 NHS sites throughout England including hospitals, GP practices and NHS Trusts.

This broadband upgrade supports the new NHS National Strategic Plan for IT, underpinning three of its major projects:

- electronic booking systems – allowing GPs to book consultant appointments for patients online
- integrated care records – ensuring patients' details and treatment are available immediately to all appropriate healthcare staff
- electronic transfer of prescriptions – providing an integrated system to allow the transfer of patient medication records between GPs, nurses, hospitals, pharmacists, dentists and the patient.

The broadband upgrade will give doctors access to the information necessary for fast and accurate diagnosis.

For radiology departments, the broadband upgrade is a key first step towards allowing medical information to be sent and received electronically, for example, the sharing of x-rays between radiology departments.

For specialists, such as dermatologists (skin specialists) or ophthalmologists (eye specialists), the network will support online diagnosis using imaging or video-conferencing technologies. A consultant would be able to examine quality digital images of an injury or skin problem from the office and diagnose without the patient attending for an appointment – which may have taken weeks to book.

Similar technology will allow staff at small hospitals and health centres to treat patients locally, with guidance provided online by experts located anywhere in the country.

The upgraded network will also make it possible for GP practices to access centrally updated guidelines on the management of disease areas, such as heart disease and cancer. This will ensure consistent care guidelines are available throughout England.

### Education

The increased bandwidth resulting from broadband connections has the potential to deliver high-quality curriculum materials to all pupils.

Two new high bandwidth services that will help the government achieve its vision of delivering the national curriculum online have been launched by BT.

BT's LearningStream 8 and LearningStream 34 services have been designed specifically for educational purposes. They can be used by schools, colleges, and public learning centres to create online learning communities, share and exchange resources and enjoy fast download speeds.





These services can be used to build learning communities by linking schools, colleges, libraries, the University for Industry, Learning Centres and Citizens Advice Bureaux.

Material for online lessons is currently being developed by a variety of commercial and public organisations.

However, until now there has been no affordable connection powerful enough to make it possible for schools to work online at speeds that make it a realistic and attractive option.

This is an example of how broadband can contribute to desirable educational objectives by 'doing things differently'.

#### See Also:

- BT Education

## Reducing congestion

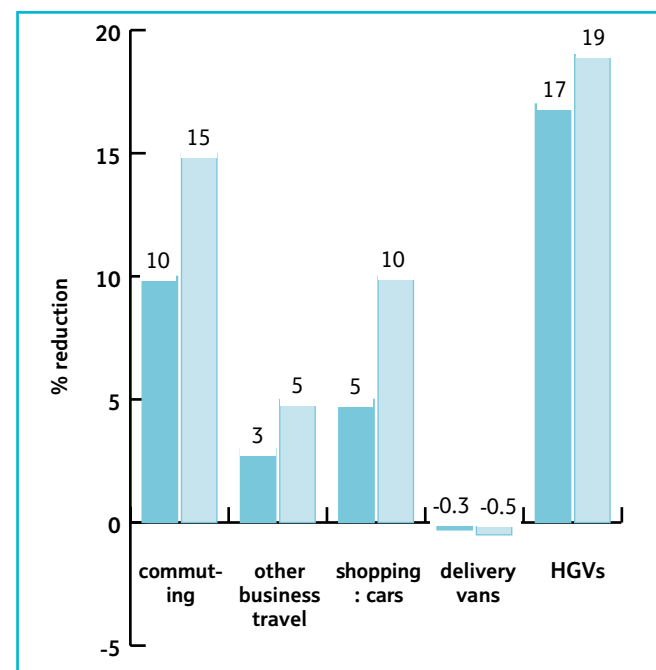
Broadband can help the government in its objective to reduce congestion on the UK's roads.

For example, taking the estimate of the Telework Association – that 15% of the UK workforce will become teleworkers by 2006 (either full homeworkers, mobile workers or occasional homeworkers) – then this would result in a 10% reduction in work-related miles.

Indeed, if the trend towards teleworking continued then this could reach a 15% reduction in work-related miles by 2010.

Similarly, by facilitating a better online shopping experience, broadband could produce an estimated 10% fall in shopping miles, according to NOP.

These figures are summarised by the following estimates of the National Economic Research Associates (NERA):



It is further estimated by BT that a total 6% drop in car and taxi miles would result in an annual seven million tonne reduction in carbon dioxide (CO2) emissions and a 40-50% reduction in congestion.

NB. These figures are estimates and have not been verified by our independent assurers, LRQA.

## BT position statement on digital inclusion

### BT and digital inclusion...

Over the past couple of years the term 'digital divide' has become widely used to embrace issues of social and economic exclusion within certain sectors of society, caused by the lack of access to telecommunications technology, and the lack of necessary skills or motivation to exploit that access.

The UK government has demonstrated a great deal of interest and concern about the communications technology aspect of social exclusion. The establishment of an 'e-envoy' and the project to put all government services online are part of a wider government commitment to digital inclusion and e-commerce. A variety of schemes are under way to progress this access, including new UK Online centres, all UK libraries being furnished with Internet access, the work of the Social Exclusion Unit and specifically the various Policy Action Teams including PAT 15 which reviewed the role of information and communication technologies in tackling social exclusion in the UK's most disadvantaged neighbourhoods.

BT is an active partner in the UK Online process to make government services available to all on-line, and participated in the PAT 15 initiative. The challenges and solutions learnt as part of this process have informed our over-all approach to digital inclusion.

### BT's position...

In BT we believe that information and communications technology can improve people's lives. But access to this technology is not an end in itself. It is only useful if it can open doors to the things that really matter to people, such as education, jobs, entrepreneurial innovation, entertainment and contact with the people we care about.

In order to achieve these goals the technology must be the right sort, people will need to know how to use it, and it must deliver useful information, advice and content. All these three issues of connectivity, capability and content must be addressed if technology is to deliver the services and changes people really need. Of these challenges, connectivity can be the most straightforward to manage as it often relates to macro infrastructure. The issues of skills (capability) and relevant content will need individual engagement with everyone who wants access.

In the developed world most of the telecommunications infrastructure necessary for basic (modem) digital access is already in place. In the UK, more than 95% of households have access to fixed telephony. Contrary to some reports, the overall picture of access in the UK puts us in a better position than much of Europe.

We support the principle of universal service. But the market has changed beyond recognition since BT was privatised. Over 250 companies now operate in the UK market and many more are poised to enter. Universal Service regulation needs to evolve to reflect this and be seen as an industry-wide issue rather than just a BT one. A fund supported by the whole industry to provide a reasonable service at a reasonable cost to all those who want and need it would be a sustainable alternative, bringing us into line with much of Europe and the United States.

The core of the Universal Service Obligation is to combat social or economic exclusion from fixed line telephony, important because this is now a service the majority of people use. There are often innovative solutions to this challenge, such as when we adapted our 'incoming-only' service into a more useful 'pre-pay' service, suitable for people worried about running up a large or unpayable bill.

Some services, such as the Light Users Scheme (with over two million users), the free and subsidised services supplied to people with disabilities, and payphone provision in rural areas require maintenance without profit, but again we feel there should be a fair system of funding to provide them.

### New technologies...

Broadband, the next wave of access technology, is now being introduced and, as with anything new, it will take time for it to be available to everyone who wants or needs it. We believe that there is not a 'one size fits all' solution to digital communications and often the challenge is to provide innovative bespoke solutions. Our work with schools serves as an example of this. Here we offer 'learningstream' – a very economical, high-speed service which can be made available even in areas which are not yet enabled for ADSL.

In the short term we plan to introduce broadband options in areas where the derived income provides the cash flow necessary to maintain and extend our capital investment programme. Providing broadband where there's no return on investment would drive up costs for all phone users, potentially reinforcing the very exclusion we seek to combat.

New technologies need to be given time to prove their worth, and potentially cheaper or more effective alternatives should not be prevented from flourishing. Barriers to Internet use are rarely about simple technology, especially as PC-modems in homes, schools and libraries, ISDN, satellite mobile, digital TVs and 'Internet access' mobile phones will cover most of the UK population. These, and other options, provide a variety of choices

relating to cost and need, making it easier for people to gain access in the way which suits them.

All three aspects of connectivity, capability and content must be engaged with rather than expecting a single technology to provide access. As we recently pointed out to the government, technology is no substitute to universal literacy, a target the UK still falls short of.

The power of up-to-date communications and information technology can have

a profound impact on the economic, educational and social life of communities. We work on a variety of local regeneration projects, including providing the infrastructure necessary for inward investment, offering efficient services to the regional development agencies and partnering with local councils (such as Edinburgh) to modernise government services. We also run award schemes to provide the connectivity, capability and content for small community groups.

BT believes that the government has the most significant role to play in overcoming digital exclusion. A small part of the £22 billion raised by the 3 G mobile spectrum auctions in the UK could be used in partnership with business to combat the connectivity, capability and content problems. Specifically on the issue of broadband, it would be beneficial for the government to encourage operators to build infrastructure co-operatively where it is uneconomical to do so independently.

### The international aspect...

At their 2000 summit in Japan, leaders from the G8 countries launched the 'Dot Force' to address the digital North/South divide which threatens to further widen the economic gap between developed and developing worlds.

Responding to the tough economic climate in our industry, BT now intends to concentrate its activities in Europe. These commercial imperatives will take us away from focusing on developing countries in the foreseeable future.

We continue our support of the Commonwealth Telecommunications Organisation which undertakes a variety of training and consultancy for operators and administrators in emerging economies.

However, we agree with the Dot Force suggestion that 'many of the most crucial and difficult decisions and actions must be taken by national governments and societies themselves, with appropriate support and encouragement by other partners'. The private sector will be a critical partner, and whilst we may not be operating in these countries we will continue offering to share our experience on market liberalisation, ICT training/education and universal service obligations.

#### Our contribution...

We will continue to contribute to digital inclusion through constructive discourse with industry regulators in those countries in which we operate. We shall undertake this in a open and transparent way, such as publishing our response to relevant consultation papers on our website: [www.btplc.com/regulatory/index.htm](http://www.btplc.com/regulatory/index.htm)

We shall continue to devise innovative ways of supplying connectivity, capability and useful content to disadvantaged customers.

Through our social investment programme, which primarily takes place in those countries within which we operate, we will continue to support education and charities, particularly helping children gain the key communication and ICT skills to equip them for the digital age.

Whilst we don't intend to work directly in developing countries to any significant degree, we can continue to offer our many years of relevant experience to those bodies working on the international aspect of digital inclusion, such as the G8 Dotforce, the ITU, and the World Economic Forum.



# Data and Targets

Better World  
BT's Social & Environment Report



# Data and targets

In this section of Better World you can view:

- BT's ten non-financial key performance Indicators for a quick overview of our social and environmental performance.
- Our social or environmental performance data.
- Our social and environmental performance targets, including progress against targets set in previous financial years.

## Key performance indicators

We have selected ten non-financial key performance indicators (KPIs) to provide a quick overview of BT's social and environmental performance. They also offer an indication of the underlying health of BT.

The KPIs have also been used to establish ten strategic social and environmental targets.

### Key performance indicator selection

The primary reference point in the identification of KPIs was BT's Statement of Business Practice. This sets out our business principles together with the specific aspirations and commitments that apply in our stakeholder relationships.

From here specific indicators were selected following consultation with investors, customers and employees, together with outside experts such as the BT CSR Stakeholder Advisory Panel and our Independent Report Advisory Panel.

The final set of KPIs includes at least one indicator for four important stakeholder groups (customers, employees, community and suppliers) and reflects key issues of social concern (integrity, digital inclusion and environment).

### Summary

The following figures relate to the 2003 financial year:

- Customer dissatisfaction reduced by 37%.
- Broadband available to 67% of UK households.
- People Satisfaction Index steady at 67%.
- Increase in the percentage of ethnic minority employees (8.6%) in BT whilst percentage of women (23.6%) and disabled employees (2%) held steady.

- Global Warming CO<sub>2</sub> emissions now 40% lower than 1996.
- General waste down 1.1% to 89,878 tonnes and 24% recycled.
- Health & Safety significant incident rate down from 126 to 113 per 10,000 full time employees.
- Ethical trading risk assessment questionnaires completed by 31 suppliers and 14 on-site assessments undertaken.
- Community investment of £8.2 million plus £17.9 million in further funding and support in kind.
- Awareness of our Statement of Business Practice in the UK up from 76% to 83%.

Below is a summary of our performance in each of the KPIs during the 2003 financial year. More information can be found in the relevant sections of this site.

### Customers

Reducing customer dissatisfaction is the cornerstone of the BT strategy and we have set the target to reduce the number of dissatisfied customers by 25% each year.

We achieved a 37% reduction in customer dissatisfaction across the whole group over the year, beating the target of 25%. All areas of the business improved satisfaction levels, with particularly significant improvement among our international and wholesale customers.

BT is determined to spread the benefits of broadband as widely as possible. At present the ADSL 'footprint' covers 67% of all UK homes. We have set out a roadmap that will see broadband reach 80% of all UK homes by June 2004.

### Employees

Broadly speaking, people continue to feel committed and satisfied with working for BT.

The People Satisfaction Index (measuring the overall satisfaction of people with their working life in BT) remains at 67%.

However, we have now set the target for an increase in the People Satisfaction Index to 69% by 2004.

The past year has shown an increase in the percentage of ethnic minority employees in BT (8.6%) whilst percentage of women (23.6%) and disabled employees (2%) held steady.

We now aim to increase the percentage of women employees to 25% and disabled employees to 2.5%, whilst not falling below 8% for ethnic minority employees.

Providing a safe place to work and promoting a healthy lifestyle are critical to our employee relationships. Therefore it was pleasing that our significant incident rate (the reported number of injuries, diseases and dangerous occurrences) was down from 126 to 113 per 10,000 full time employees in the UK this year. Our target is to achieve a 25% reduction in incidents by 2005 from 2001 levels – we are currently on track with a 23% reduction achieved so far.

### Suppliers

It is vitally important that our suppliers provide working conditions consistent with international guidelines such as the UN's Universal Declaration of Human Rights.

We continued to roll out our ethical trading programme to those places where we believe the risk of falling short of our Sourcing with Human Dignity standard is at its highest.

Ethical trading risk assessment questionnaires have been completed by 31 suppliers, 14 on-site assessments have been undertaken and improvement plans are in place where required.

Our target now is to obtain clear evidence of action in high and medium risk areas.

### Community

We have made the commitment to provide a minimum of 1% of our UK pre-tax profits to activities in support of society, either through direct funding or through support in kind. This year we provided £8.2 million to activities in direct support of society, plus £17.9 million in further funding and support in kind.

### Environmental

At first glance the environmental impact of communications technology does not appear to be great, but our sheer scale and reach create a sizeable environmental footprint.

Indeed, BT is one of the largest single consumers of energy in the UK.

BT's emission of global warming CO<sub>2</sub> emissions has been reduced by a further 7% this year – now a massive 40% reduction since 1996.

The UK's own target for CO<sub>2</sub> reduction is 20% below 1990 levels by 2010 so we are way ahead of that. However, we would like to give some advance warning – the expansion of our network and broadband roll-out will increase our energy use. Nevertheless we have set the target to cap our 2010 CO<sub>2</sub> emissions at 25% below those of 1996, still a sizeable reduction.

Also important is the disposal of all our waste. This year we have increased the amount of waste recycled from 21% to 24% and reduced our general waste volume by 1.1% to 89,878 tonnes.

### Integrity

In today's world, integrity and fulfilling our promises are increasingly critical. Here our Statement of Business Practice (The Way We Work) is a key document, setting out the principles that apply to BT people all over the world.

In 2003, awareness of these principles in the UK increased to 83%, up from 76%. We have set the target to increase awareness in the UK to 86% by March 2004 and to report awareness figures for the whole of the BT Group by March 2005.





# BT Non-Financial Key Performance Indicators

Aspect	Indicator	Financial Years			Target
		2003	2002	2001	
Customers	Customer Dissatisfaction – a measure of the overall success of BT's relationship with its customers	37% reduction	N/A	N/A	Reduce number of dissatisfied customers by 25% each year
	UK Addressable Broadband Market – a measure of the geographical reach of broadband	67% UK households	N/A	N/A	80% of UK households addressable by mid-2004
Employees	People Satisfaction Index – a measure of the overall success of BT's relationship with its employees	67%	67%	65%	69% by March 2004
	Diversity – a measure of the diversity of the BT workforce	23.6% Women 8.6% Ethnic Minority 2% Disabled	23.9% Women 7.7% Ethnic Minority 2% Disabled	26.4% Women 7.5% Ethnic Minority 2% Disabled	25% Women > 8% Ethnic Minority 2.5% Disabled by March 2004
	Significant Incident Rate – a measure of BT's success in health and safety	113 per 10,000 full time employees (UK only)	126 per 10,000 full time employees (UK only)	147 per 10,000 full time employees (UK only)	25% reduction in incidents from 2001 by March 2005
Suppliers	Ethical Trading – a measure of the application of BT's supply chain human rights standard	31 risk assessment questionnaires completed	N/A	N/A	Evidence of action in high/medium risk areas
Community	Community contribution – a measure of BT's investment in society	£26.1 million in funding and support in kind	£26m in funding and support in kind	£16m	Maintain at minimum of 1% pre-tax profit
Environment	Global Warming CO <sub>2</sub> emissions – a measure of BT's climate change impact	40% below 1996 (0.96 million tonnes/51t per £ million turnover)	36% below 1996 (1.03 million tonnes/56t per £ million turnover)	22% below 1996 (1.26 million tonnes/61t per £ million turnover)	Cap 2010 CO <sub>2</sub> emissions at 25% below 1996 levels
	Total Waste and Recycling rates – a measure of BT's resource impacts	89,878 tonnes and 24% recycled	90,900 tonnes and 21% recycled	117,196 tonnes and 18% recycled	10% by volume increase recycled by March 2004
Integrity	Awareness of the BT Statement of Business Practice – a measure of our success in promoting integrity	83% (UK) N/A (All BT)	76% (UK) N/A (All BT)	71% (UK) 73% (All BT)	86% (UK) by March 2004

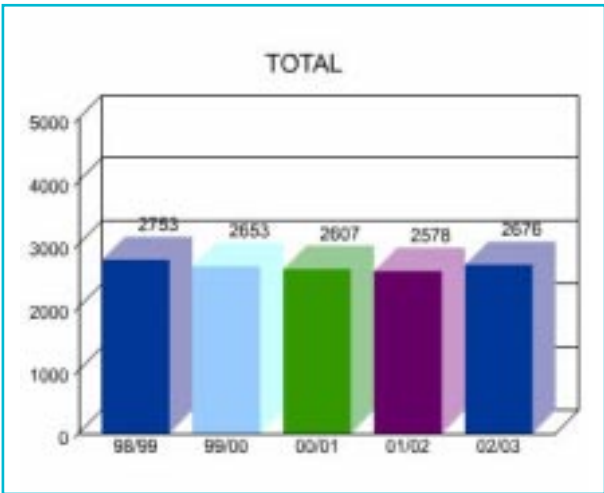
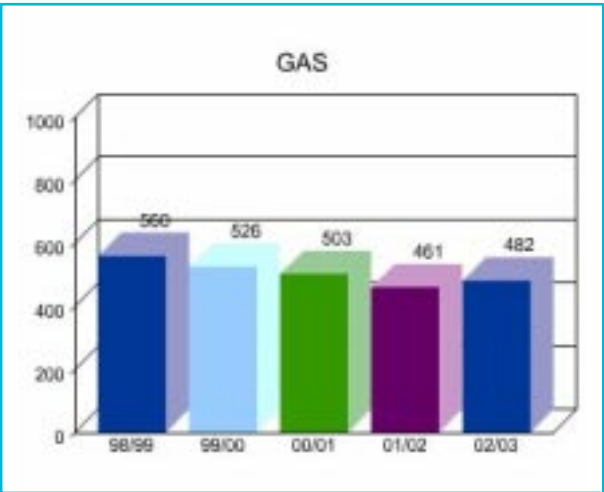
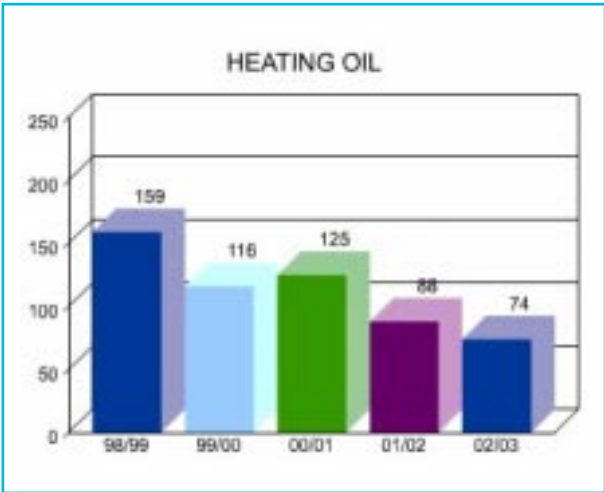
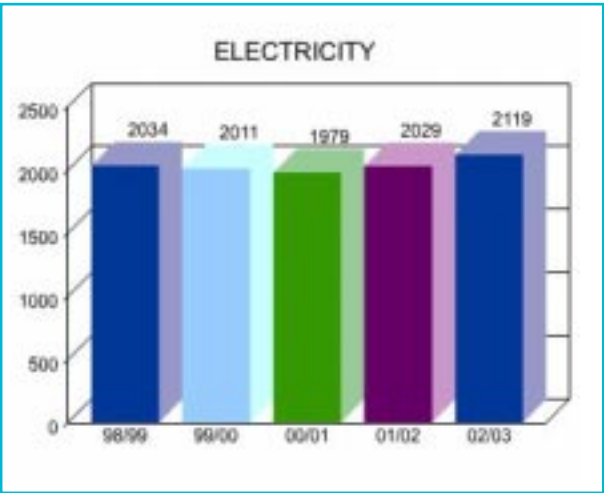


Social and environmental data

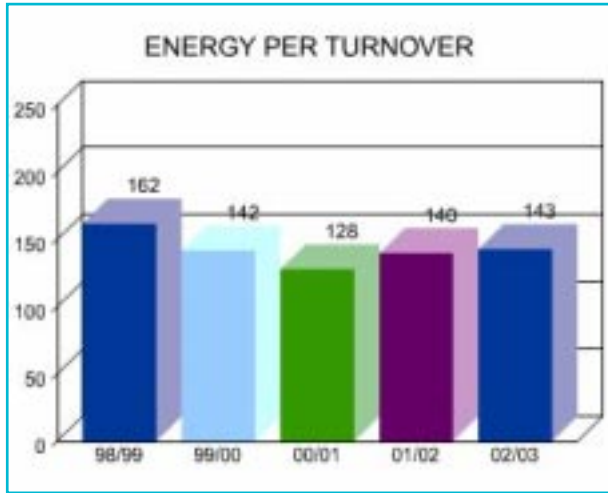
This section only contains trended and analysed data. Other one-off quantified data is included in the text in various sections of the site. You can view which of our social and environmental data have been identified as particularly important in the key performance indicators section of the site.

Fuel, energy and water

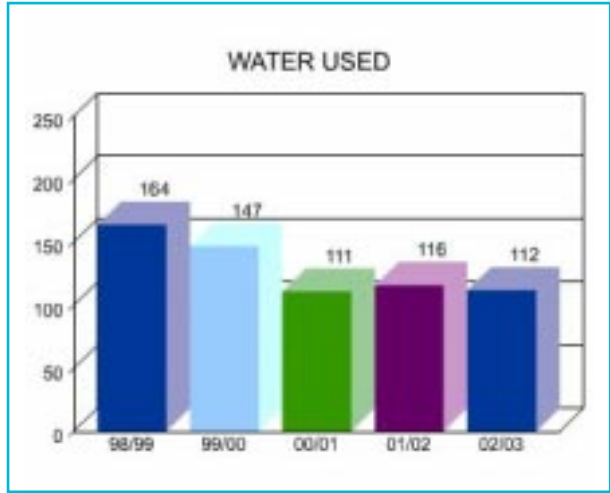
Energy consumption by BT's network & estate  
Source: Invoices (not weather corrected). Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants  
Scale: (GWh)  
Note: Excludes BT Global Services outside the UK.



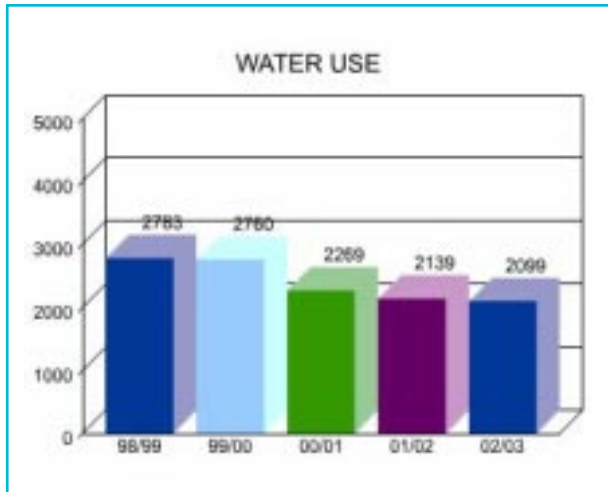
Energy Consumed per £m Turnover  
Source: Annual Report & Accounts, Energy Database  
Scale: MWh  
Note: Excludes BT Global Services outside the UK.



Water Consumed per £m Turnover  
Source: Annual Report & Accounts, Energy Database  
Scale: CuM  
Note: Excludes BT Global Services outside the UK.

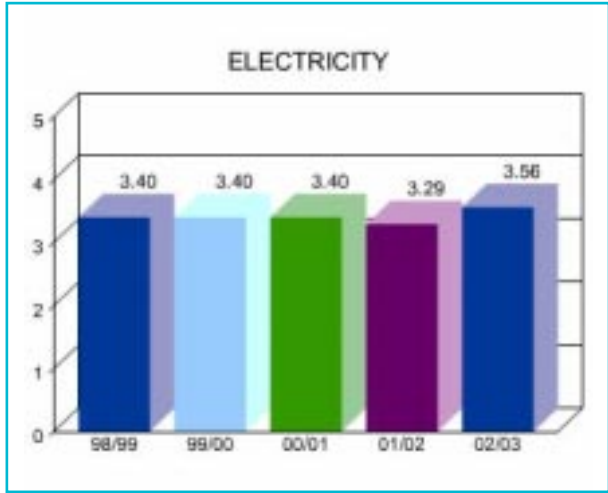


Water used by BT's network & estate  
Source: Invoices (not weather corrected). Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants  
Scale: 1,000 Cubic Metres  
Note: Excludes BT Global Services outside the UK



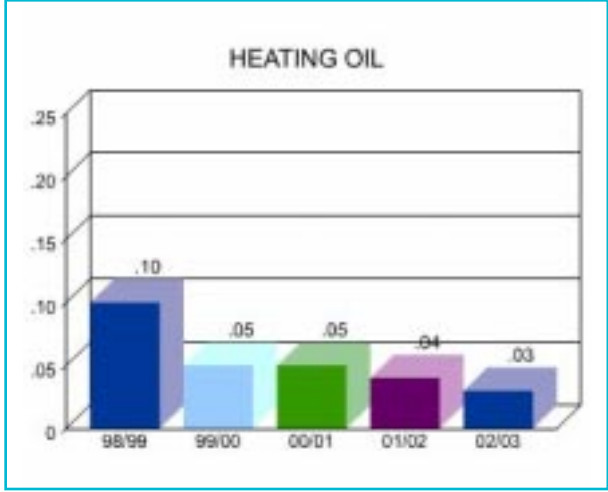
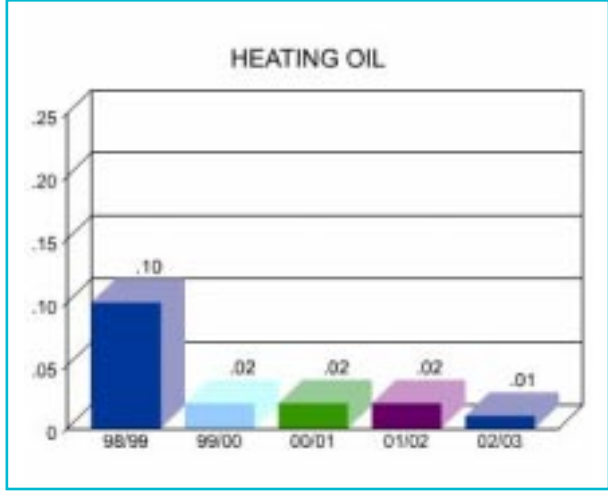
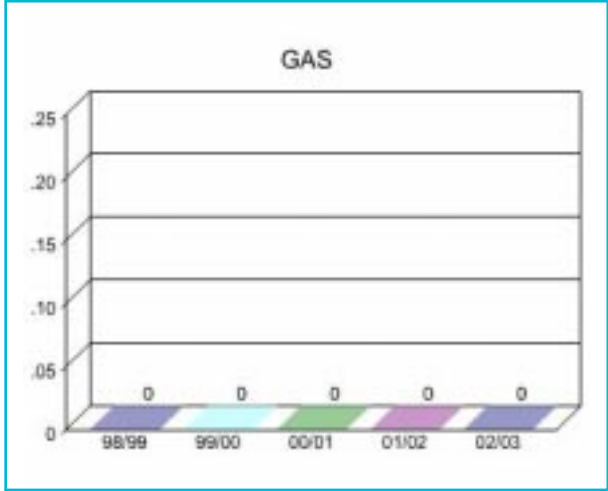
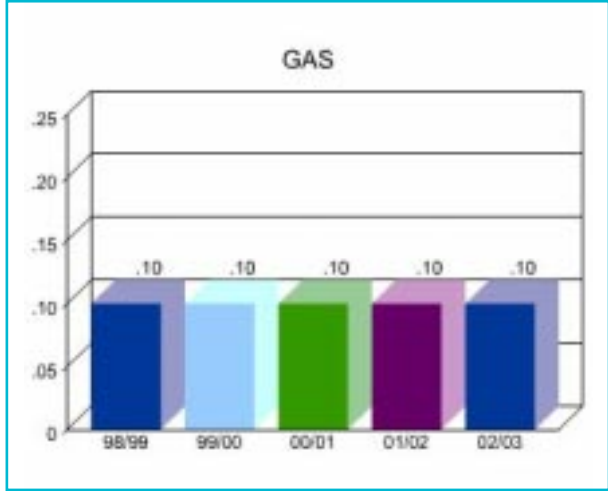
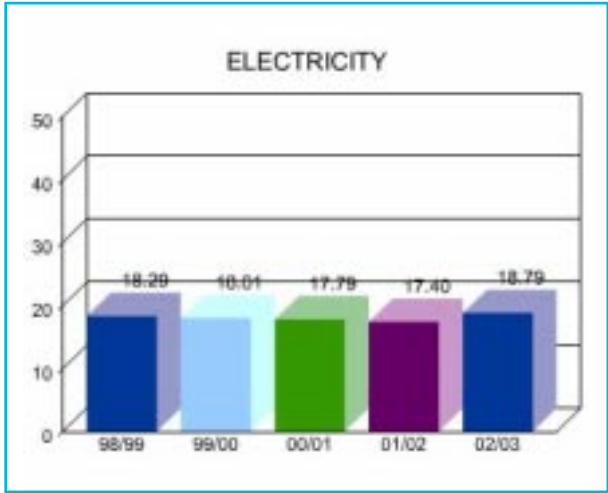
Approximate Emissions of NOx

Source: Emissions derived using Government conversion factors. Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants  
Scale: 1,000 tonnes  
Note: Excludes BT Global Services outside the UK.



Approximate Emissions of SO2

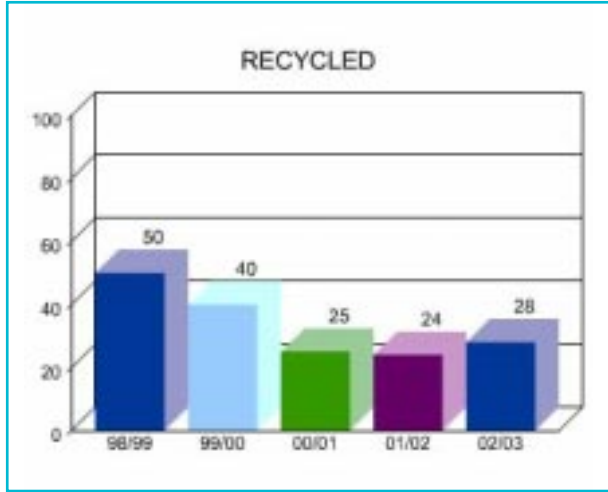
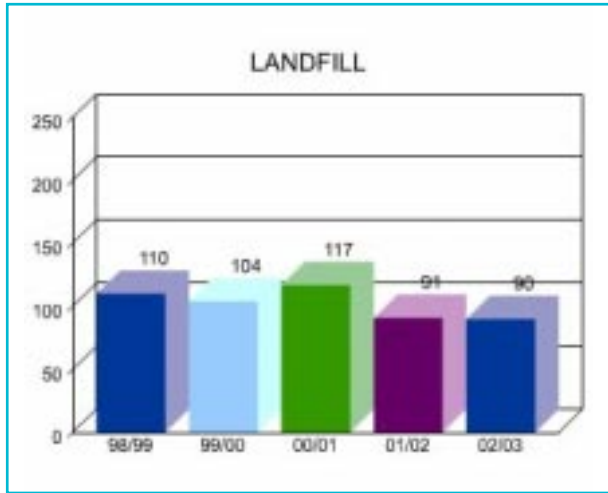
Source: Emissions derived using Government conversion factors. Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants  
Scale: 1,000 tonnes  
Note: Excludes BT Global Services outside the UK.



Waste

Waste arising and management

Source: Contractors  
Scale: Tonnes  
Note: Excludes BT Global Services outside the UK.



Waste recovery model

Waste Type (tonnes)	Year 2000	Year 2001	Year 2002	Year 2003
<b>Metals</b>				
Steel	11,692	2,570	514	1,014
Copper	3,771	660	77	116
Aluminium	775	132	52	72
Gold	1	0	0	0
Silver	4	0	0	0
Platinum	0	0	0	0
Palladium	0	0	0	0
Iron	1,213	853.3		
Total	16,243	3,362	1,856	2,056
<b>Cable</b>				
Subsea cable	812	Nil	Nil	Nil
Switchboard cable	656	931	817	685
Mixed cable	1,291	1,227	1,284	965
Aerial self-supporting cable	938	932	744	874
Polythene covered cable	438	800	663	790
Lead covered cable	673	471	697	235
Optical fibre cable	1,108	1,198	1,204	746
Blown fibre cable	203	395	346	138
Total	6,119	5,954	5,756	4,434
<b>Telephone exchange equipment</b>				
Miscellaneous equipment	1,264	935	1,007	823
General iron & steel	1,513	1,293	1,004	1,202
Payphone equipment	886	136	172	223
Telephones	674	580	516	431
PCB/PCN Capacitors	112	1.5	0.1	0.0
Total	4,449	2,945	2,700	2,679
<b>Office &amp; packaging waste</b>				
Office paper	2,635	2,116	1,818	6,264.2
Cardboard	1,277	1,050	2,286	1,366.1
Plastics	37	30.5	Nil	14.3
Toner cartridge	25	39	43	50.0
Silica desiccant	13	34	8.4	10.0
Aluminium cans	2.2	1.6	2.0	
Plastic cups	12.2	11.39	12.0	
Total	3,987	3,284	4,104	7,719
<b>Batteries</b>				
Ni-Cad rechargeable batteries	6	8	20	16
Exchanged lead acid batteries	6,203	4,281	3,483	2,632
Vehicle Lead Acid Batteries	50	26	47	61
Total	6,259	4,315	3,550	2,708

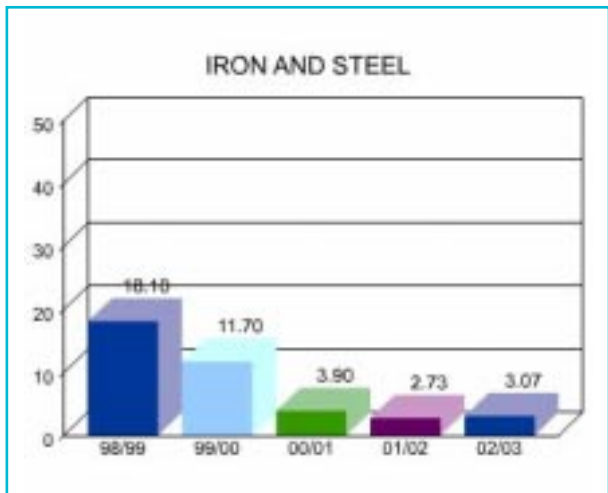
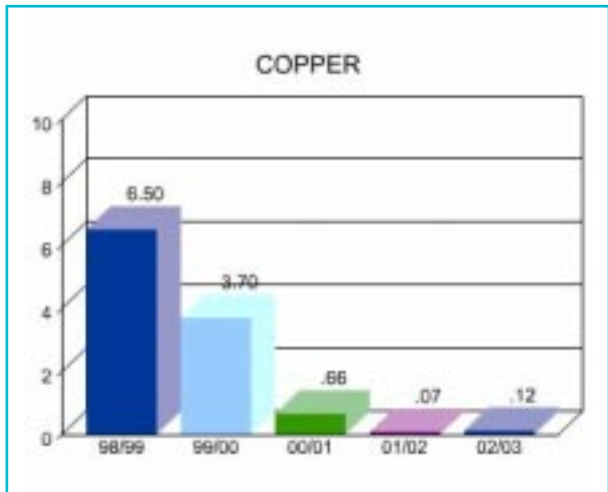
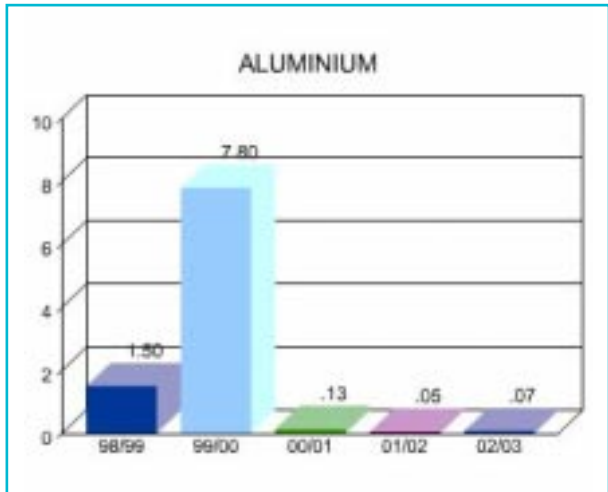
Waste Type (tonnes)	Year 2000	Year 2001	Year 2002	Year 2003
<b>Transport related waste</b>				
Lubricating oil	270	209	202	246
Oil filters	38	52	28	90
Antifreeze/water mixture	10	8	6	21
Brake fluid	3	2	1	1
Mixed fuel	26	18	15	3
Oil contaminated waste	12	7	8	12
Paint solvent/thinners	0.5	0.5	0.02	0.23
Tyres	437	545	496	404
Total	797	842	755	777
<b>Other</b>				
Telephone directories	615	442	616	359
Telegraph poles	1,173	3,852	3,926	6,551
Computing equipment	180	104	832	443
Clothing	4	2	3	3
Catering oil	80			
Total	1,972	4,400	5,377	7,436
Total waste recycled	23,582	21,739	24,099	27,809
General waste	103,853	117,196	90,900	89,878
Total weight for all categories	127,435	142,297	114,999	117,688
Waste recycled (as % of total waste)	29%	18%	21%	24%
<b>£s</b>	<b>Year 2000</b>	<b>Year 2001</b>	<b>Year 2002</b>	<b>Year 2003</b>
Total income	9.6 million	4.0 million	4.2 million	4.26 million
Total expenditure	7.0 million	7.0 million	8.1 million	8.29 million
Landfill tax savings	0.4 million	0.28 million	0.3 million	0.36 million
Total savings/costs	3.0 million	- 2.7 million	- 3.6 million	- 3.7 million





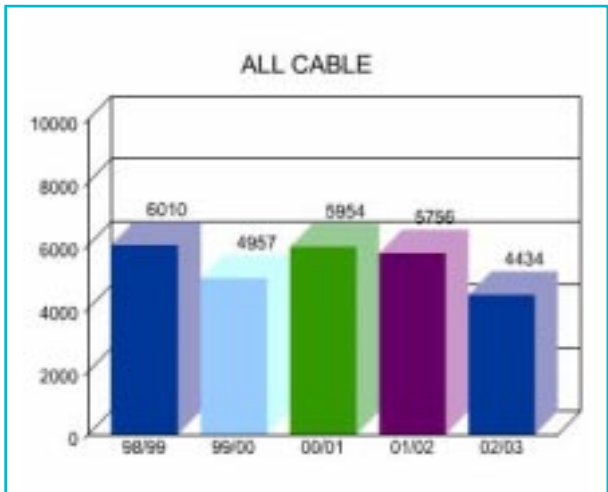
Principal Metals Recovered from Exchange

Source: Contractors  
Scale: 1,000 tonnes  
Note: 0.014 tonnes of Gold, 0.027 tonnes of Silver were also recovered during 02/03. Quantities reduced due to completion of our exchange recovery programme. Excludes BT Global Services outside the UK.



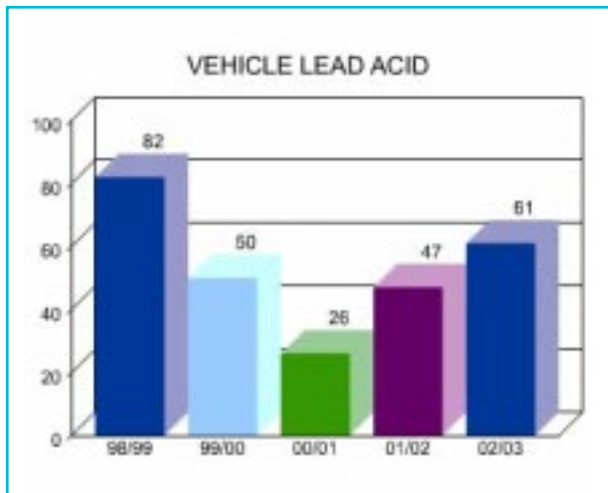
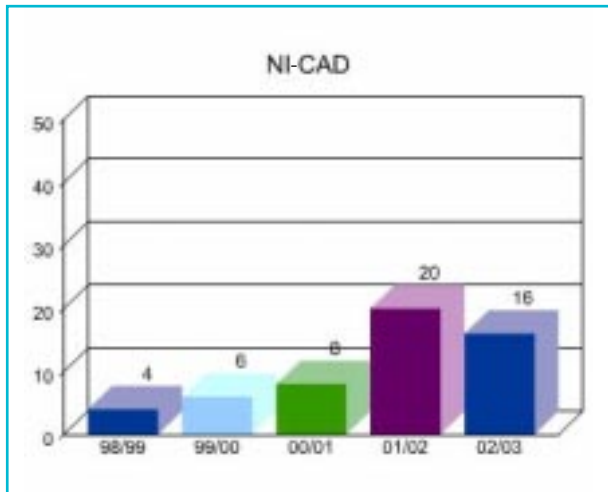
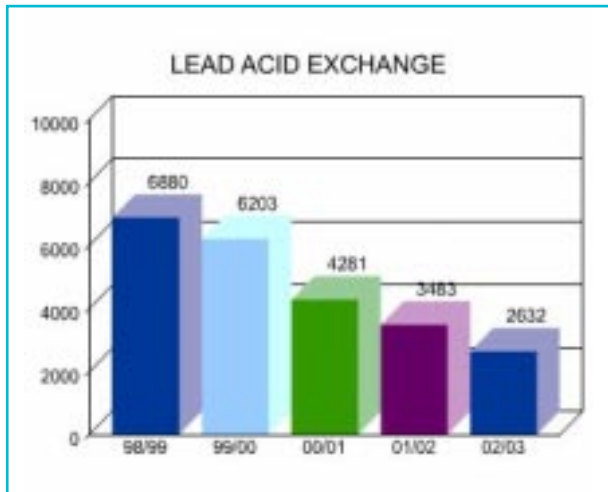
Quantities of Scrap Cable Recovered for Recycling

Source: Contractors  
Scale: Tonnes  
Note: Excludes BT Global Services outside the UK.



Quantities of Batteries Recycled

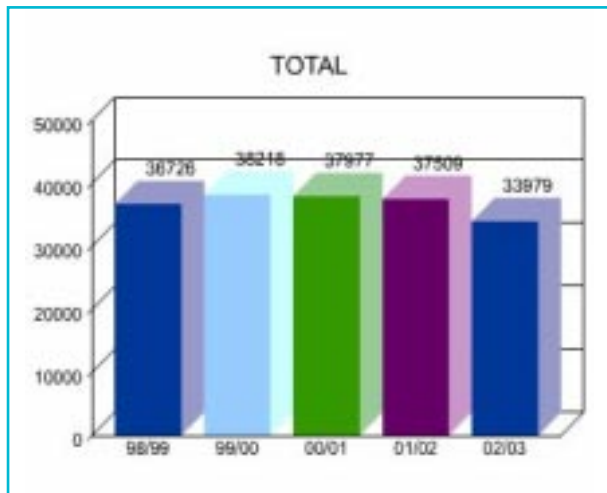
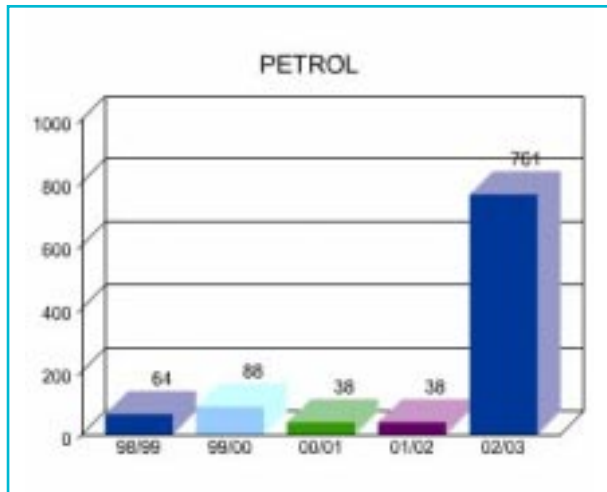
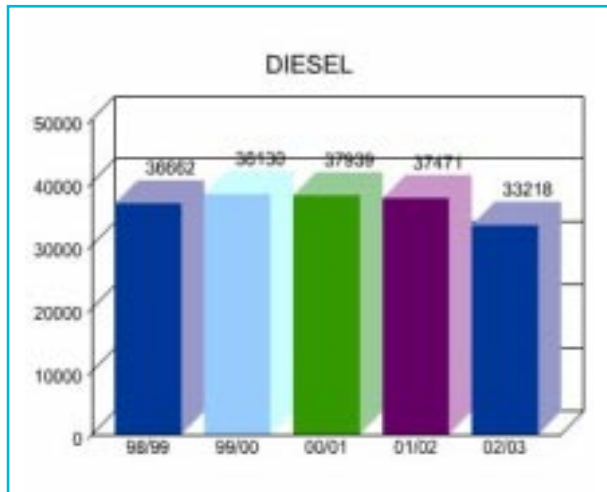
Source: Contractors  
Scale: Tonnes  
Note: Excludes BT Global Services outside the UK.



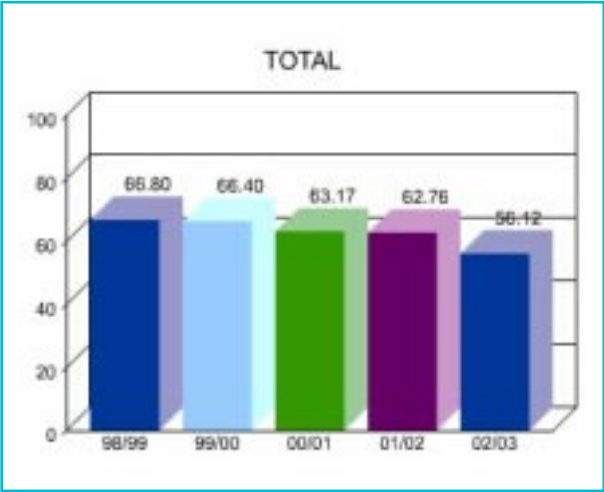
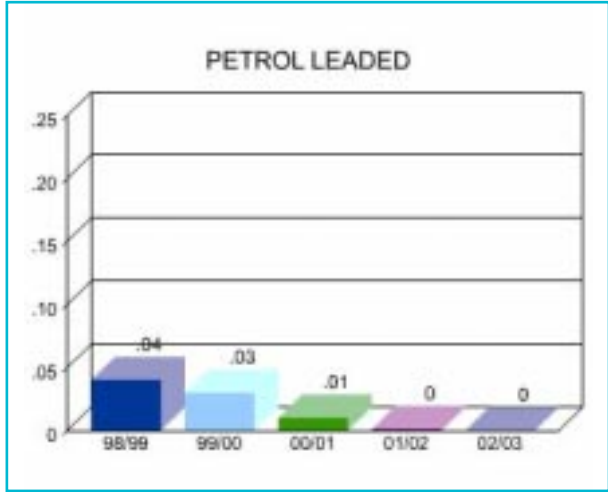
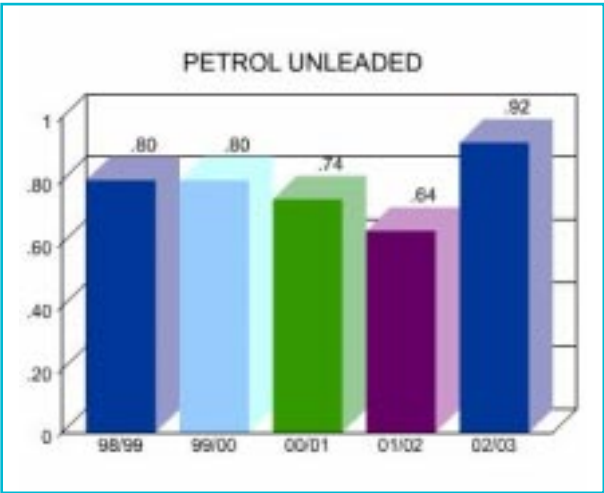
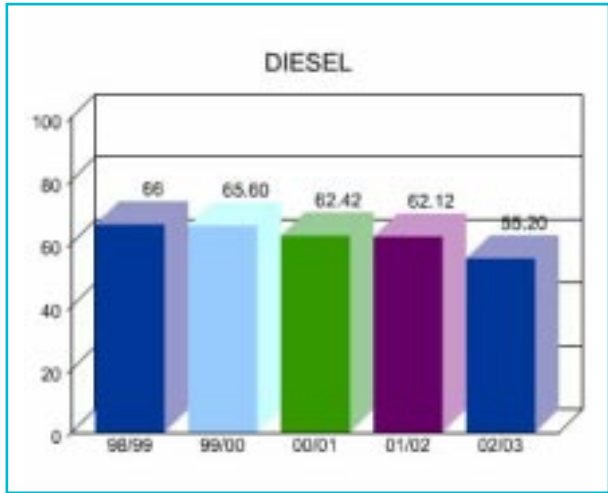
Transport

Number of Vehicles in BT's Commercial Fleet

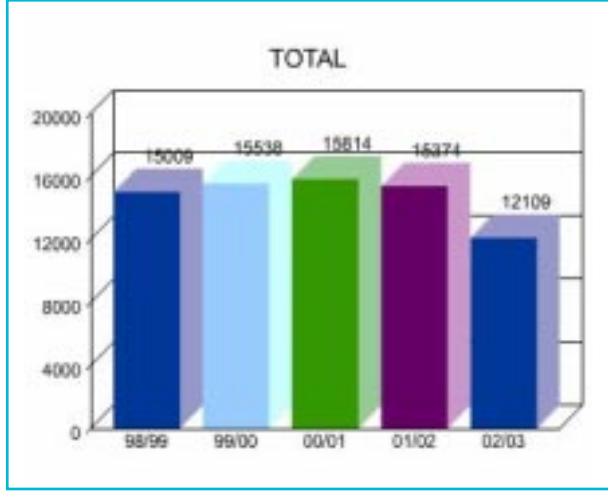
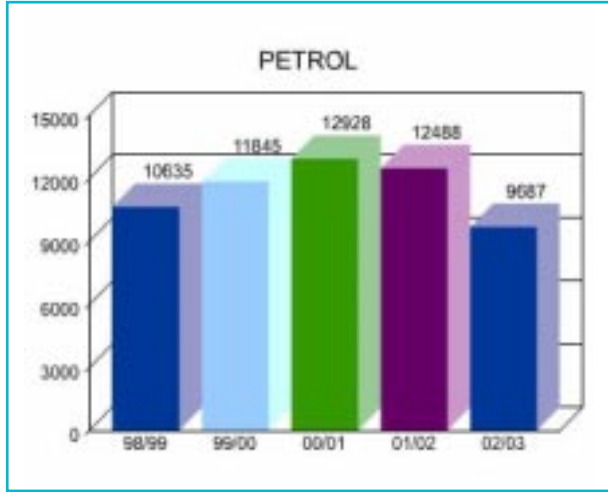
Source: BT's Vehicle Database  
Scale: Vehicles  
Note: Excludes BT Global Services outside the UK.



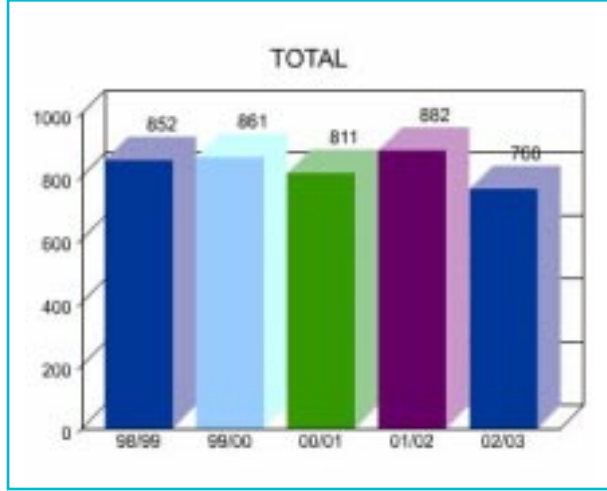
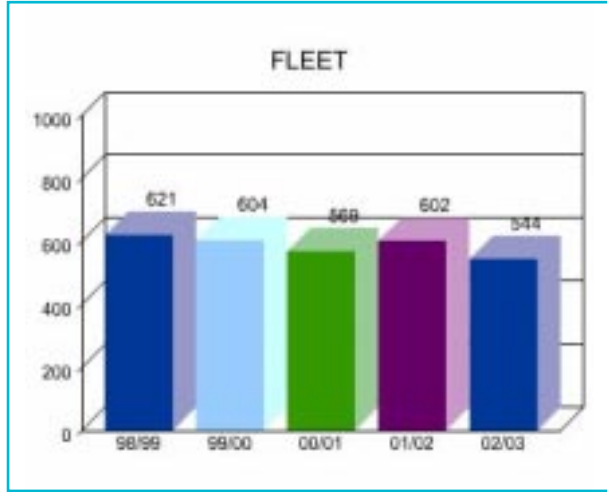
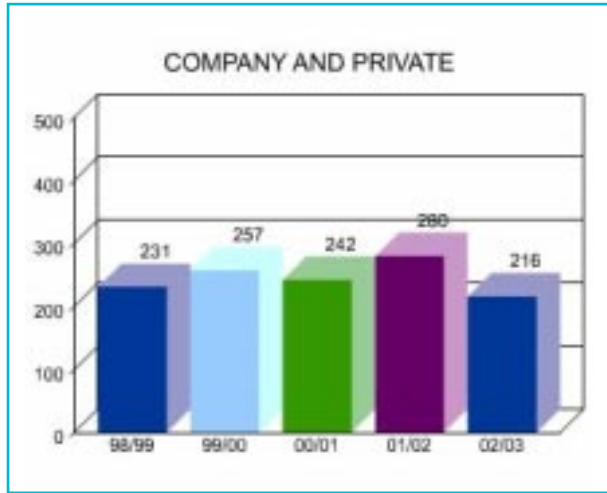
**Fuel used by BT's Commercial Fleet**  
**Source:** BT's Vehicle Database  
**Scale:** Million Litres  
**Note:** Excludes BT Global Services outside the UK.



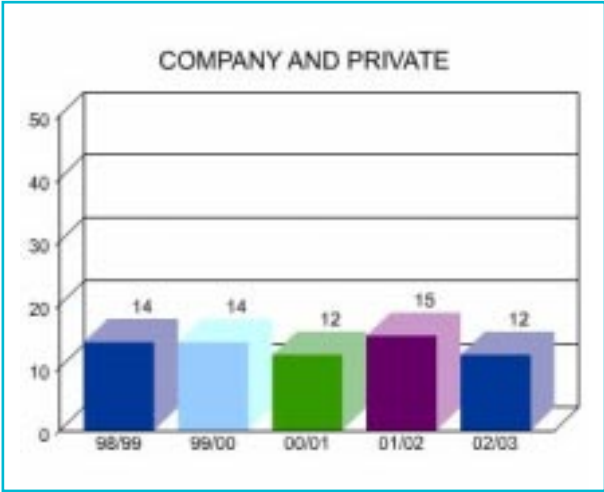
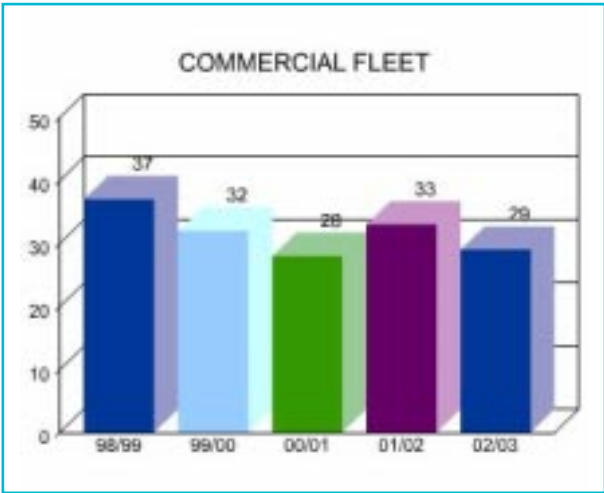
**Total Number of Vehicles in the Company Car Fleet**  
**Source:** BT's Vehicle Database  
**Scale:** Vehicles  
**Note:** Excludes BT Global Services outside the UK.



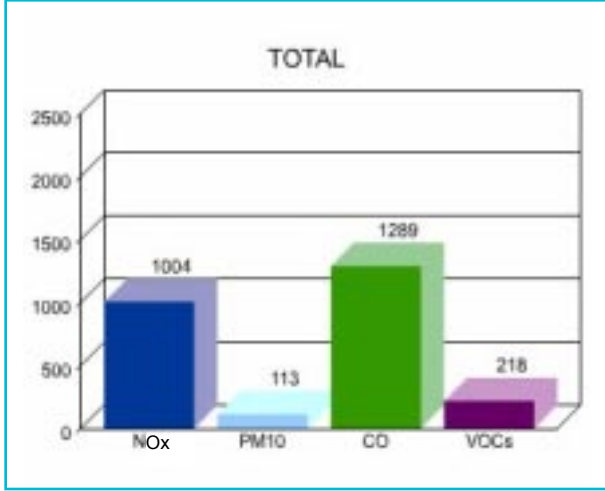
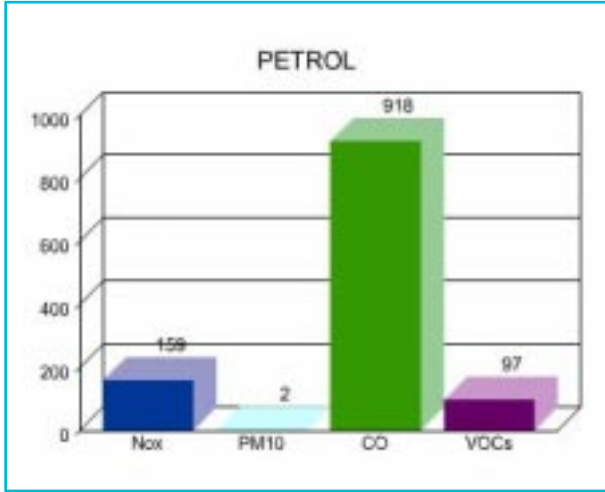
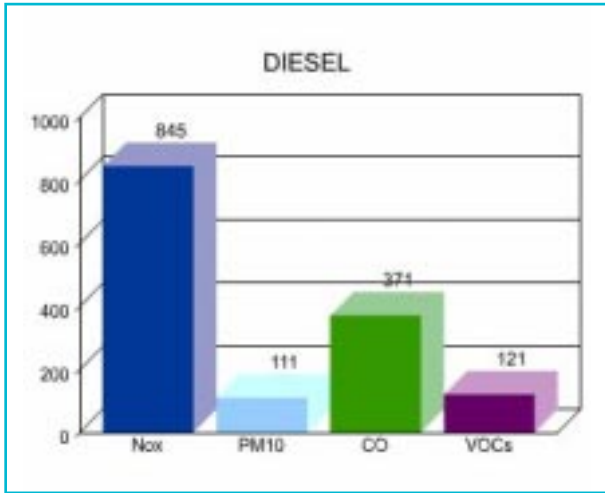
**Distance Travelled by the Commercial Fleet, Company Cars & Private Vehicles on BT Business**  
**Source:** BT's Vehicle Database & Business Expense Claims  
**Scale:** Million km  
**Note:** Excludes BT Global Services outside the UK.



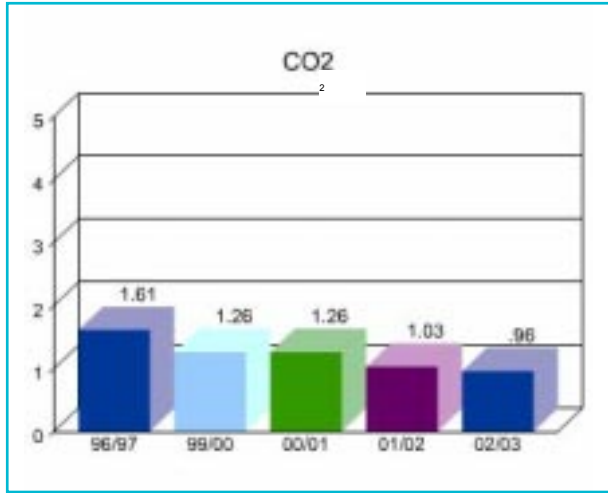
**Distance Travelled per £m Turnover**  
**Source:** Annual Report & Accounts, Transport Database  
**Scale:** 000 kilometres  
**Note:** Excludes BT Global Services outside the UK.



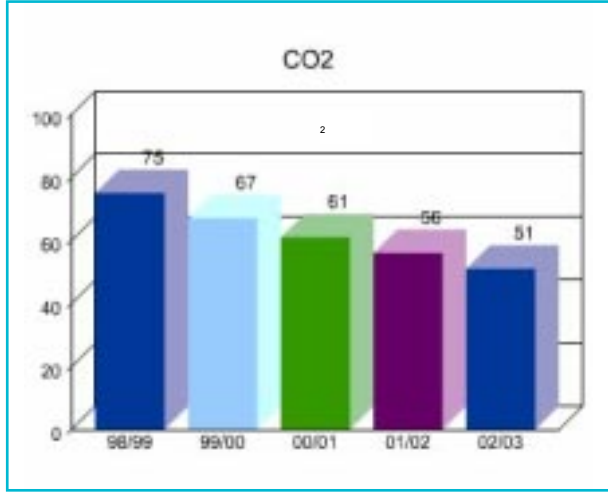
**Transport Emissions by Commercial Fleet, Company Cars & Private Vehicles on BT Business**  
**Source:** NETCEN (AEA Technology)  
**Scale:** Tonnes  
**Note:** Excludes BT Global Services outside the UK.



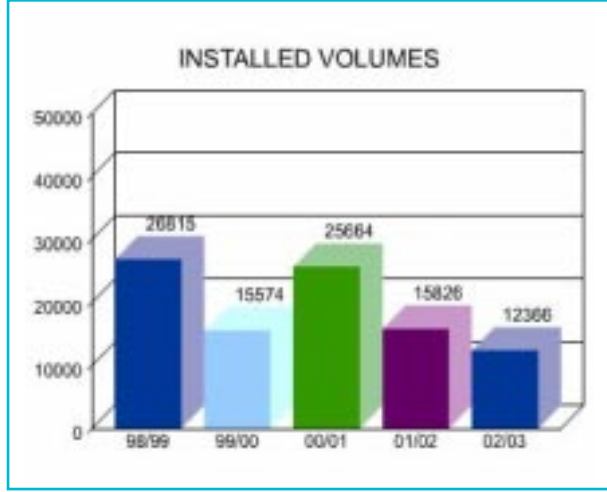
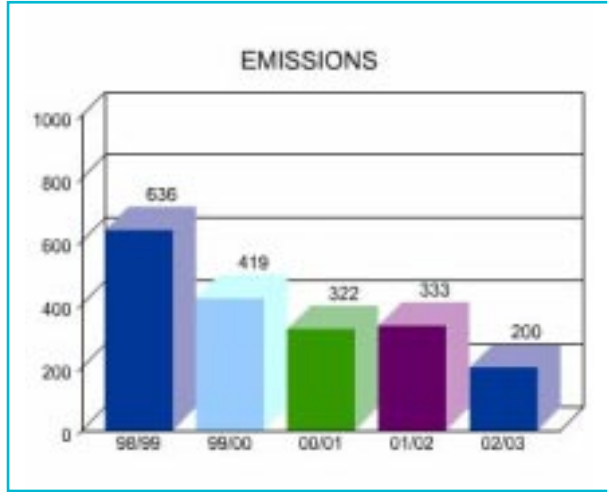
**Emmissions to air**  
**CO<sub>2</sub> Equivalent Emissions**  
**Source:** Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR, AEAT NETCEN  
**Scale:** Million tonnes  
**Note:** Excludes BT Global Services outside the UK (96/97 is the CO<sub>2</sub> target base year).



**CO<sub>2</sub> per £m Turnover**  
**Source:** Annual Report & Accounts, CO<sub>2</sub> Model  
**Scale:** tonnes  
**Note:** Excludes BT Global Services outside the UK.



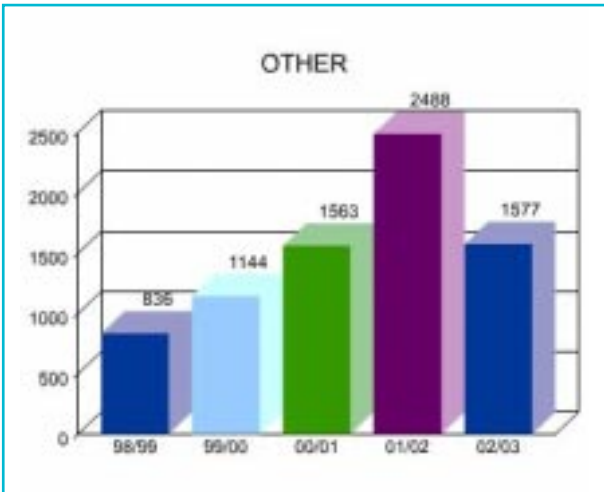
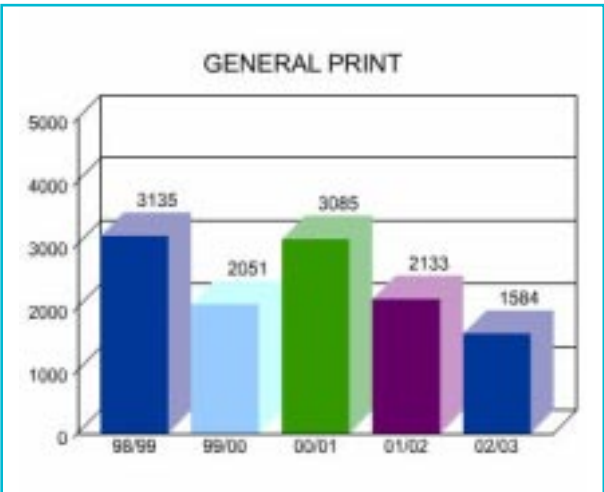
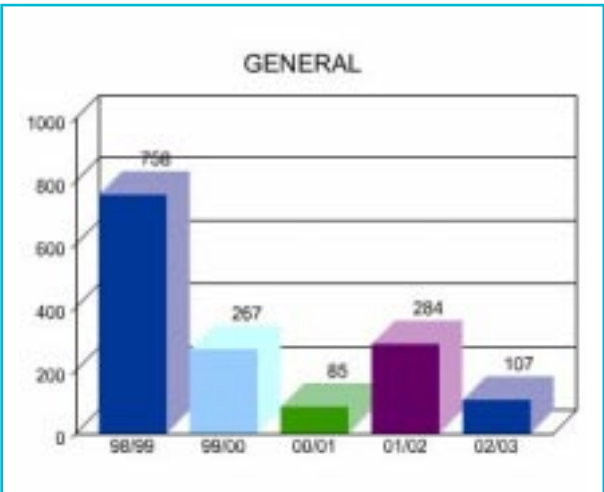
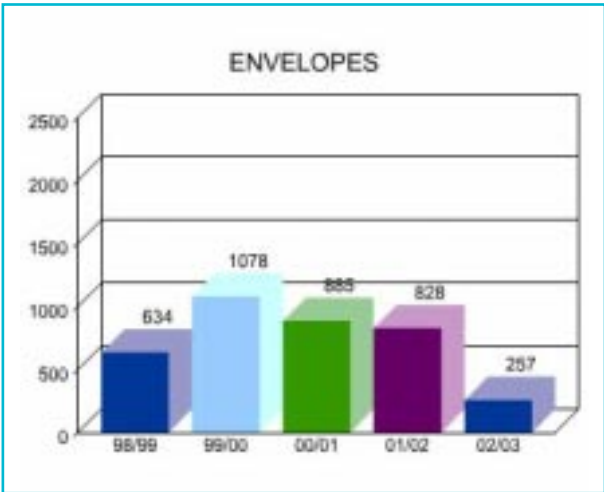
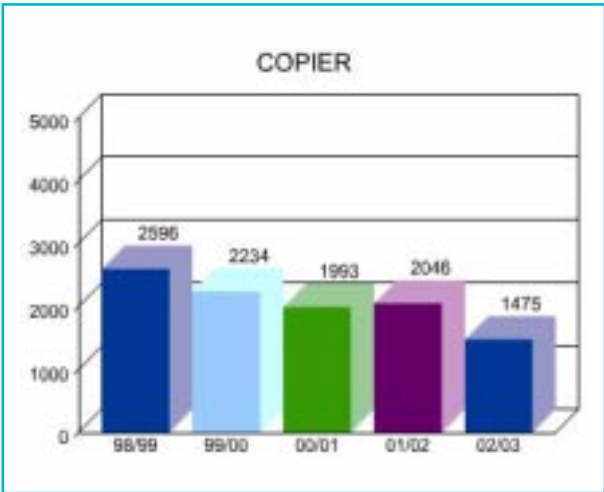
**CFC-11 Equivalent Emissions**  
**Source:** Refrigerant database  
**Scale:** kgs  
**Note:** Note 1: Both installed volume and emissions are for Network Buildings only. Non-network installed volumes have now been identified and input into the Monteray MAXIMO database and we will be reporting on these and our non-network emissions, as of March 2004. Excludes BT Global Services outside the UK.





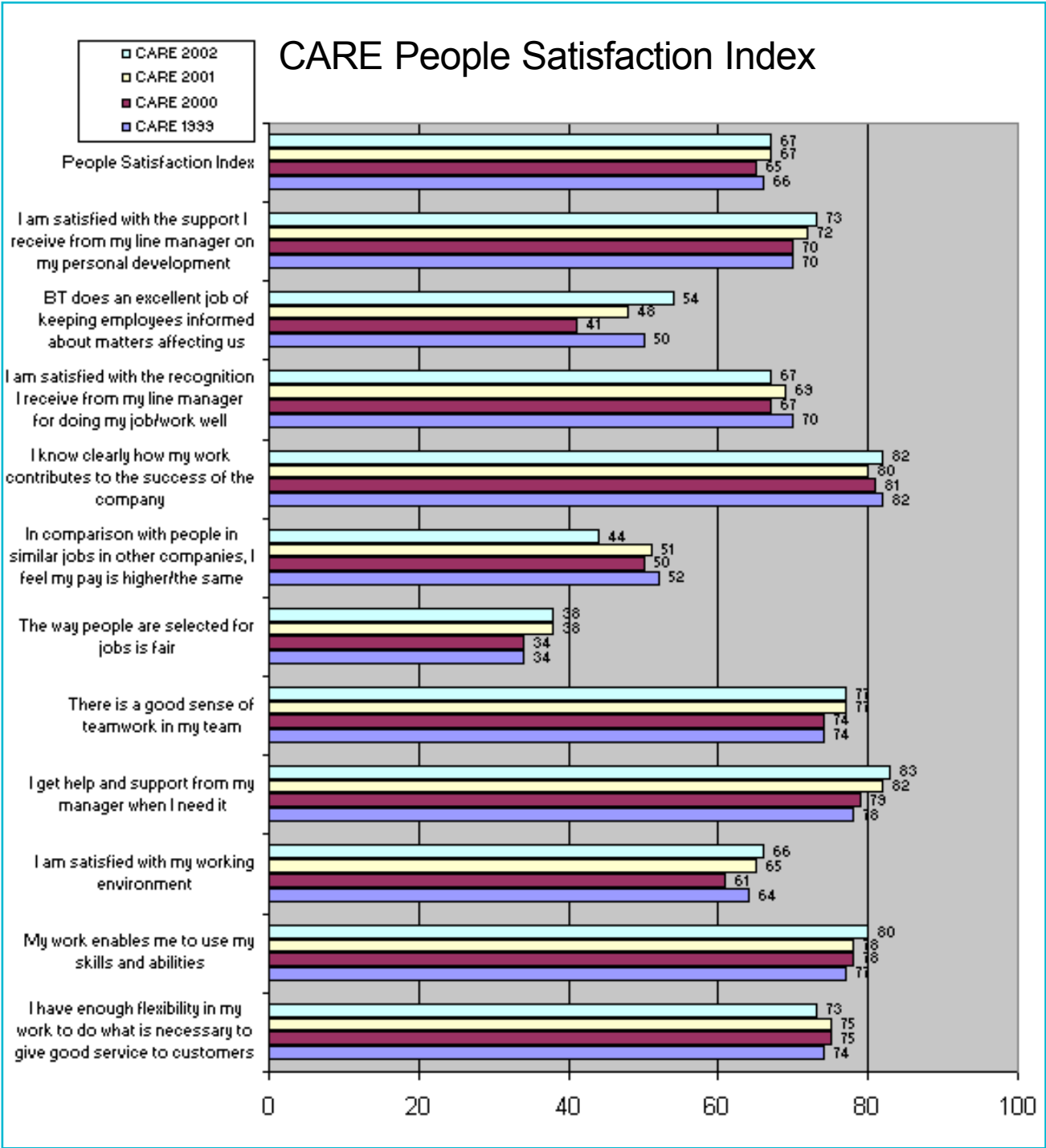
Benefits

**BT Paper Consumption**  
**Source:** BT Procurement  
**Scale:** Tonnes  
**Note:** Excludes BT Global Services outside the UK.

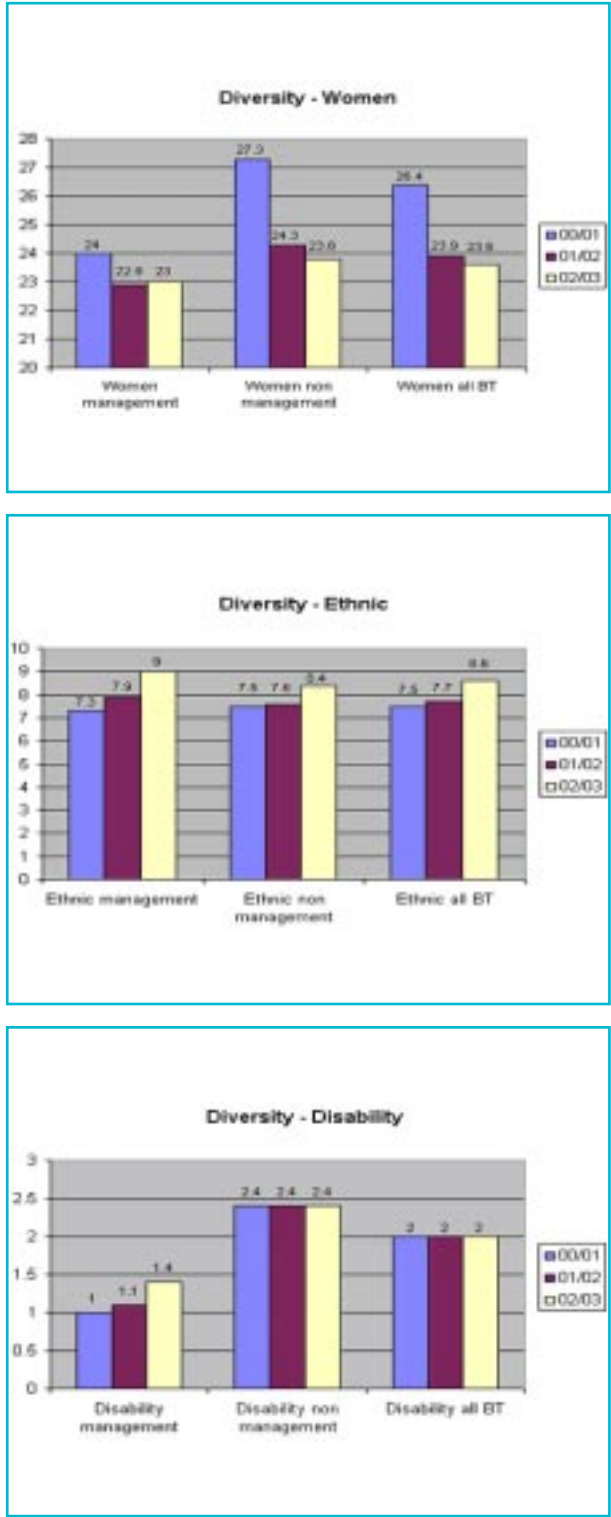




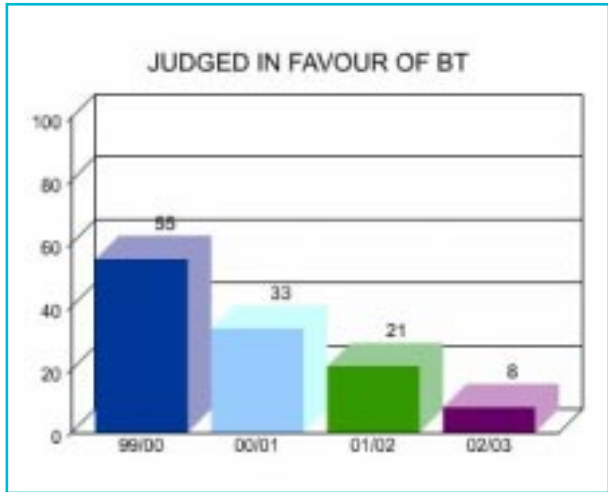
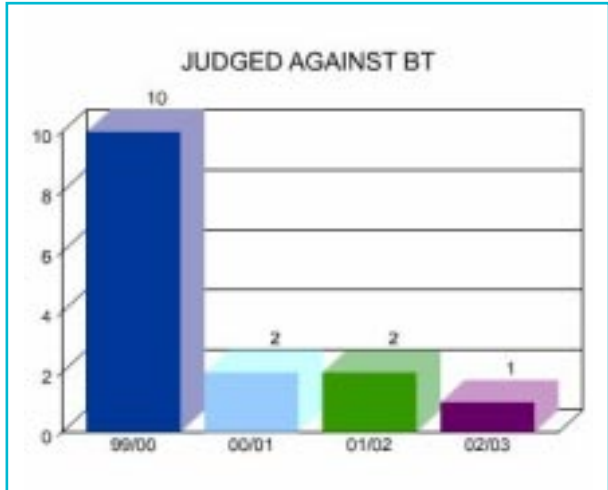
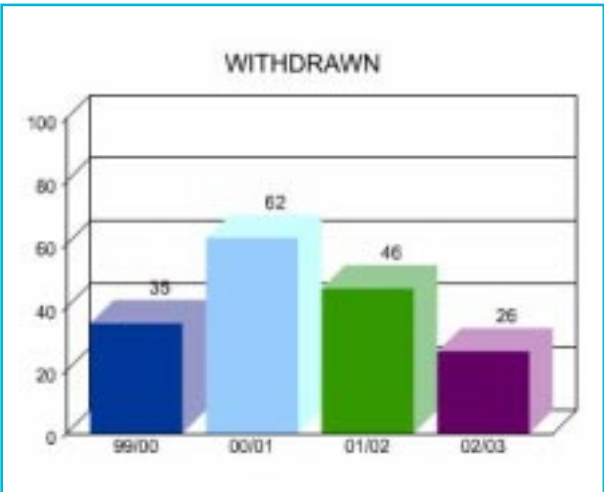
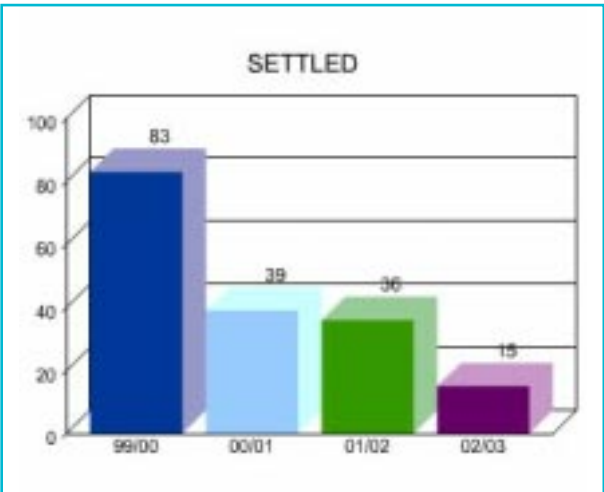
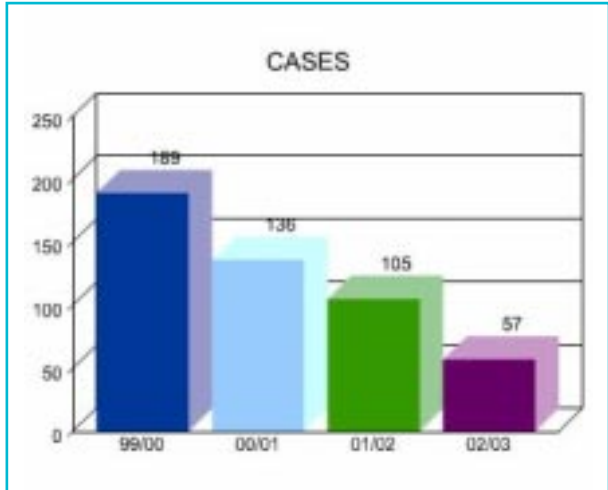
Employment



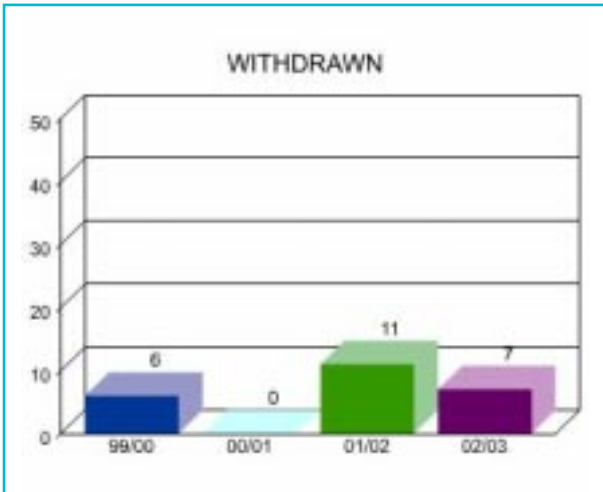
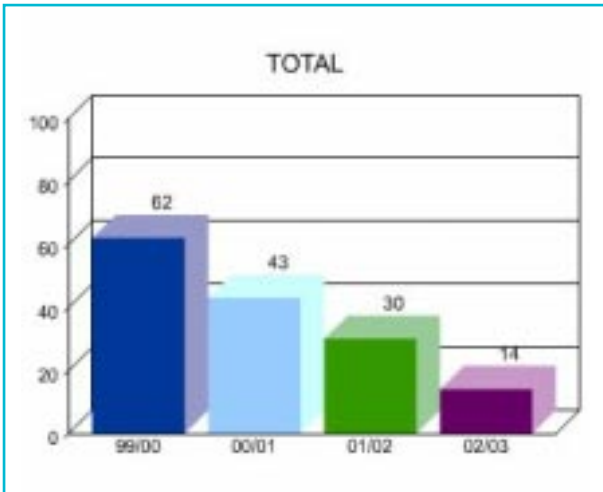
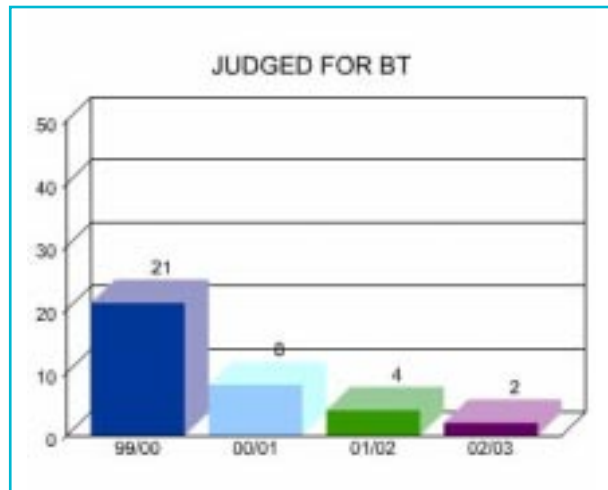
Diversity in BT



**Employee Tribunal Cases**  
**Source:** Group legal  
**Scale:** Cases



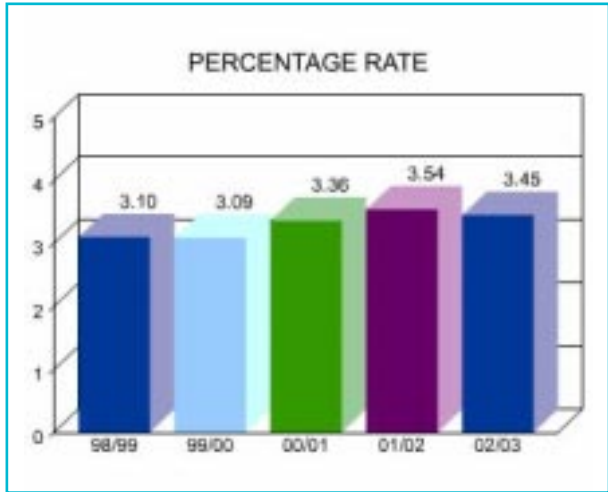
**Descrimination Litigation**  
**Source:** Group legal  
**Scale:** Cases



Health and Safety

Rate of Absence

Source: Accenture database  
Scale: Percentage



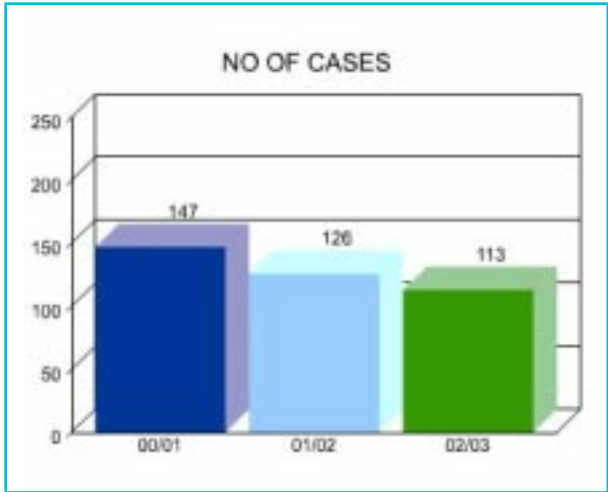
Sick Absence due to Accidents

Source: Accenture database  
Scale: 10,000 FTE



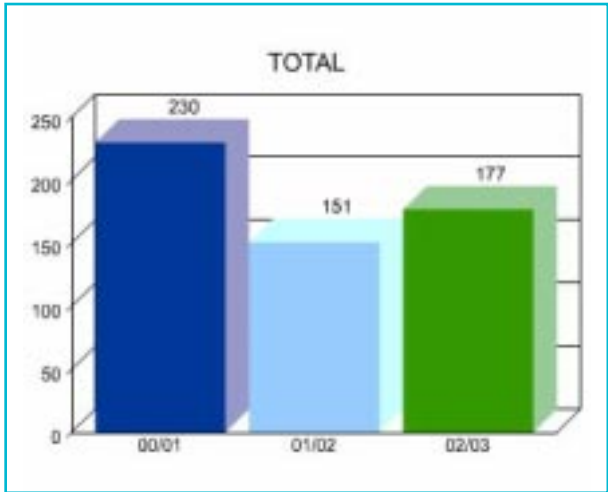
Significant Incident Cases

Source: Accenture database  
Scale: 10,000 FTE



Ill Health Cases with OHS Referral

Source: Accenture database  
Scale: 10,000 FTE



## Target status reports

### Targets

We have established a set of targets to improve our social and environmental performance.

Details of all our targets are given below. We also provide interim updates on progress against our targets on a quarterly basis (with the exception of quarter one) on the Better World site.

You can see which of our social and environmental targets have been identified as particularly important in the key performance indicators section of this document.

NB: interim target updates (where indicated) ARE NOT verified by LRQA. LRQA verify progress against targets on an annual basis only.

Output for target category: Community Economic Development	
Target Type:	Completed
Target Date	By September 2002:
Description	We will have fully established the community champions element of the Digital Inclusion campaign at no fewer than four pilot sites.
Target Status	Completed
End of year status	Project title is everybodyonline. Project Officers have been recruited and projects are underway in all 4 locations. Formal launch events held in 3 locations, 4th launch scheduled for 26th June in Croydon.
Target Type:	Completed
Target Date	By March 2003:
Description	We will implement and host a best practice Digital Inclusion website.
Target Status	Completed
End of year status	The website is now in place. <a href="http://www.sustainit.org/digital_inclusion/digital_inclusion.htm">http://www.sustainit.org/digital_inclusion/digital_inclusion.htm</a>
Target Type:	Completed
Target Date	By March 2003:
Description	We will have produced a set of measures in order to identify the success of our Digital Inclusion campaign.
Target Status	Completed
End of year status	Measures developed and benchmark surveys undertaken in all pilot sites during 2002.
Target Type:	Completed
Target Date	By December 2002
Description	We will establish a Digital Inclusion section on the Better World site, covering BT's main activities addressing the Digital Divide.
Target Status	Completed
End of year status	Section introduced from Better World Home Page. Includes information on campaign areas, BT position statements and links to the Digital Divide Hot Topic.
Target Type:	Completed
Target Date	By March 2003:
Description	5 BT Managers will provide mentoring for Job Centre Plus Managers.
Target Status	Completed
End of year status	BT provided 5 volunteer senior mentors to the Department of Employment. To date 3 have been used as mentors. Job Centre Plus is now established and therefore it is unlikely the other two mentors will be used by the Department of Work and Pensions.

### Performance against targets

Our 2002 Better World report included 64 targets. Of these, 47 were completed, 7 remain on target, 2 are in delay, 7 have failed, and 1 was abandoned.

We have introduced 38 new targets this year and progress on these, as well as our 9 ongoing targets, will be tracked on a quarterly basis.

Target Type:	Completed
Target Date	By March 2003:
Description	We will work with the EU and UK Government to address the shortage of ICT skills, particularly amongst females.
Target Status	Completed
End of year status	We are involved in the marketing and promotion of Career Space, a consortium of companies working with the EU and national governments to address skills shortages in this area. This has seen the development of curricular guidelines for 120 universities across Europe and the production of a generic ICT skills profile which includes the communication and lifestyle skill required for the ICT industry of the future. Please see <a href="http://www.career-space.com">www.career-space.com</a>

Output for target category: Community Outreach	
Target Type:	Completed
Target Date	By May 2002:
Description	We will launch our Charity Cause research findings.
Target Status	Completed
End of year status	Research findings are now available at <a href="http://www.bt.com/listening/">http://www.bt.com/listening/</a>
Target Type:	Completed
Target Date	By September 2002:
Description	We will provide a free website offering local charities/community groups opportunities to develop their own web-based information
Target Status	Completed
End of year status	The free website is now available at <a href="http://www.communitykit.ik.com/">http://www.communitykit.ik.com/</a> .
Target Type:	Completed
Target Date	By October 2002:
Description	We will launch the campaign elements of the Big Charity Cause.
Target Status	Completed
End of year status	The launch was held as planned, at Jubilee Gardens (Waterloo), on 31st October 2002.
Target Type:	Completed
Target Date	By March 2003:
Description	We will pilot a grass-roots initiative associated with the charity campaign.
Target Status	Completed
End of year status	We asked the UK Youth Parliament to seek out brilliant grass-roots examples of the positive impact that young people can have when they do make their voices heard. The pilot phase has now been completed. These grass-roots examples will be launched shortly and will form the basis for a wider targeted campaign to improve listening.
Target Type:	Completed
Target Date	By July 2003:
Description	10,000 teachers will have registered with our education website at <a href="http://www.bt.com/education">www.bt.com/education</a> .
Target Status	Completed
End of year status	As of 31/03/2003, 13,326 teachers had registered with our education web site.
Target Type:	Ongoing
Target Date	By July 2003:
Description	The BT Education programme will reach two million children and young people in 9,000 schools.
Target Status	On Target
End of year status	As of 31/03/2003, the BT Education programme had reached 2.2 million children and young people in 8,889 schools.
Target Type:	Completed
Target Date	By December 2002:
Description	We will develop a new employee-volunteering scheme, which will make 10,000 BT and ex-BT people available to volunteer in schools.
Target Status	Completed
End of year status	As of 31/03/2003, the total number of volunteers was 12,142.





#### Output for target category: Community Outreach – continued

Target Type:	New
Target Date	By March 2004:
Description	The BT Education Programme will visit 325 schools and engage a minimum of 30,000 young people.
Target Type:	New
Target Date	By March 2004:
Description	554,000 direct engagements with the UK community will have been made by BT's UK-based community programmes.
Target Type:	New
Target Date	By March 2004:
Description	25% of BT people will be involved in BT's community programmes.
Target Type:	New
Target Date	By March 2004:
Description	BT will donate one per cent of BT Group pre-tax profits, made up of 1/2% direct funding in line with its Per Cent Club commitment and one half per cent contribution in kind as measured by the London Benchmarking Group model.

#### Output for target category: Corporate Governance

Target Type:	Completed
Target Date	By December 2002:
Description	The Better World site will be brought into accordance with the 2002 revision of the GRI Guidelines.
Target Status	Completed
End of year status	After we published this target GRI introduced a specific meaning for the term 'in accordance with the GRI guidelines'. Our report now meets these stricter requirements.
Target Type:	Completed
Target Date	By February 2003:
Description	A set of key performance indicators will be in place on the Better World site.
Target Status	Completed
End of year status	Following an extensive consultation process ten key performance indicators have been identified and are now included in the Data and Targets section of the site.
Target Type:	New
Target Date	By March 2004:
Description	The percentages of stakeholders agreeing with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will be as follows: MORI Survey of All Adults 55%; Opinion Leader Survey 40%; BT Employee Survey 85%
Target Type:	New
Target Date	By March 2004:
Description	We will increase the awareness of the BT Statement of Business Practice (The Way We Work) amongst UK-based employees to 86%.
Target Type:	New
Target Date	By March 2004:
Description	We will bring the Better World site into line with the Global Reporting Initiative Guidelines Telecommunications sector supplement.
Target Type:	New
Target Date	By March 2005:
Description	Indicators on the awareness of BT's Statement of Business Practice will be extended to incorporate BT's wholly owned international activities.

#### Output for target category: International Issues

Target Type:	Completed
Target Date	By October 2002:
Description	We will produce a roadmap for establishing more international content on the Better World site.
Target Status	Completed
End of year status	A sustainability audit of BT's European operations proposed a way forward on international reporting. Two new targets have been introduced this year to ensure group-wide coverage of environmental and business practice data.
Target Type:	Completed
Target Date	By October 2002.
Description	We will complete a review of the environmental and social activities in BT Ignite's European operations.
Target Status	Completed
End of year status	Both the social and environmental surveys have been completed. The results were presented to the BT Ignite board in October 2002. As a direct result, two CSR managers have now been appointed. One for the UK and one for Europe. In addition, a number of other recommendations for further action were made.
Target Type:	New
Target Date	By March 2004:
Description	We will have collected international data on BT's key environmental impacts, energy use, transport, waste and emissions to air, for BT's wholly owned international activities.
Target Type:	New
Target Date	By March 2004:
Description	We will publish an independently written Hot Topic on internet issues associated with matters that many people consider to be morally outrageous.

#### Output for target category: Environment – Fuel, Energy and Water

Target Type:	New
Target Date	By March 2004:
Description	BT will reduce the energy consumption required to run its premises i.e. all gas, oil and electricity, by 3% from the 2002/03 outturn (N.B. excludes network electrical consumption).
Target Type:	New
Target Date	By June 2003:
Description	BT will reduce the energy consumption of wet heated buildings (i.e. gas and oil) by 3%, weather corrected from the 2002/03 outturn (N.B. excludes electrical consumption).
Target Type:	New
Target Date	By September 2003:
Description	We will assess our above-ground fuel tanks. Any not complying with the oil storage regulations, at significant risk locations, will be upgraded to meet the new guidelines.
Target Type:	Completed
Target Date	By September 2002:
Description	We will ensure that risk questionnaires, designed to improve awareness of the environmental impact of our facilities, have been completed for all of the BT estate. This follows the roll-out of Environmental Risk Questionnaires during the year ending 31/03
Target Status	Completed
End of year status	Risk questionnaires have now been completed for all of the BT estate.
Target Type:	Completed
Target Date	By March 2003:
Description	We will carry out a comprehensive integrity test on a further 1800 fuel tanks. This is a continuation of the tank-testing programme, which began in 2000
Target Status	Completed
End of year status	At year end, 1,914 BT Sites had been tested.



#### Output for target category: Environment – Fuel, Energy and Water – continued

Target Type:	Completed
Target Date	By March 2003:
Description	We will reduce the number of fuel oil bowsers in the BT fleet by 10%.
Target Status	Completed
End of year status	5 bowsers (11%) were decommissioned in the period up to the end of March 2003.
Target Type:	Ongoing
Target Date	By September 2005:
Description	We will eliminate all bowsers from the BT fleet, which are used to transport gas oil to remote sites
Target Status	On Target
End of year status	To date we have scrapped 5 vehicles.
Target Type:	Completed
Target Date	By March 2001:
Description	We will have routinely tested all bulk fuel tanks, to the modified MM23 routine.
Target Status	Completed
End of year status	BT's Facilities Management contractor Monteray, have confirmed that all MM23 routines had been completed
Target Type:	Failed
Target Date	By March 2002:
Description	We will reduce our stocks of gas oil by two million litres and reuse it for heating purposes within the business.
Target Status	Failed
End of year status	Since this target was introduced, 1,435,139 litres of fuel have been removed from tanks that were decommissioned as a result of our integrity testing programme or conversion from oil to gas-fired heating systems. Of this, 548,899 litres have been reused for heating purposes within the business. 507,200 litres has been reused in replacement generator tanks. Where it was not been possible to reuse internally within BT, other external reuse options have been considered. A further 305,500 litres have been externally reused in the production of road surface material. As a last resort, we disposed of 73,600 litres as controlled waste so that the fuel tank-decommissioning programme would not be delayed. The key point of this target was to remove oil from tanks, which needed to be decommissioned. With very few BT sites now using oil for heating, internal reuse has proved more difficult than originally anticipated. Therefore, because we are, and will remain, unable to meet exactly, the requirement stated in our target, the target has failed. However, we remain committed to oil recovery and reuse.
Target Type:	Failed
Target Date	By March 2002:
Description	We will introduce remote stock monitoring at 10% of oil fire heating sites.
Target Status	Failed
End of year status	The target has not been achieved because the new 5 regional supply contractors were not prepared to tender for the oil supply contract if the requirement for remote stock monitoring was included.
Target Type:	New
Target Date	By March 2004:
Description	We will visit another 1224 BT sites and will carry out a comprehensive integrity test on the fuel tanks at these sites. This will complete the tank-testing programme, which began in 2000.
Target Type:	New
Target Date	By March 2004:
Description	BT will reduce metered water used in BT premises by 3% from 2002/3 out-turn.
Target Type:	New
Target Date	By March 2004:
Description	We will complete risk assessments on all buried fuel tanks.

Target Type:	Failed
Target Date	By April 2003:
Description	We will reduce metered water used BT in premises by 5 per cent from 2001/2 out-turn.
Target Status	Failed
End of year status	The current projected outturn was not achieved. However, we managed a reduction of 1.84%, 39,350 cu m, which contributes to a significant 25% reduction over the last 4 years.
Target Type:	Failed
Target Date	By April 2003:
Description	BT will reduce the energy consumption required to run its premises i.e. all gas, oil and electricity, by 3% from the 2001/02 outturn (N.B. excludes network electrical consumption).
Target Status	Failed
End of year status	The final result was a 2.74% reduction from the 2001/2 outturn against our target of 3%. However, the 2002/03 winter was colder, with degree days up 2% on last year and this year we are including additional data on our on-site electricity generation.
Target Type:	Completed
Target Date	By April 2003:
Description	We will implement energy efficiency measures to reduce electrical consumption by 5GWh within the BT Wholesale estate.
Target Status	Completed
End of year status	The target has been achieved, with the savings programme delivering 10.7GWh of energy reduction initiatives.

#### Output for target category: Environment – Waste

Target Type:	New
Target Date	By March 2004:
Description	We will develop new disposal and recycling routes and processes at site level for fluorescent tubes in line with current regulations.
Target Type:	New
Target Date	By March 2004:
Description	We will introduce improved disposal routes and processes for spoil/rubble from BT Field Operations using BT Telephone Engineering Centre sites.
Target Type:	New
Target Date	By March 2004:
Description	We will increase the amount of items recycled (recorded in tonnes) by 10%, measured against the March 2003 outturn figure.
Target Type:	New
Target Date	By March 2004:
Description	We will review all communication channels for information to BT people on waste management and recycling including introduction of new computer-based training courses, improvement to existing training delivery and communications to enhance environmental awareness.
Target Type:	Failed
Target Date	By March 2003:
Description	We will carry out a major clean-out of many of our large sites. BT will strive to reduce the amount of waste going to landfill by 5% based on the outturn figures for 31st March 2002. However, this figure may need to be revised in light of the overriding clean-out programme.
Target Status	Failed
End of year status	With an overriding programme to clean-up a significant number of our large operational sites taking priority, the actual outturn was 89,878 tonnes, a reduction of 1,022 tonnes (1%) . This is a pleasing result given the high levels of waste generated by the clean-up campaign.



#### Output for target category: Environment – Waste – continued

Target Type:	Completed
Target Date	By March 2003:
Description	BT will increase the amount of items recycled (measured in tonnes) by 10%.
Target Status	Completed
End of year status	The amount of waste recycled totalled 27,809 tonnes, an increase of 16% against the previous year and exceeded the target set by 6%. This is partly due to making the maximum use of Materials Recovery Facilities where all waste is put through a segregation process to separate recyclable waste and general waste and results in reducing the amount to landfill whilst increasing the amount recycled.

Target Type:	Completed
Target Date	By March 2003:
Description	We will have drainage plans at all sites.
Target Status	Completed
End of year status	The programme to survey 282 properties and produce compliant drainage plans for those properties has been completed. The new plans are now lodged at the central records office and also held at local buildings as necessary. The work was completed on target by the WSP Group under a contract managed by BT Property Partners.

Target Type:	Completed
Target Date	By March 2003:
Description	We will have completed a total phase out of halon portable fire extinguishers in advance of anticipated legislation.
Target Status	Completed
End of year status	The programme to phase out halon portable fire extinguishers from our estate has been completed. A total of 83,000 Kg has been removed.

Target Type:	Completed
Target Date	By March 2003:
Description	We will have completed a total phase out of halon fixed automatic flood systems in advance of current legislation.
Target Status	Completed
End of year status	The project to remove all halon flood systems from the BT estate has been completed. A total of 8,326 Kg of halon was removed. However, 53 Kg of halon remain at one site, which requires a replacement Argonite system to be installed before decommissioning of the halon system can take place. The order has been placed and this work will be completed by ADT before the end of June.

#### Output for target category: Environment – Transport

Target Type:	New
Target Date	By March 2004:
Description	We will consider and recommend, if appropriate, dual fuel (LPG) vehicle types for BT's business need company car fleet and alternative fuelled fleet vehicles for operating in cities in order to reduce vehicle emissions and gain exemptions from congestion charges.

Target Type:	New
Target Date	By March 2004:
Description	We will assess BT's Transport Strategy (Network Build & Customer Service) in order to estimate the influence it will have on the fuel consumption of the commercial vehicle fleet, recommend improvements if necessary and target fuel reductions, as appropriate.

#### Output for target category: Environment – Emissions to Air

Target Type:	New
Target Date	By March 2004:
Description	We will control the amount of net refrigerant (quantity purchased minus quantity returned for disposal/recycling) purchased by our operational network to no more than 4% of the total refrigerant held.

Target Type:	New
Target Date	By March 2005:
Description	We will reduce the amount of CFC/HCFC installed, as a percentage of the Operational Networks Estate installed/stock of CFC/HCFC, by 3.5%.

Target Type:	New
Target Date	By March 2010:
Description	We will reduce our carbon dioxide emissions (measured in tonnes CO <sub>2</sub> equivalent) to 25% below 1996 levels.

Target Type:	Completed
Target Date	By March 2004:
Description	We will reduce the amount of CFC/HCFC installed, as a percentage of the Operational Networks Estate installed/stock of CFC/HCFC, by 2.8%.
Target Status	Completed
End of year status	Our end of year results show a reduction of CFC/HCFC for Networks of 5.8%, far exceeding our two-year target.

Target Type:	Completed
Target Date	By March 2003:
Description	We will control the amount of net refrigerant (quantity purchased minus quantity returned for disposal/recycling) purchased by our operational network to no more than 4% of the total refrigerant held.
Target Status	Completed
End of year status	Our final year end result was 2.71%.

Target Type:	Completed
Target Date	By March 2002:
Description	We will identify the total volume of refrigerant used by our estate cooling plant (excluding network cooling plant).
Target Status	Completed
End of year status	The exercise to identify the total volume of refrigerant installed in our estate cooling plant (excluding network cooling plant) has been completed.

Target Type:	Completed
Target Date	By March 2002:
Description	All refrigeration work in BTUK will be undertaken by REFCOM or equivalent accredited engineers whether direct labour or contractors.
Target Status	Completed
End of year status	The last zone was accepted on 31/03/2003.



#### Output for target category: Environment – Procurement

Target Type:	New
Target Date	By March 2004:
Description	There will be evidence that continuous environmental improvement is being driven with all suppliers identified as requiring improvements as a result of the GS13 Risk Assessment Process.
Target Type:	New
Target Date	By March 2004:
Description	All BT buying units inside and outside of the UK will have received training on how to use the GS13 Environmental Impact Risk Assessment Process.
Target Type:	Completed
Target Date	By March 2003:
Description	We will issue a revised implementation process (GS13) following a comprehensive review of our environmental objectives and procedures for incorporating environmental considerations into our procurement activities.
Target Status	Completed
End of year status	We launched a significantly revised GS13 process in November 2002.
Target Type:	Completed
Target Date	By March 2003:
Description	We will implement an electronic system that enables environmental data concerning our suppliers to be held on a central database.
Target Status	Completed
End of year status	In November 2002, we implemented a new electronic central database that enables us to capture environmental data relating to our suppliers.

#### Output for target category: Environment – Product Stewardship

Target Type:	New
Target Date	By March 2004:
Description	BT will assess the whole life costs of 5 products exiting the business via our existing waste disposal routes in order to determine the impact on BT of the forthcoming WEEE and RoHS Directives.
Target Type:	New
Target Date	By March 2004:
Description	BT will have assessed 10 electrical or electronic products procured from a variety of suppliers and produce proposals by which their environmental impact can be reduced.
Target Type:	New
Target Date	By June 2003:
Description	BT will have evaluated alternative pole materials to ensure compliance to Marketing & Use Directive 76/769/EEC (Creosote).
Target Type:	New
Target Date	By March 2004:
Description	BT will have monitored the application within the company of GS19, the Product Stewardship Generic Standard designed to reduce BT's environmental liability and will have produced proposals to improve its effectiveness.
Target Type:	Completed
Target Date	By March 2003:
Description	We will assess the options for investing in wind power and photo voltaic cell technology for operating BT's network and/or particular sites.
Target Status	Completed
End of year status	A report was produced, which provided an overview of the technical, economic and environmental considerations of adopting renewable energy technologies.

Target Type:	Completed
Target Date	By March 2003:
Description	We will undertake a study to compare the environmental impacts and benefits of flywheel energy storage systems with that currently used to provide back-up power systems for BT Network Communication Equipment.
Target Status	Completed
End of year status	A report was produced, which provides an overview of the strengths, weaknesses and suitability of flywheel energy storage systems.
Target Type:	Completed
Target Date	By March 2003:
Description	We will identify the environmental and financial burdens arising from the eco-assessment of 10 consumable products and an action plan to reduce the usage of these products.
Target Status	Completed
End of year status	A life cycle assessment report on ten consumable products was produced, which identifies a number of actions (for each consumable) that, if adopted, will lessen their usage and improve their environmental and financial performance.
Target Type:	Completed
Target Date	By September 2003:
Description	We will initiate an awareness programme to inform the key players in all BT businesses of the impacts arising from the impending European Union (EU) directive on Electrical and Electronic Equipment (EEE).
Target Status	Completed
End of year status	The EEE awareness training has now been included in our Product Stewardship computer-based training package to the various lines of business.
Target Type:	Completed
Target Date	By March 2002:
Description	All the 'relevant' people in BT will have received training in the principles of Product Stewardship.
Target Status	Completed
End of year status	Since the roll-out of the Product Stewardship computer-based training package to the various lines of business, 1,893 individuals have completed the training.
Target Type:	Failed
Target Date	By March 2002:
Description	We will demonstrate both the environmental and financial benefits that follow from the completion of 25 eco-design assessments on products provided by BT's leading suppliers.
Target Status	Failed
End of year status	Unfortunately we were only able to obtain product data for 18 of the targeted 25 products. However, significant benefit has been achieved by undertaking the 18 completed assessments and sufficient product information was forthcoming to enable these to be fully evaluated using the various elements of the eco-design process. Reports have been produced for each of the products.
Target Type:	Failed
Target Date	By March 2002:
Description	We will assist suppliers to complete 25 eco-design assessments on the equipment that they are providing to BT.
Target Status	Failed
End of year status	Unfortunately we were only able to obtain product data for 18 of the targeted 25 products. However, significant benefit has been achieved by undertaking the 18 completed assessments and sufficient product information was forthcoming to enable these to be fully evaluated using the various elements of the eco-design process. Reports have been produced for each of the products.
Output for target category: Environment – Local Impacts	
Target Type:	Abandoned
Target Date	By March 2002:
Description	We will participate in planning workshops with each of the National Parks planning authorities to develop a better understanding of communal targets and objectives and to help reduce our error rates.
Target Status	Abandoned
End of year status	Following the initial workshop held with Peaks, Yorks Moors and Dales NPA planners, we have been unable to progress this any further because CNP were involved with other higher priority issues e.g. green paper consultations. We have had no one contact us since, to arrange any more meetings.





#### Output for target category: Environment – Benefits

Target Type:	Ongoing
Target Date	By March 2004:
Description	We will sponsor, on an annual basis, the UK GLOBE new sustainable development biodiversity protocol by which schools measure local biodiversity indicators and post them on their internet database.
Target Status	On Target
End of year status	The sponsorship money was donated in 2002/03 and has been included in our budget for 2003/04.

#### Output for target category: Products & Service

Target Type:	Ongoing
Target Date	By December 2002:
Description	We will complete an analysis of how broadband technologies contribute to UK national social, environmental and economic priorities.
Target Status	Delayed
End of year status	When we began work on this target it became apparent that the application of broadband technology was not mature enough to provide the evidence required to undertake the analysis. However, plans are now in place to complete the target by March 2004.

Target Type:	New
Target Date	By June 2003:
Description	We will make broadband available to 80% of UK Homes.

Target Type:	New
Target Date	By March 2004:
Description	We will reduce the number of dissatisfied customers by 25% according to a revenue-weighted calculation.

#### Output for target category: Supply Chain

Target Type:	New
Target Date	By March 2004:
Description	All BT buying units inside and outside the UK will have received awareness training on Sourcing with Human Dignity and how to incorporate it into their procurement contracts.

Target Type:	New
Target Date	By March 2004:
Description	There will be evidence that action has been conducted with all contracts identified as high or medium risk in terms of GS18 Sourcing with Human Dignity.

Target Type:	Completed
Target Date	By March 2003:
Description	We will have continued our programme of holding Sourcing with Human Dignity supplier forums with key network and IT suppliers.
Target Status	Completed
End of year status	The fourth ethical trading forums with our key network and IT suppliers was held in July 2002. We then expanded the invitation to our fifth forum, held in February 2003, to other service providers.

Target Type:	Completed
Target Date	By Dec 2001:
Description	We will launch phase two of the supplier diversity programme, aimed at involving businesses owned by people with disabilities in BT's procurement activities.
Target Status	Completed
End of year status	We met our revised completion date of 31/12/2002

#### Output for target category: Supply Chain – continued

Target Type:	Completed
Target Date	By March 2003:
Description	We will report on the total number of suppliers and contractors that have contractually agreed to work towards the Sourcing with Human Dignity standard.
Target Status	Completed
End of year status	As of March 2003, 55 suppliers have contractually agreed to work towards the Sourcing with Human Dignity Standard.

Target Type:	Completed
Target Date	By March 2003:
Description	We will report on the number, nature and country of identified shortfalls of the Sourcing with Human Dignity standard.
Target Status	Completed
End of year status	A detailed analysis of our on-site assessments can be found in the Suppliers section of Better World.

Target Type:	Ongoing
Target Date	By December 2003:
Description	We will expand the Supplier Diversity Programme to include 25 businesses owned by people with disabilities and 15 businesses owned by women.
Target Status	On Target
End of year status	On target to meet the completion date set for end of 2003.

#### Output for target category: Workplace

Target Type:	Completed
Target Date	By March 2003:
Description	We will host a major conference on flexible working.
Target Status	Completed
End of year status	We held a major conference in BT Centre (Agile Business Balanced Lives), which consisted of 5 days of conferences for BT employees, customers and other interested organisations.

Target Type:	Completed
Target Date	By March 2003:
Description	We will review our childcare policies.
Target Status	Completed
End of year status	We have completed a full review of BT's Childcare Policies with the Daycare Trust.

Target Type:	Completed
Target Date	By March 2003:
Description	BT's gender specific employment policies will be recognised as leading edge by external benchmarks such as Opportunity Now.
Target Status	Completed
End of year status	BT achieved Platinum Standard in the 2002 Opportunity Now benchmarking.

Target Type:	Completed
Target Date	By March 2003:
Description	BT's race specific employment policies will be recognised as leading edge by external benchmarks such as Race for Opportunity.
Target Status	Completed
End of year status	BT achieved Gold standard in the 2002 Race for Opportunity benchmarking and was the top performing private sector organisation.

Target Type:	Completed
Target Date	By March 2003:
Description	We will establish an employee network for gay, lesbian and bi-sexual employees and sponsor a gay/lesbian/bi-sexual event.
Target Status	Completed
End of year status	BT now has a network for Gay, Lesbian and Bisexual employees – Kaleidoscope, which now has over 270 members.



## Output for target category: Workplace

Target Type:	Completed
Target Date	By March 2003:
Description	We will increase the number of home workers to 5.5% of the BT workforce.
Target Status	Completed
End of year status	The percentage of BT employees who are homeworkers is now 7%.

Target Type:	Completed
Target Date	By March 2003:
Description	We will maintain the BT liP registration.
Target Status	Completed
End of year status	External assessors awarded BT liP continued registration in February 2003.

Target Type:	Delayed
Target Date	By March 2002:
Description	We will increase the number of people with a disability, directly employed by BT, to 2.5% of the workforce.
Target Status	Delayed
End of year status	The percentage of people in BT who have declared they have a disability on peoplesoft is 2%. There is evidence that in anonymous surveys (e.g.CARE) a much higher percentage of employees declared a disability. Therefore we will be running a 'redeclaration' exercise during 2003. We have also started a pilot of Project Enable in Retail aimed at assisting managers of people with disabilities to identify reasonable adjustments to enable them to continue in employment. In addition work is being carried out with our Resourcing people so that the Two Ticks Disability Charter is more readily understood.

Target Type:	Ongoing
Target Date	By March 2005:
Description	We will achieve a 25% reduction in incidences of ill health meriting referral to occupational health which are possibly attributable to work activity within the UK.
Target Status	On Target
End of year status	As of 31/03/2003, our statistics indicate a 23% reduction against our base line.

Target Type:	Ongoing
Target Date	By March 2005:
Description	We will achieve a 25% reduction in the number of significant incidents resulting in the requirement to send a report to the enforcing authorities within the UK.
Target Status	On Target
End of year status	As of the 31/03/2003, our statistics indicate a 22.8% reduction against our base line.

Target Type:	Ongoing
Target Date	By March 2005:
Description	We will achieve a 25% reduction in the number of sick absence days lost as a result of accidents at work within the UK.
Target Status	On Target
End of year status	As of 31/03/2003, our statistics indicate an 11.4% reduction against our base line.

Target Type:	New
Target Date	By March 2004:
Description	We will hold the percentage of BT people that are from ethnic minorities to at least 8%.

Target Type:	New
Target Date	By March 2004:
Description	We will increase the percentage of BT people that are women to 25%.

Target Type:	New
Target Date	By March 2004:
Description	We will achieve a People Satisfaction Index of 69%.



# About the report

Better World  
BT's Social & Environment Report



# About the report

The Better World website is the BT social and environmental report.

Rather than produce a printed document, we publish our social and environmental performance online, because we believe that the innovative use of information technology offers possibilities to communicate these impacts even more effectively and to engage in a twoway dialogue.

We also believe the Internet to be a critical driver of the move towards greater transparency and accountability in the corporate sector.

In this section we set out our reporting methodology and approach:

- Triple Bottom Line Reporting
- Scope of the Report
- Key Performance Indicators
- Assurance
- Standards
- Navigation.
- Summary and Highlights
- Pdf Downloads

The 'Summary and highlights' section provides an overview of the entire Better World site. It can be viewed online or downloaded as a pdf file, you can also order a printed version (e-mail: [yourviews@bt.com](mailto:yourviews@bt.com)).

## Triple Bottom Line Reporting

BT's Better World site covers a range of social, environmental and economic issues.

This concept of 'triple bottom line' or 'sustainability' reporting is becoming an increasingly common feature of large companies. We believe it provides an invaluable holistic view of the company, making connections between aspects of performance previously evaluated separately and aiding our transition to a more joined-up approach to the management of social, environmental and economic issues.

This approach has also won recognition from external bodies. We were pleased to be named joint winners of the 2001 ACCA Sustainability Reporting Award and to receive a commendation in this category at the 2002 awards. Also in 2002 we were recognised by ACCA for producing the best web-based sustainability report.

## The future

The concept of 'triple bottom line' reporting can suggest that there are three separate and distinct bottom lines – each of equivalent standing.

However, we believe that, in the context of sustainable development, it's impossible to consider the economic dimension in isolation from the social or the environmental, and vice versa.

We think the time has come for organisations to stop compartmentalising these three aspects of business and find new ways of reporting their total, multifaceted contribution to a more sustainable society.

This is what we try to achieve with the Better World site.

For example, the site includes thought pieces on wide-ranging 'hot topics' such as the Digital Divide, Modern Communications & Quality of Life and Mis-use of the Internet.

We've included them because research has shown that people don't just want quantitative information on activities and processes. They want a qualitative insight into the way BT (and the industry generally) responds to its stakeholders in real situations, how it puts its values into practice, and how its products and services really can help contribute towards sustainable development.

Also, by using the flexibility inherent in the Internet, we are more able to illustrate the links that exist between the three dimensions of sustainability. This is achieved both by links between the various sections, and through opportunities to navigate the site according to the Nine Principles of the Global Compact or the Global Reporting Initiative Guidelines.

## Scope of the Report

This report covers all of BT's main social, economic and environmental performance areas for the financial year ending 31 March 2003.

However, the site is a live one, with new material added at least every three months. It also contains archived content.

## Geographical coverage

In the 12 months to 31 March 2003, BT's UK operations accounted for approximately 94% of BT's turnover and 92% of our 104,700 employees.

Wherever possible we cover all BT's wholly-owned activities in the UK and internationally. The sections on Employees, Suppliers, Business Principles and Economics are predominantly international in scope. In June 2003 we introduced an international dimension into two further sections – Customers and Community.

Where data is not available or relates only to our activities in a particular part of the world, we try to be clear about precisely what is covered. You will find that data on this site can include segmentation by UK and non-UK, by region and sometimes by country.

## Environmental scope

Although BT's environment policy covers the entire BT Group, the scope of the environment section is in line with our ISO14001 certification and covers our UK operations only. We do not currently cover the environmental performance of our overseas operations, joint ventures or subsidiary activities.

However, we have set the target that, by March 2004, we will have collected international data on BT's key environmental impacts – energy use, transport, waste and emissions to air – for BT's wholly owned international activities.

By March 2005, we aim to have introduced performance information on the remaining environmental aspects of our wholly owned international activities.

## Business practice

Data relating to our Statement of Business Practice in the 2003 financial year also covers our UK operations only. However, we have set the target that, by March 2004, indicators on the awareness of BT's Statement of Business Practice will be extended to incorporate BT's wholly owned international activities.

Financial, regulatory and corporate governance information is predominantly located in the Annual Report & Accounts, while background information about BT is set out in the Corporate Information section of the BT website.

## Global Reporting Initiative

This report has been prepared in accordance with the 2002 Global Reporting Initiative (GRI) Sustainability Reporting Guidelines.

We have established the target that, by March 2004, we will update the Better World site to meet the requirements of the new telecommunications supplement to the GRI Guidelines.

## See also:

- Annual Report and Accounts
- Corporate Information

## Setting Priorities

There is a huge amount of information on the Better World site. To simplify matters we have established a set of key performance indicators (KPIs) to help you understand what both our stakeholders and we consider to be the most important issues. Our KPIs condense complex issues into ten key measures of non-financial performance which have been used to enable a strategic approach to target setting.

The indicators were derived from a consultation exercise involving report users such as investors, customers and employees, together with outside experts such as the BT Stakeholder Panel and the report's Independent Advisory Panel.

You can find our latest performance information and a more detailed explanation for each of the following ten KPIs in the Data and Targets section of this site:

- Customer Dissatisfaction (for residential, SME, major business)
- Addressable Broadband Market
- People Satisfaction Index
- Percentage of Women, Ethnic Minorities and Disabled Employees
- Health and Safety significant incident rate
- Ethical Trading
- Greenhouse Gas Emissions
- Total Waste (including recycling rate)
- Awareness of The Way We Work (the BT Statement of Business Practice)
- Community Contribution

These KPIs complement the full and comprehensive set of social and environmental performance figures in the Data and Targets section of the site. We will publish the latest figures every year and make appropriate adjustments to them if circumstances change.

The KPIs create BT's sustainability dashboard. Like the dashboard of a car they give an 'at a glance' view of the company's performance. In order to do this we had to identify indicators that are:

- quantitative – ie, can be presented as a number;
- practical – i.e., interface with existing company processes;
- directional – i.e., we know when we are getting better; and
- actionable – i.e., are sufficiently in our control to effect change.

We recognise the final indicators are far from perfect. Whilst there was general consensus on the spheres of measurement – integrity, community, customers (including digital divide), employees (including health and safety), environment and suppliers – it was often difficult to identify a single indicator that reflected all the intricacies and manifestations of these broad areas.

Of the final ten KPIs some are therefore a surrogate for a measure that doesn't, as yet, even exist. This reflects the fact that we are all learning how difficult it is to measure the non-financial performance of companies.





Indicators we could develop over time include a broader measurement of digital inclusion – beyond the issue of broadband – and the implementation of our Statement of Business Practice.

As always we welcome your views and feedback.

Assurance

This report has assured against the AA1000 Assurance Standard which gives you confidence that it has been professionally produced and audited. The Standard stipulates that three specific principles must be met:

Materiality: the report must include information about our sustainability performance for you to make informed judgements, decisions and actions.

Completeness: the report must include all ‘material’ aspects.

Responsiveness: whether BT has responded to stakeholder concerns, policies and relevant standards and adequately communicated these.

Lloyd’s Register Quality Assurance Limited (LRQA) have been contracted by BT to assure the report against this standard and are supported in their work by BT’s Internal Audit Department.

An Independent Advisory Panel was also recruited to ensure that difficult or uncomfortable issues are not neglected. The Panel was selected on the basis of their independence of thought, experience and insight – as well as their knowledge of corporate accountability.

The Independent Advisory Panel statement sets out their perspective on the report and was last updated in June 2003.

In addition to their overall assurance role, LRQA ensure that we don’t provide unreliable data or make claims that we can’t back up. This includes identifying and assessing the data gathering systems and validating data samples.

The work of LRQA is complemented by the role of BT’s Internal Audit department, which undertakes substantial work to validate data and information. LRQA rely heavily on the work of BT Internal Audit in forming their conclusions.

The LRQA Statement outlines the way in which they undertake the assurance, together with their recommendations on how future reports might be improved.

Further technical details are available on how we determine our critical aspects, indicators and targets in line with the AA1000 Assurance Standard principles of materiality, completeness and responsiveness.

The information contained in this Better World report and its presentation is the responsibility of BT.

- See also:
- Independent Advisory Panel Statement
  - LRQA Statement

Materiality

The starting point for our determination of materiality is the BT Statement of Business Practice. This defines BT’s world-wide business principles and sets out the specific aspirations and commitments that apply in our relations with stakeholders. It was compiled in an inclusive fashion and makes explicit reference to our legal obligations and mechanisms of regulatory compliance.

From this we define six ‘material’ aspects of non-financial performance which are reflected in the top sections of the main navigation bar of the Better World site:

- business practice
- community
- customers
- employees
- environment
- suppliers.

These aspects then guided us towards a set of key (or ‘material’) performance indicators (KPIs) which were selected following extensive consultation, both inside and outside BT. Each KPI is accompanied by a strategic (or ‘material’) target.

These material aspects, indicators and targets – described in more detail in the Data and Targets section of the site – cover the most significant and strategic components of BT’s sustainability performance:

Six ‘material’ aspects.	Ten ‘material’ key performance indicators.	Ten related ‘material’ strategic targets.
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To ensure that the remainder of the report incorporates all other important information that our stakeholders may require to make informed decisions about our company we:

- construct the report ‘in accordance with’ the Global Reporting Initiative (GRI) guidelines;
- have undertaken a review of sustainability reports from peer companies;
- have reviewed relevant prosecutions and international sustainability standards;
- publish ‘Hot Topics’ on specific issues of concern.

In effect we are introducing two levels of materiality. The top level covers those aspects, indicators and targets we specifically declare as ‘material’ and the second level covers information that ensure the report’s completeness. Our considerations for inclusion of information at this second level of materiality have not led us to alter our selected key performance indicators.

Global Reporting Initiative

The term ‘in accordance with’ has a specific meaning in the GRI context and our assurance providers have ensured that we meet these requirements. In essence it means that we meet the GRI reporting principles – similar in many ways to the AA1000 AS principles – and that we include all GRI core indicators. The latter are important as they were developed through a stakeholder inclusive process and are designed to be “relevant to most reporting organisations and of interest to most stakeholders”.

Peer Review

A review of sustainability reports published by other telecommunications companies was undertaken to identify any content gaps in BT’s sustainability reporting. This was achieved by comparing the key or material aspects presented in peer reports with BT’s KPIs and overall sustainability report content.

Ten competitors and related ICT companies were selected covering a variety of geographical areas and included those companies known to have performed best in the field of sustainability reporting. All the identified key aspects are covered in some detail in BT’s report. However, and as one might expect, there was not an exact match between the key aspects used by our peers and our own KPIs.

This review highlighted some areas where we should consider fuller disclosure – for example, training and development and marketing.

Prosecutions and Standards

We have made sure that all compliance and prosecution information relating to equality and diversity, environment and employee relations’ have been included in the report and that reference has been made to critical international sustainability standards.

‘Hot Topics’

Finally, the users of our reports have told us that the traditional, triple bottom line reporting constructs described above still do not tell the whole story. They provide comparable measures of performance, but don’t describe how the company applies its values when dealing with difficult and often controversial issues.

This is why we include ‘Hot Topics’ that have, over time, covered matters such as misuse of the internet, mobiles and health, and BT in India. ‘Hot Topics’ are selected by our independent report advisory panel and, by their very nature, are not static and will change over time.

Completeness

The report will be ‘complete’ provided all ‘material’ issues have been captured.

- This requires two criteria to be met:
- The process for determining ‘materiality’ has been inclusive and is, in its own right, complete.
  - The reporting boundaries have not been drawn so as to create an exclusion of any material issues.

The first criterion is covered in the section on materiality.

The second criterion is dependent on the completeness of the reporting boundaries as described in the Scope of the Report section. In order to check this we have reviewed the scope to ensure that:

- All BT’s main operating divisions are included
- All BT’s principal operating subsidiaries as listed in the 2003 Report and Accounts have been assessed for any issues that would alter our interpretation of materiality and completeness for this report.

In addition, the report coverage extends beyond the direct operational impacts of BT to include our supply chain and various considerations of the sustainability impacts of our products and services.

Responsiveness

It’s important that we not only listen to the views of our stakeholders but also reflect our response to those views in our policies, operations and objectives.

That’s not to say that all our stakeholders always agree with each other on our priorities of resource allocation. In fact, far from it! And even single stakeholders can offer paradoxical and conflicting views – for example, often expecting the lowest possible prices and the highest possible levels of non-profitable service for the wider good.

As we say in Enlightened Values :  
“As all groups of stakeholders rarely reach a consensus, a company must select the appropriate balance point and make, and be seen to make, responsible decisions.

Corporate social responsibility is then about being held to account for those decisions in an open and transparent way.” The section on stakeholder dialogue describes our overall approach to informed decision making and at various junctures of the report we describe how such engagement has influenced our policies, targets and indicators.

We believe our long history of publicly disclosed sustainability targets demonstrates our commitment to allocate the necessary levels of resource to improve our performance and the external recognition we have achieved for our actions is further evidence of this. For example, we have been awarded the Queen’s Award for Enterprise in the sustainable development category and are consistently at the top end of important rankings such as the Dow Jones Sustainability Index.



## Standards

There are many different guidelines, standards and codes of practice that companies are encouraged to sign up to. In this section we describe BT's approach to some of the most prominent.

### AA1000 AS

The AA1000 Assurance Standard provides a systematic approach to ensuring that public reporting adheres to particular reporting standards and guidelines.

For the 2003 financial year we extended the terms of reference of our assurance provider, LRQA, to include assurance against the AA1000 Assurance Standard, making BT one of the first ever businesses to adopt this cutting edge assurance standard.

### ETNO Environmental Charter

ETNO is the European Telecommunications Network Operators' Association and BT led the team that created its environmental charter. With 25 signatories, companies whose turnover exceeds 197 billion Euros have now signed the charter. ETNO ([www.etno.be](http://www.etno.be)) produces an environmental report every two years to summarise the environmental progress made by Charter signatories.

### European Commission Communication on Corporate Social Responsibility

BT published a response to the original EU Green Paper that led to the Commission's Communication on CSR.

### Guidelines for Telework in Europe

Welcomed by the European Commission, these guidelines have been signed by BT and its trade unions. The guidelines stress that telework constitutes a form of work organisation whose increasing use is a clear sign of a trend towards a more flexible and mobile workplace.

Under the guidelines, teleworkers are granted equal treatment with employees working in traditional office environments, with equal access to training and career opportunities.

### Global Compact

BT is a supporter of the UN Secretary General's Global Compact initiative. The activities described in this report are intended to demonstrate how we apply and promote the Compact's principles. You can navigate the Better World site according to the nine principles of the Global Compact by using our Global Compact index.

Georg Kell, Executive Head of the Global Compact Office, has said, "The BT Better World website is an outstanding example of how business can demonstrate active participation and contribution to the Global Compact and the nine principles. I like the way that stakeholders and the public can view all the ways BT actively uses the principles in running every aspect of their business. Being a live site with interaction shows how seriously BT takes its responsibility."

### Global e-Sustainability Initiative

The Global e-Sustainability Initiative is a voluntary industry initiative in partnership with the United Nations Environment Programme and the International Telecommunications Union. BT chairs the initiative and continues to support its goals and actions, which includes our industry submission to the 2002 Johannesburg World Summit on Sustainable Development and the development of Global Reporting Initiative telecommunications sector-specific guidelines.

### Global Reporting Initiative

The Global Reporting Initiative (GRI) is a multi-stakeholder international undertaking whose mission is to develop and disseminate globally applicable sustainability reporting guidelines for voluntary use by organisations reporting on the economic, environmental and social dimensions of their activities, products and services.

The Better World report has been prepared in accordance with the 2002 Global Reporting Initiative (GRI) Sustainability Reporting Guidelines. An Index based on the GRI Guidelines is provided to help you read the report using the GRI structure and to aid comparability with other reporting organisations.

BT was industry co-chair during the multi-stakeholder process to establish the new telecommunications supplement to the GRI Guidelines. We aim to have updated the site in line with these new guidelines by December 2003.

### Investors in People

Investors in People (IiP) is a quality standard for effective investment in the training and development of people to achieve business goals. BT gained corporate accreditation for all its UK activities in October 1998, and has since been successfully reassessed on three occasions.

In February 2003, BT successfully achieved re-accreditation as an Investor in People (IiP). We remain one of the largest companies to measure up to this challenging outcomes-based test.

### ISO14001

Our environmental management system covering BT Wholesale, BT Retail, BT's support services and BT Group has been certified to this international environmental management system standard. In addition, BT Payphones also has an environmental management system certified to ISO14001.

### Making a Corporate Commitment

BT supports the UK Government's Making a Corporate Commitment Campaign for targeted environmental improvement. The targets we have agreed with the Government have been fully integrated into our environmental management system.

### OECD Guidelines for Multinational Enterprises

Although it is primarily the responsibility of governments belonging to the Organisation for Economic Co-operation and Development (OECD) to demonstrate compliance with their guidelines, BT is supportive of the basic principles – which are covered in this report.

### Universal Declaration of Human Rights

The UDHR applies to all member states of the United Nations. While there are numerous other conventions and codes from the UN and others, the UDHR stands as the iconic definition of human rights. BT has assessed its relevant policies and procedures to ensure a consistency with the UDHR. More details are available in the human rights section.

### Winning with Integrity

This guide to social responsibility, published in 2000, describes the business case for action, as well as suggested measures of performance across the full sweep of corporate social responsibility. Its development was supported by the UK Department of Trade and Industry, with representation from business. BT's Group Managing Director led the task force.

## Navigation

To help you find your way around the site, we have provided four separate indexes:

- An Alphabetical Index
- An Index based on the Global Reporting Initiative (GRI) Guidelines – to help you read the report in accordance with the GRI structure and to aid comparability with other reporting organisations.
- An Index based on our Statement of Business Practice, The Way We Work – to help you identify performance against our business principles, aspirations and specific commitments.
- An Index based on the nine principles of the United Nations Global Compact.

