

BT's Sustainability Report 2007



let's make a
better
world

About the report

We have reported on our social and environmental impacts for a number of years, but this is our first Sustainability Report. We decided to rename the report to reflect our sharpening focus on the economic implications of sustainable development. Our 2007 report includes:

- Our social, economic and environmental performance from 1 April 2006 – 31 March 2007. This information is audited by LRQA, as indicated by the LRQA logo:
- Our Regulatory Compliance Report, including the second report from the Equality of Access Board. This report is audited by PwC.
- An independently written “hot topic”, which this year is written by the independent think tank RAND Europe and explores responsibility in the digital age.

We have also produced a short printed report, our [Sustainability – Business Overview](#) to explain our approach to social, economic and environmental issues in the context of our business strategy and summarise our sustainability performance.

Explore our report section by section, or using the GRI indicators and UN Global Compact principles.

Assurance

This report has been assured against the AA1000 Assurance Standard and prepared in accordance with the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines 2002, with reference to the GRI Pilot Telecommunications Sector Supplement.

The AA1000 Assurance Standard stipulates that three specific principles must be met:

- **Materiality:** the report must include all the information about our sustainability performance that readers need to make informed judgements, decisions and actions.
- **Completeness:** the report must include all material aspects.
- **Responsiveness:** the report must demonstrate that BT has responded to stakeholder concerns, policies and relevant standards and adequately communicated these.

Lloyd's Register Quality Assurance Limited (LRQA) is contracted by BT to assure this report against AA1000 AS. [LRQA's statement](#) explains the assurance process and provides their conclusions.

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 relies on the work of BT Internal Audit in forming its conclusions.

Our [Leadership Panel](#) of external experts advises on our CSR strategy and performance. Part of their role is to ensure that difficult or uncomfortable issues are not neglected. [The Panel's statement](#) contains their view of this report and our performance.

The information in the social and environmental report – and its presentation – is the responsibility of BT.



LRQA Assurance Statement

SCOPE, CRITERIA AND OBJECTIVES OF THE ASSURANCE

Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by BT Group plc (BT) to assure both its Changing World: Sustained Values 2007 printed report and its web-based Sustainability Report 2007 (the reports) for the financial year ending 31 March 2007. Both reports remain the responsibility of and have been approved by BT.

The assurance was undertaken against:

- Accountability's Assurance Standard AA1000 AS, 2003;
- Global Reporting Initiative Sustainability Reporting Guidelines (GRI), 2002;
- GRI Telecommunications Sector Supplement, July 2003.

The objectives of the Assurance were to review the materiality, completeness and responsiveness of the data and information presented in the reports and to check that these are accurate and represent BT's sustainability performance fairly.

Our assurance did not extend to data and information accessed through links that take the reader out of these reports. Where BT presented data and information obtained from a second party, LRQA corroborated only that data and information was transcribed accurately, or the correct reference was provided.

LRQA'S APPROACH

The assurance was undertaken as a sampling exercise and included interviews, data and information analysis and reviewed BT's:

- stakeholder engagement processes;
- understanding, response and reporting on material issues
- output on materiality against our own independent analysis of stakeholder issues;
- use of sustainability performance data within its business decision-making processes;
- processes for setting performance indicators and for monitoring progress;
- data and information management systems;
- Sustainability Report 2007 to establish that it is in accordance with the GRI Guidelines;
- reporting of performance in accordance with the GRI Guidelines.

We also reviewed issues arising from accredited third party certification of BT's quality and environmental management systems which are undertaken by LRQA and deemed none to be material.

LEVEL OF ASSURANCE

Our approach has enabled us to achieve a reasonable level of assurance from our review .

LRQA'S FINDINGS AND CONCLUSIONS

Based on our review, our conclusions on the reports in relation to the AA1000 Assurance Standard and the GRI Guidelines are summarised below:

Materiality

BT has established an effective process for determining issues that are material to the business.

The reports include information that is material to stakeholders and these issues are considered during strategic decision making.

We are not aware of any material aspects concerning BT's sustainability performance that have been excluded from the report.

Completeness

The reports are complete in coverage of sustainability performance and there are processes in place for identifying, understanding and managing stakeholder issues and potential risks to the business;

Responsiveness

We are not aware of any additional issues of stakeholder interest that should be included in the reports.

Global Reporting Initiative

The content of the Sustainability Report 2007 is in accordance with the requirements of the GRI Guidelines including the Telecommunications Sector Supplement.

IMPROVEMENTS IDENTIFIED BY LRQA

Recommendations made in assurance statements by LRQA for previous BT corporate social responsibility reports have been addressed.

Following our review this year, we recommend that BT continues to improve on the collection of environmental data from the countries outside of the UK that provide limited data. In addition, a more formalised, monitored, programme for environmental data verification audits should be produced to ensure accuracy of data currently being provided.

Further recommendations on sustainability performance and reporting are included in our report on this assurance assignment to BT senior management.



CE Rosser

For and on behalf of LRQA, UK

This Assurance Statement is valid for one calendar year from the date of issue.

Third party liability

LRQA, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group'. The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person as signed a contract with the relevant Lloyd's Register Group entity for the provision of this information or advice and in that case any responsibility or liability is exclusively on the terms and conditions set out in that contract.

LRQA's Competence and Independence

LRQA ensures the selection of appropriately qualified individuals based on a rigorous appraisal of their qualifications and experience. The team conducting the assurance of BT's Reports was multi-disciplinary and has been involved in assurance assessments from the outset of external verification of non-financial performance reports.

LRQA's internal systems have been designed to manage and review assurance and certification assessments. This involves a review by senior management of the outcome derived from the process applied to the assurance of corporate reports.

Independence of LRQA from BT

LRQA is BT's ISO9001, ISO14001, BS15000-1 and BS7799-2 certification body. We also provide BT with a range of training services primarily related to Quality Management Systems.

The assurance and certification assessments, together with the training are the only work undertaken by LRQA for BT.

Conflict of interest

LRQA is part of the Lloyd's Register Group. Lloyd's Register Group recognises that potential conflicts of interest may exist which could impact on its independent verification activities. Lloyd's Register Group is committed to identifying and managing such conflicts so that they do not adversely impact its independence and impartiality.

In order to protect the integrity, neither LRQA nor any other Lloyd's Register Group company will provide services which create a conflict and compromise the independence and impartiality of third party certification and assurance. The Lloyd's Register Group will never verify its own solutions to a customer's problem.

Independence of BT's Internal Audit Department

IAD is an independent, objective, review function for the BT Group. It is designed to add value and improve and provide assurance over operations. The Director of IAD retains the right to report to the Board Audit Committee instances where the department's independence or objectivity is impaired by the activity or behaviour of audit clients.

- This excludes BT's Regulatory Compliance Report for 2006/7 and the Equality of Access Board Summary Report 2007.
- The LRQA assurance process was based upon the requirements of ISO19011:2002 the international standard relating to 'Guidelines for quality and / or environmental management systems auditing'.
- LRQA provides accredited third party certification to ISO 14001 for BT's global operations and to ISO 14001 for BT's UK operations.
- LRQA's opinion is based on the scope of our work carried out and is designed to provide a reasonable rather than an absolute assurance that the Report represents a true and fair reflection of BT's sustainability performance.

Statement by BT's CSR Leadership Panel 2007

THE PANEL'S REMIT

Our purpose is to encourage innovation and leadership on sustainable development and corporate responsibility in BT by providing independent guidance and expert advice on BT's activities, including:

- Advising on key areas of CR (corporate responsibility) and sustainable development strategy and performance, including future objectives, targets, performance measures, policy, stakeholder relationships, governance and external communications;
- Making sure BT doesn't dodge difficult or uncomfortable issues;
- Bringing independent scrutiny to bear on BT's understanding of critical societal issues; and
- Advising on new or significantly altered social and environmental report content.

In this statement, which has been prepared for inclusion in BT's 2007 Sustainability Report, we comment on the level of progress made during the 2006/2007 financial year by BT on sustainable development and CR. The statement covers all areas of CR strategy and performance (i.e. not just reporting) and includes our consideration of the main challenges ahead.

During the course of the last year, we have met four times and have made supplementary inputs outside the meetings. This statement covers our work as a Panel up to the on-line publication of the report in June 2007. Previous statements of the Panel are available in the [archive](#) section of this site.

In the course of these meetings and discussions we have:

- Discussed with management the company's approach to: diversity and digital inclusion; climate change; responsible innovation; taste and decency policy; sustainable economic growth and public policy
- Reviewed performance indicators and their alignment to reporting and strategy
- Initiated and advised on the production of a new hot topic

Panel meetings are conducted with frankness, constructive criticism and fresh thinking. Divergent views around the table reflect the varied backgrounds and experience of the Panel members. In 2006, we evaluated our own effectiveness as a panel and [published the findings](#) on the BT web site.

PRINCIPAL AREAS OF ENGAGEMENT

Community Investment

The Panel welcomes the new 'effectiveness' measure appraising the way in which BT determines and manages its community investments. We have not yet had a chance to review how this is working, though we have asked whether the 2007 target of a 5% improvement in effectiveness is sufficiently ambitious. We note that BT has not yet carried out the proposed review of its Community Investment Strategy, and hope that this will be a priority for 2007.

Diversity and Digital Inclusion

We are impressed by the depth of engagement the company has in its employee diversity programme, and recognise the challenges the concept presents as BT increasingly becomes a global company. We support the change to the diversity Key Performance Indicator (KPI) and are pleased the company will continue to report on its detailed UK diversity figures. We appreciate the openness with which BT managers discuss HR issues, which are often of a controversial and difficult nature.

Recognising that BT has now delivered broadband coverage to 99.8% of the UK population, we encouraged the company to change the focus of its digital inclusion KPI away from access and towards usage. The new KPI achieves this, and is now more focused on internet usage, recognizing that it is often disadvantaged customers that don't exploit the benefits of this new technology.

Supply Chain

BT is absolutely in the vanguard of those companies which recognise that it's impossible to improve overall performance without stimulating performance achievements in one's supply chain. BT has developed a number of tools to help it achieve those goals, and the value of these tools was recognised in the report of the 2006 Sustainable Procurement Task Force and the Government's own Sustainable Procurement Action Plan in 2007. This year, BT has tightened the criteria relating to climate change in its procurement process, another strong signal to its suppliers that expectations around climate change are rising rapidly.

Climate Change

We were involved in the development of BT's new climate change strategy, and were delighted when the BT Board endorsed this in December 2006 along with the challenging objective of reducing CO₂ emissions by 80% (relative to 1996 levels) by 2016. We support the way in which BT is reaching beyond its direct operations to influence its suppliers, customers and employees. BT's leadership in this area is all the more important in that so many people still see the ICT sector as relatively 'low carbon'. In fact, emissions from this sector are growing rapidly and there's little doubt that governments will need to address this in the near future. BT's investments in energy efficiency and renewable energy has put it well ahead of this particular curve.

Responsible Innovation

We spent an entire day visiting BT's R&D site in Suffolk. We were interested to see some of the new technologies under development, and pleased to see the recognition sustainability is now receiving in BT's innovation programme. When we first visited Adastral Park three years ago there was some resistance to the idea of sustainability as an increasingly important driver of innovation. So it's encouraging to see this shift in mindset.

Sustainable Economic Growth

The Panel is very supportive of the work BT is doing in the area of "sustainable economic growth" by which the company means scoping and developing new business opportunities based on people living more sustainably. The Panel made various recommendations covering definitions, measures of success, and the need to embed sustainability considerations into BT's internal product proposition processes. We will review the degree to which these recommendations have been adopted, and the level of resource that BT is now injecting into this area.

Taste and Decency Policy

The advent of new technologies such as broadband TV and user-generated content creates new ways for people to access contentious and (for many) morally repugnant material over the internet. BT explained to the Panel the rationale behind their revised taste and decency policy. While the Panel continues to express concern over these issues, it recognises that BT has introduced important controls, checks and balances (such as its Cleanfeed software) while becoming neither a censor nor an arbiter of morals.

Public Policy

The Panel received presentations from BT's public affairs teams from London, Brussels and Washington, and had

the opportunity to ask how the company builds CR considerations into its lobbying activities. We welcome the greater disclosure on this issue, as represented by publication of the Policy as part of this Sustainability Report.

Hot Topic

The Hot Topics cover matters of current concern to both BT and the society in which it operates, and we commend BT's boldness in publishing independent reports on matters of topical controversy. The Panel actively oversees the Hot Topic process, from topic selection right through to publication.

This year, we asked BT to consider the unique responsibilities facing ICT companies as they operate globally. The Panel is concerned that the results of the Hot Topic that resulted may not lead to a deep enough level of debate within BT on what is a crucial issue. So we'll need to come back to this, and we will also be reviewing the degree to which the hot topics approach is still achieving its objectives.

CHALLENGES FOR THE FUTURE

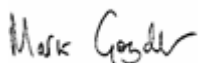
BT has been a leader on corporate responsibility and sustainable development matters for many years, invariably positioning itself ahead of the curve in terms of changing government policy and personal behaviour. But the rest of the world, (including many of BT's competitors) are now in 'catch-up mode', and many agendas are now moving very fast. We see little sign of complacency within BT, but expectations of today's corporate leaders are rising all the time.

In that regard, performance against the company's principal non-financial Key Performance Indicators over the last year has been solid, but the improvements have not been dramatic. External stakeholders may well beginning to ask whether this is sufficient in a world where today's environmental and social pressures are becoming more and more intense.

Board leadership will be crucial here, and one area where the Panel feels BT needs to do further work it to reconsider some of the governance arrangements regarding the Board's role, its committees and its oversight of non-financial performance.

We hope that you, the reader, will make use of the information and perspectives put forward by BT and respond in like spirit. Companies are often disheartened by the lack of response to reports like these, yet the use of dialogue in social and environmental decision-making offers an important opportunity to shape and inform the sustainability agenda.

Despite the diversity of views expressed in our meetings, there is one vision which we all share. This is to help ensure BT continues to build on its leadership role in sustainability performance and reporting. Mindful of that task, we will continue to challenge, exhort and counsel BT to lead the way in what is arguably the most crucial test for the business community in the twenty-first century – that of reshaping and redefining its principles and purpose so that the proper pursuit of wealth creation is consistent with the dictates of social justice and environmental sustainability.



The Advisory Panel members acted in a personal capacity – the organisational affiliations below are listed for identification purposes only.

Jonathon Porritt chairs the Panel. He is one of the UK's leading environmentalists, founded [Forum for the Future](#) in 1996, together with fellow Programme Directors Sara Parkin and Paul Ekins. He is closely involved in the Forum's Business Programme, in addition to involvement in a wide range of other Forum activities. He is also Chairman of the [UK Sustainable Development Commission](#), sits on the Board of the South West Regional Development Agency, and is Co-Director of The Prince of Wales's Business and Environment Programme.

Mark Goyder is Director of [Tomorrow's Company](#) a business-led think-tank which was established in 1996 following the RSA's Inquiry, "Tomorrow's Company; the role of business in a changing world". He is the author of Living Tomorrow's Company in which he sets out the philosophy behind Tomorrow's Company and is a regular contributor to newspapers such as the Financial Times and the Times. He was a member of the DTI Working Party on Materiality for the Operating and Financial Review.

Elisabeth Laville is one of Europe's leading experts on corporate, social and environmental responsibility. She created the leading French sustainability strategies consultancy and think-tank, Utopies, in 1993, working for an extensive range of corporate clients in France and abroad. Elisabeth Laville was given several awards for her work and vision, including the Synopsis Prize for the Best French Business Book in 2002 and the HEC au Féminin Prize in 2007. She was also included in L'Express Magazine's list of « 100 French people who will shape 2003 », as well as in L'Usine Nouvelle's magazine list of « 50 visionaries who are changing industry" in 2006. She is also the author of several books, including the French bestseller "L'entreprise verte - le développement durable change l'entreprise pour changer le monde" in 2002.

Jorgen Randers is professor of policy analysis at the Norwegian School of Management, where he teaches scenario analysis and corporate responsibility. He is non-executive director of a number of corporate boards. He was formerly Deputy Director General of WWF International (World Wide Fund for Nature) in Switzerland (1994-1999). He currently serves on the Board of WWF International and chairs the Norwegian Government Commission on Climate Gas Reduction. He is co author of many books, including "The Limits to Growth" (1972) and "Limits to Growth - The 30 Year Update" (2004).

Nick Robins is Head of SRI Funds at Henderson Global Investors, where he focuses on the investment implications of issues such as climate change and human rights. Nick has worked on issues of sustainable development and corporate responsibility for almost 20 years, including positions at the European Commission, the Business Council for Sustainable Development, and the International Institute for Environment and Development. He is also author of a new history of the East India Company, The Corporation that Changed the World.

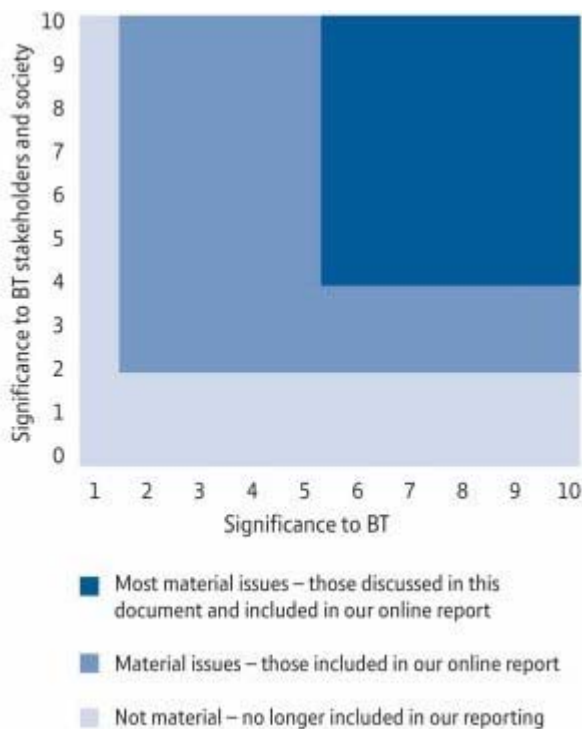
Materiality

This report covers BT's most material issues – those that we have identified as relevant and significant for our business.

This is the second year that we have looked at significance as well as relevance when determining whether an issue is material for us. We do this by looking at the following issues:

- BT's policy position on the issue
- The financial impact of the issue on BT
- The degree of stakeholder interest in the issue
- The degree of societal interest in the issue.

The chart below is illustrative:



Stakeholder interest was assessed through research with customers, employees and suppliers. We asked them what the most important social and environmental issues are that a company such as BT should be taking action on. We also analysed Parliamentary Questions and investor questionnaires to understand the issues of most interest to them. We determined levels of societal interest through an extensive media review covering seven countries.

In most cases, the issues identified through the process were defined as 'material' by both BT and our stakeholders, and were included in our reporting. But there are some issues that BT considered important that were not identified as significant in our stakeholder research.

We consulted our [Leadership Panel](#) and our internal Corporate Social Responsibility Steering Group on these issues and in some cases we have included them in our reporting.

The materiality process has led us to exclude issues previously reported, including some GRI indicators. We have indicated these in the GRI index.

Materiality and our Key Performance Indicators (KPIs)

There is broad consistency between the issues that our materiality process has shown to be significant to our business and our [Key Performance Indicators](#) (KPIs). A review of our KPIs during the 2007 financial year resulted in a number of our indicators changing, including those for digital inclusion, customer satisfaction and our ethical performance. We also committed to a new target for CO₂ emission reductions and developed a new measure to assess the effectiveness of our community programme.

Completeness

According to the AA1000 standard, a report is complete if it meets two criteria:

1. The process for determining materiality is inclusive and complete.
2. The report does not exclude any material issues.

The [materiality](#) section of the report describes how we identified our material issues this year, and how we tested their significance. We have also:

- Prepared our report in accordance with the Global Reporting Initiative (GRI) guidelines
- Used the GRI Pilot Telecommunications Sector Supplement
- Reviewed sustainability reports from peer companies
- Included compliance and prosecution information relating to equality and diversity, environment, employee relations and regulatory affairs
- Published 'Hot Topics' on issues of concern.

This report covers all BT's main operating divisions. We have assessed all our principal operating subsidiaries (listed in our 2007 Annual Report and Accounts) to determine whether there are any issues that would alter our interpretation of materiality and completeness for this report. See more detail on our reporting boundaries in the [Scope of our Report](#).

Our reporting extends beyond our direct operational impacts to include our supply chain and the sustainability impacts of our products and services.

Responsiveness

It is important that we listen to our stakeholders and consider their views when formulating policies and objectives and running our business.

That is not to say that we always can – or do – follow the views of our stakeholders. Stakeholder feedback can be contradictory. For example, the same stakeholder may expect us to offer the lowest possible prices at that same time as making the highest possible investment in non-profitable services for the wider good.

We use stakeholder feedback to inform our approach but ultimately it is up to us to decide on the appropriate balance and make, and be seen to make, responsible decisions. Corporate social responsibility is about being held to account for those decisions in an open and transparent way.

The section on [stakeholder dialogue](#) describes our approach.

Interview with the Chairman

The business case for sustainability

Jonathon Porritt, Founder Director of Forum for the Future and Chairman of BT's CSR Leadership Panel, spoke with Sir Christopher Bland for this report. This is an edited extract from their conversation, which is available as a [podcast](#).

JP: If you look back over your time as Chairman, which of the many sustainable development actions by BT are you particularly proud of?

SCB: There are two. We have topped the Dow Jones Sustainability Index for six successive years among telecommunications companies. That is an external measure of sustainability I am really proud of. The second thing is that we negotiated what was then the world's biggest green energy contract in 2004 and we have just renewed that until 2010. That was a pioneering act at the time.

JP: Where do you think the sustainable development agenda is going? Some business people see it as having been quite a steep curve and now plateauing; others think that it is a permanently rising curve in terms of expectation and legislation.

SCB: I think it is a permanently rising curve in expectation, not necessarily legislation. Certainly, our customers and our staff expect more of the company today than they did 20 years ago. Ten years ago it was not that high up the agenda of most companies - now everyone knows what you are talking about. Not only that, but I think the days of paying lip service to it are over. Pressure to perform, both internally generated and external, will increase.

JP: Do you think the BT Board sees this as a rising curve and is constantly thinking about its own role in the company? Do you think it is always looking to the next six months, the next year out?

SCB: Yes, I think it is. Sustainable development is not the only thing that the Board thinks about and it is not on every single agenda, but it is high on its list of priorities.

I think the other thing that is happening is that there is a growing business imperative about sustainable development, for two reasons: customers expect it and companies that do not pay attention to what their customers expect will suffer. Secondly, there are business opportunities out there for BT which means that we can both do good and be profitable. I think our work on teleconferencing is an example of where something that accelerates sustainable development is also one of our fastest growing businesses. That changes and accelerates the interest of even the most commercially minded of boards.

CEO statement

Our business is changing. Rapidly.

Technology and the ICT industry are playing a pivotal role in globalisation, bringing people closer together, providing ever-greater access to information and enabling businesses to operate in radically different ways.

BT is now a global company, serving customers wherever they are. We source products, services and expertise world-wide to make sure that we tap into the best practice available anywhere. Encouraging diversity of talent, cultures and ideas are critical to our success. We are accelerating the transformation of our company to become more agile and responsive to customer needs.

Today there is an increased focus on the role of business in society. Stakeholders (including customers, governments and employees) want to know what companies are doing to tackle big global challenges such as climate change.

I am convinced that we get a business advantage from our hard won reputation on corporate social responsibility. It differentiates us from the competition and reveals new business opportunities while helping us manage risk and cut costs. We were original signatories to the UN Global Compact and I'm delighted that we have now been No. 1 in our sector of the Dow Jones Sustainability Index for the past six years. In the 2007 financial year, we were named as the world's leading corporate sustainability reporter in the benchmarking survey by SustainAbility, the United Nations Environment Programme and Standard and Poor's.

We have a dual focus for the future. First, we will build on the foundations of our long-standing commitment to be a responsible business. This includes continuing to make a positive contribution to the communities where we operate through our community investment; prioritising the health and safety of our employees; and ensuring our business activities around the world are conducted with the highest integrity.

Second, we are stepping up our actions to help tackle three pressing global challenges where our industry can make a difference: climate change; promoting a more inclusive society; and enabling sustainable economic growth. As part of my personal commitment to our CSR activities it is my privilege to lead the Confederation of British Industry's task force on Climate Change, which will report later this year.

We remain determined to make a difference – globally, locally, personally, corporately. In this way we will create an even better business to bring greater benefits to all our stakeholders and make a contribution to a better world.

This report outlines our progress to date. It has been prepared in accordance with the 2002 GRI Guidelines. It represents a balanced and reasonable presentation of our organisations economic, environmental, and social performance.

A handwritten signature in black ink, appearing to read "Ben Whaley", is written over a horizontal line. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Scope of our report

This report covers our performance on our relevant and significant social, economic and environmental issues during the 2007 financial year. It also includes our independently written hot topics.

Geographical coverage

In the 2007 financial year, BT's UK operations accounted for approximately 85% of our turnover and 93,118 of our 106,204 employees. Wherever possible, data cover all BT's wholly-owned activities in the UK and internationally. We clarify where data are not available or are country specific.

Environment data

Environment content and data cover all BT Plc operations in the UK. The report does not include BT Global Services operations overseas unless specified. However, energy, water, waste and travel data is reported for all BT Global Services operations.

Diversity

Equality and diversity data are based on 'self-declaration' – the number of people who declare themselves to be from a minority group or category. In some countries it is illegal to ask for or collect this data. We make it clear when data are country specific.

Indexes

We provide four separate indexes:

- [Alphabetical](#)
- [Global Reporting Initiative \(GRI\)](#) – to read the report in line with the 2002 reporting guidelines
- Statement of Business Practice, [The Way We Work](#) – to show our performance against our business principles, aspirations and commitments
- Ten principles of the [United Nations Global Compact](#)

There are also icons to the relevant parts of the GRI, The Way We Work and the UN Global Compact throughout the report.

Hot Topics

Each year we commission an independently written "hot topic" on a sensitive or topical issue for our business. The topic is selected by our Leadership Panel and written by an external author. The views expressed are those of the authors and do not necessarily represent those of BT.

These papers make recommendations for how we should manage difficult or controversial issues and bring a thought-provoking external perspective to our sustainability report.

This year's hot topic considers responsibility in the digital age and the unique issues facing ICT companies that operate globally. Previous hot topics have included [carbon neutrality](#), [privacy](#) and [offshoring](#).

Approach to sustainability

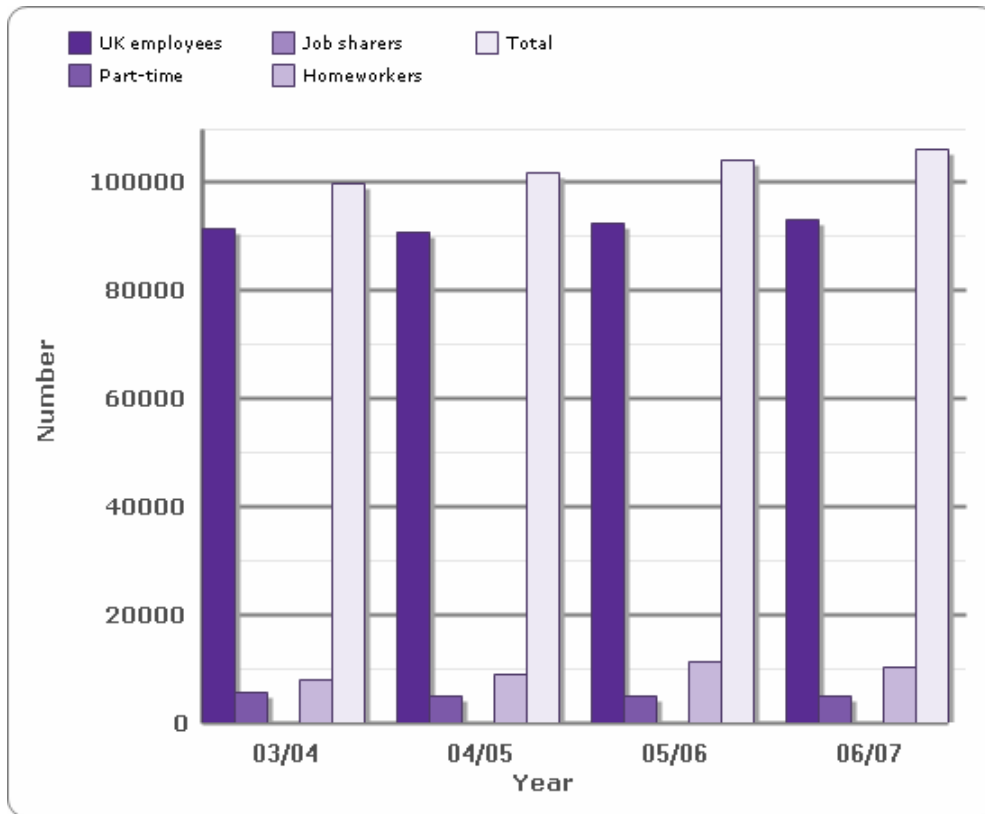
This report identifies and quantifies our social, economic and environmental impacts for the 2007 financial year and sets out our targets for improvement. It describes our Corporate Social Responsibility (CSR) strategy and the way in which we are implementing it.

We use the term CSR more often than sustainable development. We see CSR as the voluntary action a company takes to contribute to the wider societal goal of sustainable development, such as the European Union's Gothenburg Strategy.

CSR requires a company-wide, coordinated approach to managing social, economic and environmental issues. See [Business principles](#) for a description of our CSR governance framework.

However, sustainability is not just about having the right systems, checks and balances in place. It is about integrating sustainability into the way we do business. BT aspires to lead by example, raising awareness of the importance of CSR and sustainability and working to contribute to sustainable development not only within BT, but across our industry.

Number of employees



Business Principles

We are committed to following world class standards of business integrity everywhere we operate.

Here we describe:

- Our Statement of Business Practice, [The Way We Work](#),
- Our [Undertakings to UK regulator Ofcom and the Code of Practice](#)
- Our approach to regulatory compliance through our [Regulatory Compliance report](#) which also includes our second report from the Equality of Access Board, the body that monitors, reports on and advises BT on our compliance with the Undertakings and the Code of Practice
- Our [Corporate Social Responsibility \(CSR\) governance framework](#)
- Our approach to managing our [CSR risks and opportunities](#)
- Our approach to [public policy, political donations and lobbying](#)
- [Our vision and values](#)
- [Our CSR strategy](#)

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 representing BT. It sets out specific aspirations and commitments that guide our relations with our customers, employees, shareholders, partners, suppliers and local communities.

This section explains how we raise employee [awareness](#) of the Statement and the way in which it is [implemented](#) across the Group, including when we acquire new companies and expand our operations globally.

You can assess our performance against the specific principles, aspirations and commitments we make in the Statement, using this [index](#).

Awareness of Statement of Business Practice

We measure awareness of our Statement of Business Practice annually. In the 2007 financial year we found that 86% of employees were aware of the statement, compared with 77% in 2006.

The Statement is translated into eight languages – Chinese (Mandarin), English, French, German, Italian, Japanese, Korean and Spanish. It is available on our intranet and is sent to all new employees. All new managers also receive a question-and-answer guide to help them brief their teams.

A briefing and copy of The Way We Work is included as part of the induction process for all new employees based outside the UK. This includes employees in our recently-acquired businesses such as Infonet in the US during financial year 2007. In his employee newsletter the CEO of BT Global Services explores a different business principle each month and explains how it applies in practice.

We reward good practice through our Business Practice Excellence award run with the UK's Institute of Business Ethics. Colleagues nominate employees who have met the highest ethical standards in their work.

Implementation of our Statement of Business Practice

It is critical that our Statement of Business Practice is implemented throughout the business. All BT's lines of business are required to comply with the Statement and each has a designated senior manager responsible for making this happen. This section explains how we implement our business principles when expanding our operations and our mechanisms for reporting cases of non-compliance.

Compliance systems

We operate a confidential telephone and email helpline which employees can use to get advice or to report suspected ethical breaches of our policies to the Head of Group Business Practice. The helpline is available 24 hours a day, seven days a week and meets the requirements of the US Sarbanes Oxley Act. During the 2007 financial year the Company Secretary wrote to all BT employees telling them about the helpline and encouraging its use.

CSR in our due diligence process

We are expanding our business globally including in countries where there is a higher-risk of unethical or corrupt practices occurring. We need to assess these risks before deciding whether to tender for new business or establish operations in new countries.

Our online tool, 'CSR Countries at Risk', gives BT employees information on the risks associated with doing business in 158 countries around the world. It enables our sales teams to assess the risk of corruption, human rights issues and other unethical practices through a red, amber or green rating system. It includes an assessment of each country's performance on human rights issues and any reported human rights abuses. Questions on human rights risks are included in our due diligence process used when BT acquires new businesses.

Performance

Our Ethics Performance Measure (EPM) helps us assess how effectively we are implementing our Statement of Business Practice. It has three components:

- [Awareness of the Statement](#)
- An annual ethics benchmarking study that compares BT with other FTSE 100 companies
- An assessment of whether BT people behave in line with the Statement. We conduct an internal annual survey asking the question "Do BT people behave in line with BT's code of ethics, The Way We Work?" This is a new component of the EPM and replaces the questions in our internal HR survey used in previous years. This new question was introduced because it has more relevance to the actual measurement of the ethics of the business than the two CARE questions previously used.

Our EPM score was 84% this year. Our target for the 2008 financial year is 86%.

We act against anyone abusing our business principles. During the 2007 financial year, 120 employees were dismissed for unethical behaviour. The following examples are illustrative:

- A BT employee was dismissed for making large numbers of calls to chatlines
- A contractor was removed from a BT contract after being found responsible for the theft of a laptop
- A contractor was dismissed and convicted of offences under the Protection of Children Act 1978
- A contractor was dismissed following misuse of one of our customer databases

Our Statement of Business Practice includes a no-bribes policy. During the 2006 financial year we measured our efforts against the [Transparency International](#) model on bribery and corruption. We used the results to help us update and simplify our online ethics training.

Telecommunications Strategic Review – Code of Practice

In the 2006 financial year, there were significant changes to the way telecommunications are regulated in the UK, following a Strategic Review of Telecommunications by the industry regulator, Ofcom.

Following this, BT volunteered legally-binding [Undertakings](#) to Ofcom, which are designed to focus regulation where it is needed and reduce it elsewhere. Ofcom accepted these Undertakings.

'It Matters', our [Code of Practice for BT people](#), sets out the rules employees must follow to comply with the Undertakings.

Importantly, this Code is part of our statement of business practice, '[The Way We Work](#)', and is therefore part of BT's corporate governance framework. The Code explains the rules in the Undertakings for:

- access to, and dissemination of, customer confidential information and commercial information
- restrictions on influencing commercial policy
- the different parts of BT Wholesale

and the disciplinary consequences of non-compliance .

The Code draws attention to BT's confidential hotline telephone number and other ways to report concerns about our compliance with the Undertakings. The Code also mentions the role of BT's Equality of Access Board and our commitment to give the Equality of Access Office reasonable access to any information it needs.

A programme of briefing and training ensures all relevant BT employees are aware of their responsibilities regarding compliance with the Undertakings.

Our mandatory regulatory compliance training for all employees covers compliance with the Undertakings and the Code of Practice.

Regulatory compliance

We produced our fourth regulatory compliance report in the 2007 financial year.

Ofcom, the telecoms industry regulator, confirmed a new regulatory settlement in September 2005. The settlement was agreed after the acceptance of legally-binding Undertakings by BT. Our [Regulatory Compliance report](#) is available as a PDF download. A distinct part of the Regulatory Compliance report is the second summary report of

the Equality of Access Board, the body which monitors, reports on and advises BT on our compliance with the Undertakings and Code of Practice. This is available as a [PDF download](#).

CSR Governance

The BT Board discusses our Corporate Social Responsibility (CSR) strategy, performance and risks at least once a year. The Board is kept informed of emerging issues and changing stakeholder expectations that may affect its duties.

Social, ethical and environmental matters are included in our directors' induction programme, to support the integration of CSR into daily management.

A dedicated CSR Team is in charge of daily activities. A number of committees provide input and oversight including our:

- Operating Committee
- CSR Steering Group
- Community Support Committee
- Environmental Policy Implementation Committee
- Task Forces to support our CSR strategy
- CSR Practitioners Forum

Our [Leadership Panel](#) composed of external experts, challenges our thinking and provides advice on our strategy.

Operating Committee

The Operating Committee is made up of BT's CEO, the CEOs of each line of business, and BT's Company Secretary. It has collective responsibility for running the BT Group business. This includes agreeing on issues not reserved for the Board, and determining group policy on CSR, ethics and business practice, employment and health and safety standards.

Community Support Committee

This Board Committee oversees social investments and establishes our strategy for maximising BT's contribution to society. The Committee is made up of representatives from BT businesses and external non-executives with a reputation for excellence in this field.

See more in the [Community section](#).

CSR Steering Group

Our Corporate Social Responsibility Steering Group (CSRSG) oversees the strategic implementation of all social and environmental programmes across BT. It reviews activities such as ethical trading, environmental management, risk management and reporting.

The CSRSG is made up of senior CSR champions nominated by BT's lines of business and seven support functions (Human Resources, Corporate Governance, Health and Safety, Group Property, Brand, Internal Audit and Procurement).

The CSRSG meets quarterly and is chaired by BT's overall CSR champion Meryl Bushell, Chief Procurement Officer.

The main responsibilities of the CSRSG are to:

- Ensure the BT CSR programme meets the needs of the business
- Champion major social and environmental initiatives and improvements
- Maintain BT's ISO14001 certification for environmental management
- Agree company policy on specific social and environmental issues
- Assess risks
- Agree key performance indicators and strategic targets.

Examples of issues considered by the Committee during the 2007 financial year are:

- BT's CSR risks
- BT's CSR strategy, including our climate change strategy
- CSR and innovation

- BT's taste and decency guidelines.

Corporate Responsibility Team

BT's Corporate Responsibility Team is made up of professional CSR experts who coordinate and maintain BT's CSR strategy and environmental management system.

The team promotes awareness of BT's social and environmental policies among employees and investigates long-term social and environmental trends that may affect BT's business. It supports BT's commercial activities, for example by providing information on the company's social and environmental credentials when BT is bidding for new work.

The team provides assistance to the CSR Steering Group, the Community Support Committee and BT's Leadership Panel.

CSR Task Forces

We are setting up Task Forces to help us implement the four strands of our CSR strategy.

Our Climate Change Task Force is well established and meets monthly. It is chaired by BT's Environment Champion and its members include environment champions from each line of business and representatives from our Climate Change, Environment, Legal and Public Policy functions.

A Sustainable Economic Growth Task Force will be established shortly.

Environmental Policy Implementation Committee

The Environmental Policy Implementation Committee meets monthly to ensure BT's environmental policy is put into practice effectively. The Committee is made up of senior operational managers from areas of the business with environmental implications, for example managing BT's energy consumption. Its main responsibilities are to:

- Meet the environmental improvement targets and objectives agreed by the CSRSG
- Maintain the register of BT's environmental impacts

Ben Verwaayen, BT's CEO, takes overall responsibility for BT's environmental performance.

CSR Practitioners Forum

Our CSR Practitioners Forum is made up of employees with responsibility for day-to-day implementation of our CSR strategy. The Forum is chaired by BT's head of Sustainable Development and Corporate Accountability.

Forum members are drawn from across our business functions to reflect the different elements of our CSR strategy. Their responsibilities include business ethics, environment, age and disability, internal audit, and digital inclusion.

Leadership Panel

The Leadership Panel is our advisory group of external CSR experts who are known for excellence in their field. The Panel currently has five members:

- Mark Goyder, Director, Centre for Tomorrow's Company, a UK think tank
- Elizabeth Laville, Director of Utopies, a Paris-based sustainability consultancy
- Jorgen Randers, Professor, the Norwegian School of Management, Oslo
- Nick Robins, Head of SRI Funds, Henderson Global Investors
- Jonathon Porritt, Chair of the Panel and Co-Founder and Programme Director of Forum for the Future, a UK sustainable development think-tank

Two people resigned from the Panel during the 2007 financial year, Kate Fish from BSR and Rob Lake from Henderson Global Investors.

The panel meets four times a year to advise us on our CSR strategy and performance, to ensure that we don't avoid difficult subjects and to bring an independent perspective to our understanding of societal issues and their implications for BT.

Issues considered by the Leadership Panel during the 2007 financial year include:

- CSR and research and development
- Responsible political lobbying
- BT's climate change strategy
- BT's approach to materiality in its social and environmental reporting.

The panel provides an [annual comment on our performance](#) which forms part of our sustainability report. In 2006 the panel carried out a review of its effectiveness, available as a [PDF download](#).

CSR Risks and Opportunities

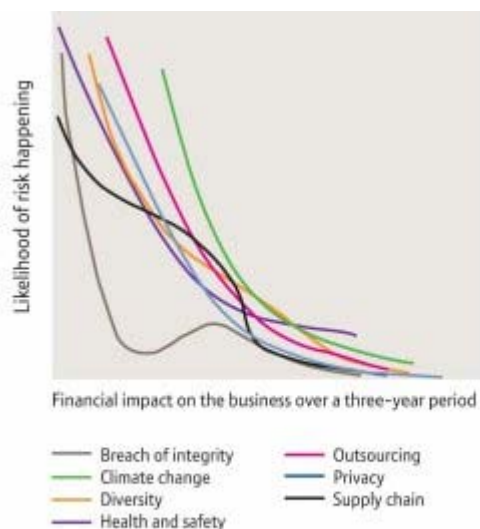
For several years we have had a formal process in place to ensure we take account of significant CSR/sustainability risks to our business. We are now establishing a formal process to make sure we identify and take advantage of the opportunities presented by CSR.

CSR risks

The Board takes regular account of significant social, environmental and ethical matters that relate to BT's business. Our CSR risk register quantifies our most significant social, ethical and environmental risks. These are disclosed below and in our annual financial report and accounts. There is a senior person responsible for each risk and all have a mitigation strategy in place. The register is updated twice a year and reviewed by the Board annually.

Of our seven key CSR risks, we have identified none that would have a material financial impact on our business. Our key CSR risks are:

- Breach of integrity
- Climate change
- Diversity
- Health and safety
- Outsourcing
- Privacy
- Supply chain working conditions



Further details on our CSR risks are available in the [Investors](#) section of our sustainability report.

CSR opportunities

CSR presents many opportunities for BT and not just as a means to strengthen our brand and reputation. New technological solutions are required to help companies, governments and individuals find more sustainable ways of communicating, working and living. We are well placed to respond to these commercial opportunities.

We are developing a CSR Opportunities Map, to build our understanding and knowledge of the different opportunities that exist around our business.

Public Policy

We meet regularly with governments and regulators to discuss issues and legislation that affect our business. Our public policy and lobbying activities are becoming more global as we grow our business outside the UK.

We aim to be open and transparent about our public policy activities. This section explains our approach, including:

- Our lobbying standards
- Our processes to ensure consistent lobbying across the company

- Our public policy activity during the 2007 financial year
- Our membership of trade associations and CSR organisations

Lobbying standards

We do not make any political donations. This policy extends to the US and includes donations to political parties, politically-aligned individuals and trade associations involved in politics or government. We do not operate any Political Action Committees.

We give limited funds for activities focused on individual parties as defined under the Political Parties, Elections and Referendums Act. These funds are equally distributed between political parties. In the 2007 financial year this expenditure amounted to £18,000.

Keeping our lobbying consistent

It is important that we take a consistent approach in all our public policy work. Our Communications Council is made up of representatives from Group Communications, all lines of business and regulatory teams from across BT. It meets regularly to discuss public policy issues and ensure consistency across BT Group. Positions on key public policy issues are referred to the Operating Committee for sign off.

The BT Story sets out our public policy positions (subject to issues of commercial confidentiality). It is publicly available [here](#) and is updated weekly.

Public policy activity during 2007

Within the UK our top lobbying issues this year have been:

- BT's strategy of transformation – the growth of our new wave business, based on networked IT services, mobility and broadband
- BT in the global market – how BT is now delivering services to customers in more than 170 countries, with employees in over 50
- Broadband – almost 100% of homes in the UK now have access to broadband. The debate has now moved away from availability towards the type of services that can be delivered through quicker broadband speeds
- Mobility and Convergence. All forms of communication are becoming wireless. BT has innovative mobile products – Fusion (the world's first phone service to offer the flexibility of a mobile and the quality and price of a landline) and Movio (a digital radio and TV services delivered to a mobile handset). We also have 12 Wireless City networks around the UK.
- 21 century network (21 CN) – BT is investing billions in the telecommunications network in the UK to create an IP based network which will deliver services to customers faster and more efficiently
- The role of business in society, in the context of BT's social responsibility programme.

At a European level, our priorities have been:

- The European Communications Review which will set the framework for all future communications in the EU
- Open Markets and Trade. BT strongly believes in the enforcement of the single European Market and we take a strong stance against protectionism.
- Managing Trade Bodies. BT is an active member of a number of EU industry trade bodies.
- Content. Regulation of content is becoming an increasingly important issue for BT and our customers.
- Mobile and Spectrum. Mobile and spectrum regulation are key issues for the future of communications companies.

Within the US, our priorities in the last financial year have been:

- Foreign Investment Rules. The US Congress is considering legislation that would change the review process for foreign entities acquiring US companies. BT lobbies to ensure our ability to invest in the US market is not impaired.
- Competing in the US market. It is increasingly difficult for BT to compete against the US incumbent providers. BT lobbies the regulator, Congress and anti-trust bodies to ensure they understand the position of competitive carriers, like BT, in the market.
- Telecoms trade commitments. BT inputs comments into the United States Trade Representatives annual review of international telecommunications trade commitments. The report identifies countries that are not living up to their commitments.

Membership of trade associations and CSR organisations

We are members of trade associations and industry bodies around the world. In the UK, examples include the [CBI](#) and [Intellect](#). In the 2007 financial year our CEO, Ben Verwaayen has led the CBI task force on Climate Change which is due to report in Autumn 2007.

Within Europe we are members of the [European Telecommunications Network Operators](#) (ETNO); [European Competitive Telecommunications Association](#) (ECTA); [European Internet Foundation](#) (EIF) and [European American Business Council](#) (EABC).

In the US, we are members of the [United States Council for International Business](#) (USCIB); [Comptel](#); [Organisation for International Investment](#) (OFII); [VON Coalition](#) and the [European American Business Council](#) which operates in Washington and Brussels.

We are members of a number of organisations that look to influence public policy on corporate social responsibility and sustainable development. They include:

- [The World Economic Forum](#)
- [Employers Forum on Disability](#)
- [Business in the Community](#)
- [CSR Europe](#)
- [Forum for the Future](#)
- [Green Alliance](#)
- [Aldersgate Group](#)

We partner with others to exchange ideas and advance our sustainability goals. For example:

- We are signatories of the United Nations Global Compact, an international commitment to principles on bribery and corruption, human rights, labour and the environment.
- We support the Global Reporting Initiative in developing sustainability reporting guidelines.
- We contribute to multilateral dialogues for example, the Global e-Sustainability Initiative (GeSI), an ICT sector initiative promoting technology that fosters sustainable development.
- We work with the UK Centre for Economic and Environmental Development (UK CEED), an independent charitable organisation aiming to raise environmental standards through research and policy development, and participate in its SustainIT initiative.

BT's Vision and Values

Our Vision

To be dedicated to helping customers thrive in a changing world.

Our Mission

To be the leader in delivering converged networked services.

Our 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 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.

Straightforward: We make things clear

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

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 per cent 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.

We are committed to contributing positively to society and to a sustainable future. This is part of the heart of BT.

CSR Strategy

CSR touches every part of our business, from the way we interact with customers, suppliers and partners, look after our people, give back to communities and support charities such as ChildLine and UNICEF, right through to our practical concern for the environment.

We launched our new CSR strategy in the 2006 financial year which was discussed and agreed by the Board.

Our CSR strategy has four key strands:

1. Maintaining current momentum
2. Tackling [climate change](#)
3. Enabling [sustainable economic growth](#)
4. Helping [to create a more inclusive society](#)

The first strand builds on our long-standing commitment to being a responsible business. It covers our programmes for business ethics, community investment; health and safety; environmental management; waste and recycling. Further details of these parts of our CSR programme are available throughout our sustainability report.

Strands 2-4 address three pressing global issues where we believe we can make a positive difference. We have appointed senior people from within BT's business to champion each of these three strands.

Business principles - Key Performance Indicators

Indicator	Description	Measure	Target
Ethical Performance Measure	A measure of our progress in acting with integrity	74% (old measure), 84% (new measure)	To improve the new Ethics Performance Measure to 86% during the 2008 financial year.

Business principles Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will increase its Ethics Performance Measure to 86%		New
April 2006	March 2007	BT will maintain its Ethics Performance Measure at 72%.	During the year we replaced this measure with a new ethics measure. Therefore this target has been superseded. The result for the new measure was 84% and we have set an achievement target of 86% for the 2007/08 year.	Superseded
April 2005	March 2006	To help embed CSR into the business and ensure that corporate responsibility becomes part of our day-to-day activities, we will ensure that due consideration to CR opportunities and risks are included as a part of our business case authorisation process and our integration process for newly acquired businesses coming into Global Services (Albacom, Infonet and Radienz). Additionally, we will ensure that awareness of CR is raised through focussed communication across Global	CSR considerations have been built into the GS-wide methodology for mergers and acquisitions. A robust communications plan was agreed and delivered for 06/07 aimed at raising internal awareness of CSR through messages, bulletins and team presentations across the Global Services business. Activities to embed CSR into new business processes have been absorbed into the Sustainable Economic Growth programme and will be delivered through this BT-wide activity during 07/08.	Completed

		Services.	
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Community Support Committee - Key Performance Indicators

Indicator	Description	Measure	Target
Community contribution	A measure of our investment in society	During the 2007 financial year BT provided £21.8m in funding and support in kind.	Maintain a minimum investment of 1% of pre-tax profits.

Community Support Committee Targets

Start Date	End Date	Description	Update	Target Status
April 2006	March 2007	BT will provide a minimum of 1% of our 2005 financial year UK pre-tax profits to activities in support of society, either through direct funding or through support in kind.	The target was achieved with a total figure of £21.84 million representing 1.05% of pre tax profits for the 2005 financial year.	Completed

CSR risks and opportunities Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will construct an opportunities map of BT's CSR related opportunities.		New

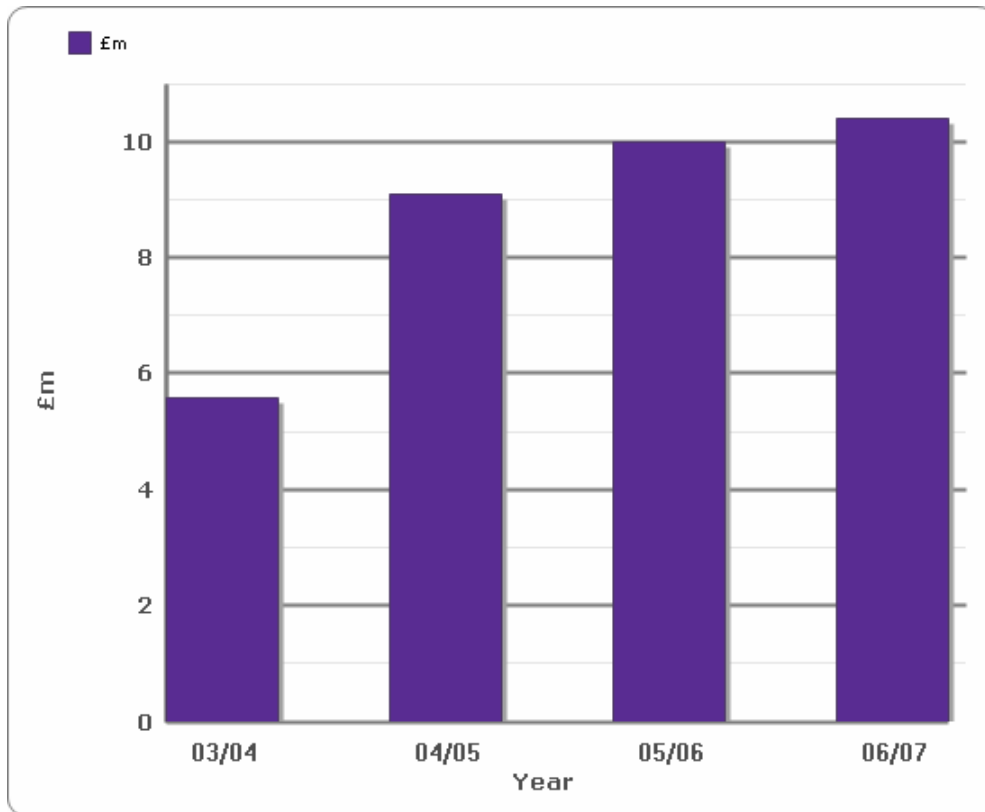
CSR Strategy - Key Performance Indicators

Indicator	Description	Measure	Target
Global Warming CO2 emissions	A measure of BT's climate change impact	2007 financial year UK CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	2016 CO2 emissions to be 80% below 1996 levels.

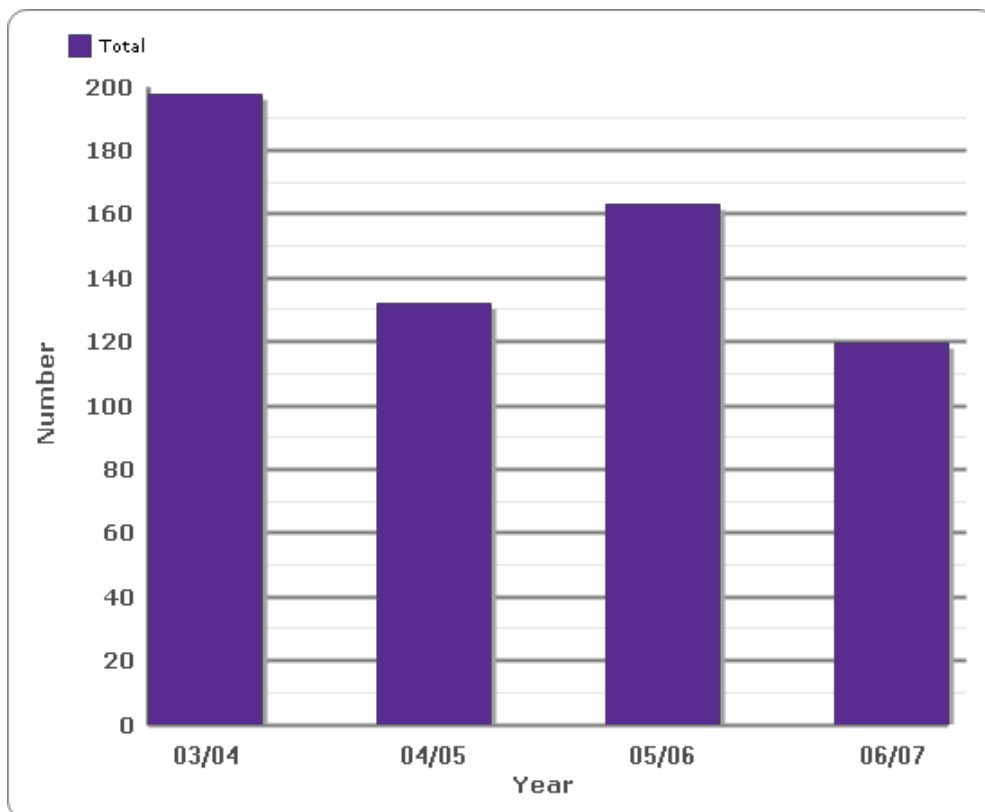
CSR Strategy Targets

Start Date	End Date	Description	Update	Target Status
April 2007	December 2016	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.		New
April 2007	March 2008	BT will investigate the development of a key performance indicator for sustainable economic growth.		New
April 2007	March 2008	BT will integrate sustainability into the product and proposition development processes within BT.		New
April 2007	March 2008	BT will construct an opportunities map of BT's CSR related opportunities.		New

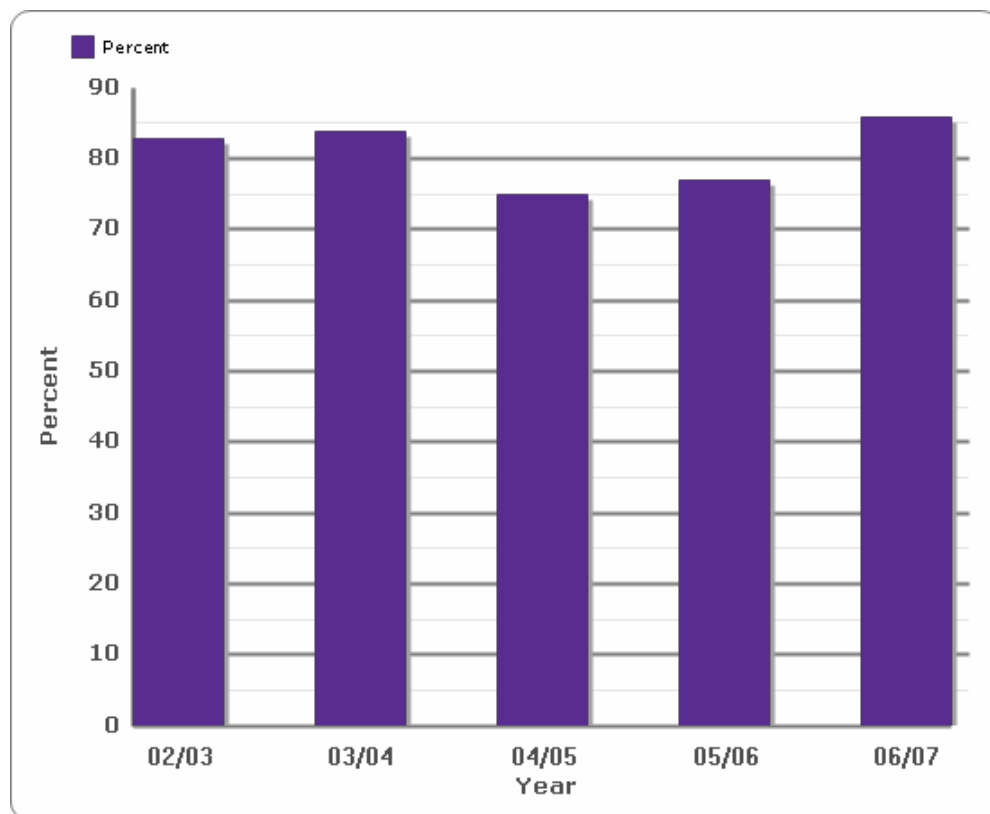
Financial contribution



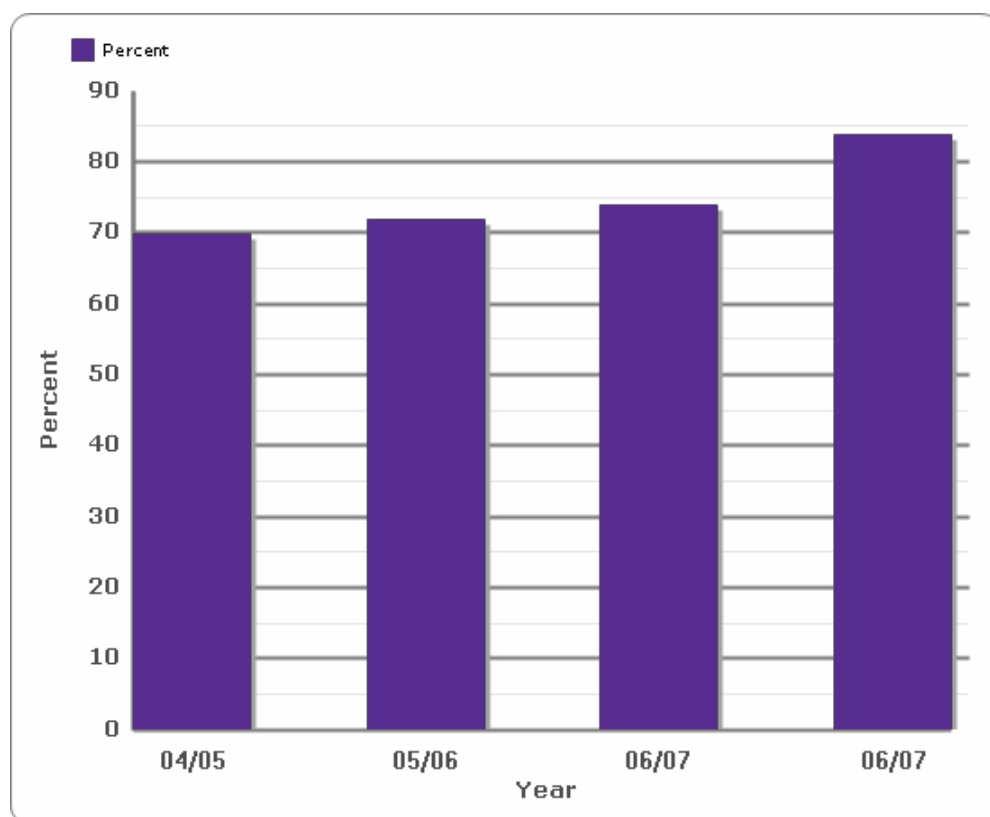
Dismissals for unethical practice



Awareness of Statement of Business Practice



Ethical Performance Measure



Economics

BT is one of the largest companies in the world and makes a considerable contribution to the world economy. We have direct and indirect economic impacts through:

- Jobs we provide
- Products and services we buy
- Raising productivity (as a member of the ICT sector) in the private and public sectors, and helping the private sector become more competitive.

One of the key strands of our revised CSR strategy is enabling sustainable economic growth. This is growth that benefits society and remains within environmental limits. Our work is at an early stage and is focused on:

- Integrating sustainability into our product and proposition development
- Developing projects with a sustainable economic growth component
- Defining and developing the metrics for the whole programme
- Exploring obsolescence in the ICT industry.

Direct economic impacts

We pay for labour, goods and services, providing direct economic benefits to a wide range of stakeholders. Here are the figures for the 2007 financial year:

BT sales

BT revenue of £20,223 million, distributed as follows:

BT Retail:	£8,414 million
BT Wholesale:	£7,584 million
BT Global Services:	£9,106 million
Openreach	£5,177 million
Other:	£17 million

Total revenue is boosted to £20,374 million when our share of associates' and joint ventures' revenue (£151 million) is added.

Find more details in the BT profit and loss account on page 106 of the [2007 Annual Report and Form 20-F](#).

Employees

Total spend on employees:

Wages and salaries	£4,099 million
Social security costs	£388 million
Pension costs	£643 million
Share-based payments	£93 million
Total	£5,223 million

Suppliers

- Total spend with suppliers: over £6.5 billion.
- Total capital expenditure: £3,247 million. See more detail on expenditure on page 45 of the [2007 Annual Report and Form 20-F](#).

Shareholders and creditors

- Total dividend paid to shareholders: £1,053 million.
- Net debt increased from £7,534 million to £7,914 million.
- Net finance expense payable £94 million.
- Total amount falling due to creditors within one year: £6,719 million.

Revenue breakdown by geography and market share

- UK £17,241million (85%)
- Europe (excluding UK) £2,174 million (11%)
- Americas £711 million (4%)
- Asia and Pacific £97 million (<1%)

Our reporting on our share of the fixed-voice call market has changed this year to reflect consistency with the external market and compliance with our equivalence obligations. The figures below are for the quarter ending 30 September 2006. See page 21 of the [2007 Annual Report and Form 20-F](#) for more detail.

- BT's share of the UK residential fixed-voice call market, as measured by volume of fixed-to-fixed voice minutes is 53% compared with 58% for the quarter ending 30 September 2005.
- BT's share of the business sector fixed-voice call market is 38% compared with 39% for the quarter ending 30 September 2005.

Profit and re-investment

- Profit before taxation and specific items of £2.5 billion
- Return on the average capital employed before specific items was 17.6%, compared with 18.1% in 2006.

Tax

The tax benefit for the 2007 financial year was a net credit of £368 million and comprised a charge of £611 million on the profit before taxation and specific items, offset by tax relief of £41 million on certain specific items and a further tax credit of £938 million arising from the settlement of substantially all open tax matters relating to tax years up to and including 2004/5.

More details of our total taxes paid are available on page 42 of the [2007 Annual Report and Form 20-F](#).

BT's tax policy was reviewed by the BT Group Board and it was agreed that an appropriate level of tax planning is entirely consistent with the directors' responsibility of maximising returns to shareholders and is in line with our commitment to CSR.

BT's wider impact

The ICT sector is a significant contributor to the world economy. BT's contribution to the sector is the greatest in the UK, where most of our employees are based. But as we expand internationally, our economic impacts are becoming more pronounced in other regions, mainly Europe and India.

Employees

- In the UK in 2003, an estimated 1.4 million people worked in the ICT sector. BT accounts for around 7% of the sector in terms of workforce.
- In Europe in 2003, around 6 million people worked in ICT. BT constitutes roughly 1.7% of sector employment.
- Worldwide in 2003, around 32 million people worked in ICT. BT's share of global ICT sector is approximately 0.3%.
- Over 18,000 people are employed by TechMahindra in India (in which BT has a 43% stake).

Building a global workforce

Growth by region (excluding the UK, where the number of employees remained substantially the same)



106,200 Employees worldwide including the UK

The ICT sector

ICT enabling business

ICT has great potential to help all businesses improve efficiency, productivity and innovation by:

- Reducing the cost of storing and processing data
- Enabling new ways of working, such as teleworking and global sourcing
- Encouraging new types of enterprise, such as online businesses.

ICT provides particularly strong economic benefits when used in the retail sector (including internet-based shopping). But all companies can benefit when investment in ICT is supported by training and a flexible organisational structure.

According to the UK Office for National Statistics, the UK manufacturing growth in real terms during the 1990s was entirely due to rapid growth in ICT activity. Furthermore, for every additional 10% of employees using computers at UK manufacturing firms, productivity will increase by 2.2%. In newer firms, the same increase in access to computers can cause an increase in productivity of up to 4.4%.

ICT has transformed certain sectors of the economy across Europe, especially in services, pharmaceuticals, retail and automotive. Industries that have made good investments in ICT have experienced multi-factor productivity growth through improved networking, faster innovation and lower transaction costs.

Improving the public sector

The UK Government now provides extensive public services electronically. The range of services include passport applications, TV licences, tax and health advice, and even guidance on how to avoid online dating scams. The Work Foundation, a UK think tank, claims that 96% of public services are now available on the internet, more than those offered by telephone.

Strong public institutions are a vital contributor to national and regional competitiveness. They ensure a healthy, skilled and creative workforce, empower sophisticated consumers, support an innovative research and development community and create a trustworthy, flexible regulatory climate for businesses.

ICT is increasingly being used to redefine the way that public services are provided, and has the potential to improve their effectiveness and value for money. When effectively applied, the use of ICT frees up resources for alternative public investments.

While the performance of some early investments in public sector ICT has disappointed, the technology clearly has enormous potential to improve the provision of public services and the role of local government.

ICT can be used to increase innovation and productivity; provide better, more responsive services; build skills, improve efficiency and reduce costs, as well as being an effective tool to boost economic development and regeneration.

This is especially true when ICT investments include initiatives that improve internet safety, increase access for the digitally excluded, promote broadband content and improve take-up in the broadband market.

Sustainable Economic Growth

The use of ICT boosts economic growth by improving productivity through greater efficiencies. To ensure that these benefits are sustainable, efforts must be made to avoid ICT creating social inequalities and encouraging unsustainable consumption.

“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,” says Peter Johnston of the European Commission’s information society directorate.

BT’s Sustainable Economic Growth programme

We are exploring how society can benefit from economic growth within environmental limits, and what this may look like. Our work is at an early stage but this element of our revised CSR strategy is a new and exciting focus for us. We are looking to:

- Integrate sustainability into our business development processes, such as in our product development.
- Identify new products and services with sustainability benefits.
- Explore obsolescence in the ICT industry. The relatively short lifespan of much ICT equipment contributes to wasted resources. As a first step we are working with University College London to understand the subject better.
- Measure the programme’s success by establishing indicators to track our progress and to ensure rigour.

Why external policy frameworks are important

Suitable policy frameworks are needed to ensure that ICT brings the desired benefits. The [Global e-Sustainability Initiative \(GeSI\)](#), whose members are leading ICT companies (including BT), make these recommendations:

- Markets should be open to new technologies and new approaches
- Governments should aim for harmonisation of standards and stable regulatory frameworks
- Public-private partnerships should be encouraged to develop infrastructure and applications in areas where the market needs support, e.g. environmental protection and poverty eradication
- Countries at all stages of economic development should recognise ICT as an integral component of sustainable development strategies, not merely as a valuable industry in its own right
- Relevant international and regional institutions should develop a strategy for the use of ICT as an effective instrument to help achieve the UN's Millennium Development Goals
- Governments and the private sector should implement different instruments that can help to extract the maximum benefits from ICT and speed the development of sustainability solutions throughout society
- Tools should be developed to evaluate the environmental and social impacts of ICT use.

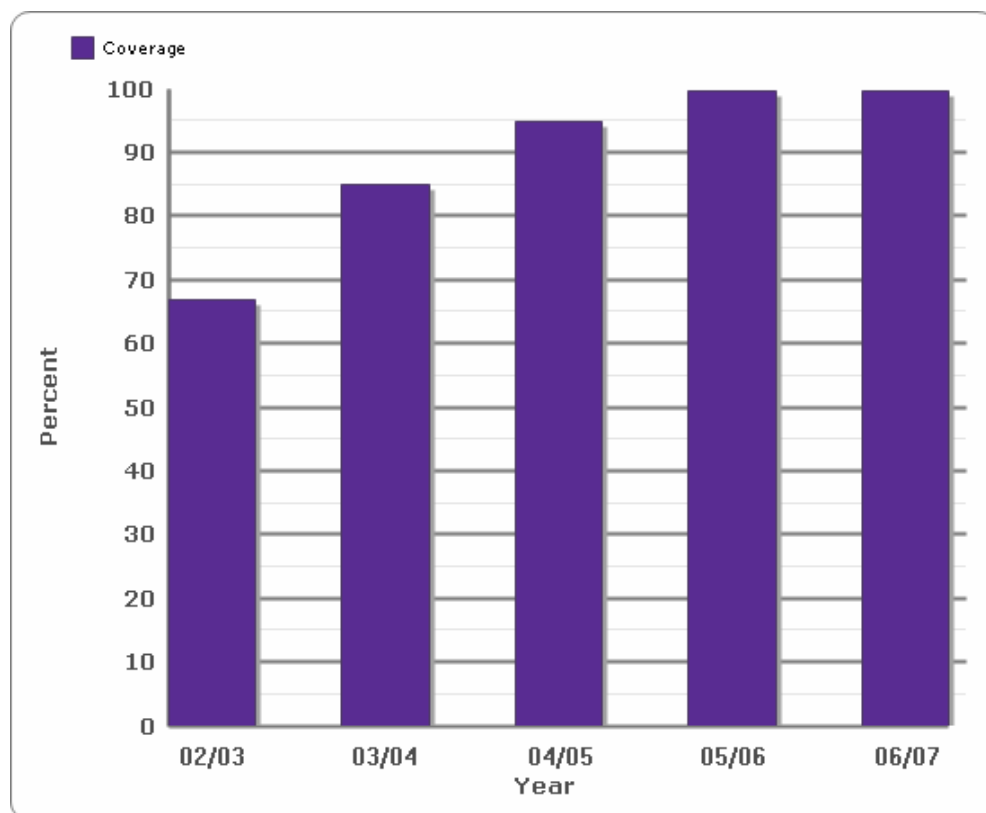
The ICT sector - Key Performance Indicators

Indicator	Description	Measure	Target
UK Addressable Broadband Market	A measure of the geographical reach of broadband	99.8% of UK homes and businesses have access to broadband.	Replaced by new digital exclusion target.

The ICT sector Targets

Start Date	End Date	Description	Update	Target Status
April 2006	March 2007	BT will maintain its Broadband coverage at 99.7% and actively look for economic opportunities to extend.	As of 31st March, 99.8% of all UK households were enabled.	Completed

Broadband coverage



Sustainable Economic Growth Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will investigate the development of a key performance indicator for sustainable economic growth.		New
April 2007	March 2008	BT will integrate sustainability into the product and proposition development processes within BT.		New
April 2007	March 2008	BT will construct an opportunities map of BT's CSR related opportunities.		New
April 2006	March 2007	BT will maintain its Broadband coverage at 99.7% and actively look for economic opportunities to extend.	As of 31st March, 99.8% of all UK households were enabled.	Completed

Investors

Investors are increasingly interested in the social, environmental and economic dimensions of business performance, and how they relate to business strategy.

Our sustainability report provides a view of our performance in the past financial year. We measure our CSR performance through a series of [key performance indicators](#) (KPIs).

However, we also want to present investors with a forward-looking, quantitative business case for our CSR activities. Our [business case](#) shows how good CSR performance contributes to the implementation of BT's overall strategy.

As well as providing a view of our past performance, in our Sustainability and Business Overview we provide more forward-looking information by considering the potential social and environmental effects of the fast-changing technical advances in the telecommunications sector and our business. Our Sustainability and Business Overview is available as a [PDF download](#).

Find BT's response to the Association of British Insurers' disclosure guidelines covering social, environmental and ethical risks and opportunities in the Our Commitment to Society section of the BT Annual Report and Accounts.

We communicate with investors about our CSR performance activities and performance. See our [2007 analyst presentation](#).

Our CSR business case

Our CSR activities are integral to BT's business strategy and affect business performance in five ways:

- [Marketplace opportunities](#)
- [Reputation](#)
- [Risk management](#)
- [Employee motivation](#)
- [Cost reduction](#)

Marketplace opportunities

The increasing importance of sustainability issues both inside and outside BT is generating new business opportunities. These aren't limited to reputational benefits but include commercial marketplace opportunities.

We believe that ICT has a positive role to play in helping individuals and organisations find more sustainable ways of communicating, working and living. For example, through teleconferencing and flexible working which can reduce the need to travel at the same time as providing more flexible lifestyles.

We already have an extensive range of tele- and video-conference services. We are now developing new ideas such as a carbon audit service that will enable business customers to measure their carbon footprint and identify opportunities to use ICT to further reduce their greenhouse gas emissions.

We are creating a CSR opportunities map, to build our understanding and knowledge of the different CSR-related opportunities that exist around our business.

The quality of our CSR performance differentiates us from our competitors. This is important when bidding for major contracts in both the public and private sector. These contracts were worth £1.8 billion to BT in the 2007 financial year, compared with £1.3 billion the previous year.

Risk management

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

Our CSR risk register sets out our most significant social, ethical and environmental risks. These are disclosed below and in our annual financial report and accounts. There is a person in charge of dealing with each risk and all have a mitigation strategy in place. The register is updated twice a year and reviewed by the Board annually.

In the 2007 financial year, we identified no social, environmental or ethical risks that would have a material impact on our business. Our key CSR risks are unchanged:

CSR Risk

More details on our approach to the issue

Supply chain working conditions

[Suppliers](#)

Climate change

[Environment](#)

Diversity

[Diversity and inclusion](#)

Outsourcing	Hot topics and Outsourcing
Breach of integrity	Business principles
Health and safety	Health and safety
Privacy	Human rights

Our process for identifying CSR risks involves specialists from around BT and is timed to directly inform our Group Risk identification process. We determine vulnerabilities, triggers and consequences before developing risk mitigation strategies.

In addition to the key CSR risks, we have a number of less significant but potentially important risks which we review annually.

The [graph](#) shows the potential impact of each risk from a likelihood and financial risk perspective. Quantification on the graph has been removed for commercial confidentiality.

Reputation

When people trust a company they are in effect giving it a societal 'licence to operate'. This is reflected in the company's reputation which, in BT's case, we know directly affects customer loyalty.

We have measured the link between customer satisfaction and CSR for a number of years. During the 2007 financial year we asked Henley Centre Headlight Vision to look at the relationship between our CSR activities and customer satisfaction using our current customer satisfaction models.

The overall result is that customers who believe that BT takes its responsibility to society and the community seriously are 49% more likely to be very or extremely satisfied with BT. An explanation of the research can be seen [here](#).

Cost reduction

Good environmental management can reduce costs by improving efficiency and reducing waste.

For a number of years we have quantified financial savings that have an environmental component. We use a model developed by Forum for the Future which is in line with our standard financial accounting methods and separately identifies direct profit and loss account savings, capital savings and business benefits associated with productivity gains.

This model works on a year on year basis. For the 2007 financial year savings that have an environmental component totalled £229.3 million of which £0.2 million related to profit and loss savings; £12.2 million to capital and £216.9 million related to productivity gains. More details are available in the case study.

Employee motivation

Employee motivation is crucial to the success of our business. We believe that a strong CSR programme contributes to better employee engagement.

We carry out an annual employee survey to help us assess employee perceptions of our CSR performance. This year, we found that 62% of employees felt proud to work for the company as a result of our CSR activities.

For the first time this year we asked our employees if they thought we were doing enough to help tackle climate change. 56% thought we were.

More details of the survey results can be found [here](#).

Employee motivation Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will compare the relative Employee Engagement Index score for disabled and non-disabled people (obtained from CARE 2007 employee census) and create an action plan to reduce any differential in CARE 2008 employee census.		New
April 2007	March 2007	The percentage of BT employees agreeing with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will remain at 86%.		New

April 2006	March 2007	BT will maintain or improve BT's EEI, which is currently 65%.	The employee engagement index for the 2007 survey was 65%.	Completed
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Investor ratings

Specialist CSR ratings agencies rank companies based on available information about their social, ethical and environmental policies and practices.

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

BT's CSR ratings are:

- World's number one telecommunications company in the [Dow Jones Sustainability Indexes](#) for six years running.
- One of four companies in the Top 100 in the Business in the Community Corporate Responsibility, Environment and Community indices to score over 95% in all 6 areas (Community Management, Environmental Management, Marketplace Management, Workplace Management, Environmental Impact and Social Impact) (add link to Index) in the 2006/7 index. Business in the Community is an independent business-led charity based in the UK
- First of 26 companies rated by the German independent ratings agency, [OEKOM research AG](#).
- Constituent of the [FTSE4Good Indices](#).
- One of the '[Global 100 Most Sustainable Corporations in the World](#)', for the third year running. This global business ranking selects companies on their ability to manage strategic opportunities in new environmental and social markets. Analysis is provided by the environmental investment advisory firm, Innovest.
- BT won the community and environmental responsibility category in the 2006 Britain's Most Admired Companies awards.
- For the first time, BT was named as the world's leading corporate organisation for sustainability reporting in a survey published by SustainAbility in association with the United Nations Environment Programme (UNEP) and Standard & Poor's.

Investors - Key Performance Indicators

Indicator	Description	Measure	Target
Customer Service	A measure of satisfaction across BT's entire customer base	Increase in satisfaction around 3% during the 2007 financial year.	To improve customer service in line with the corporate scorecard target as overseen by the Board remuneration committee*
Employee Engagement Index	A measure of the overall success of BT's relationship with its employees	The Employee Engagement Index was 65% during the 2007 financial year.	To achieve an Employee Engagement Index of at least 65% †
Diversity	A measure of the diversity of the BT workforce	BT is in the top 10 placement in 3 out of the 4 main UK Diversity Benchmarks. ††	BT will maintain a top 10 placement in 3 of the 4 main UK Diversity Benchmarks.
H&S: Lost Time Injury Rate	Rate of Lost Time Injury Incidents expressed as a rate per 100,000 hours worked on a 12-month rolling average	0.238 cases per 100,000 working hours	Reduce to 0.235 cases per 100,000 hours during the 2008 financial year.
H&S: Sickness Absence Rate	Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average	2.43% calendar days lost to sickness absence	Reduce to 2.40% calendar days lost due to sickness absence during the 2008 financial year.
Supplier Relationships	A measure of the overall success of BT's relationship with its suppliers.	Measured bi-annually	To repeat the Supplier Survey in 2007/8 and achieve 90% or more
Ethical Trading	A measure of the application of BT's supply chain human rights standard. Δ	During the 2006 financial year there were 413 risk assessments with 100% follow up.	To achieve 100% follow up within three months for all suppliers identified as high or medium risk during the 2008 financial year.
Community contribution	A measure of our investment in society	During the 2007 financial year BT provided £21.8m in funding and support in kind.	Maintain a minimum investment of 1% of pre-tax profits.

Global Warming CO2 emissions	A measure of BT's climate change impact	2007 financial year UK CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	2016 CO2 emissions to be 80% below 1996 levels.
Waste to landfill and recycling	A measure of BT's use of resources	54,921 tonnes to landfill (58%), 40,007 tonnes recycled (42%).	To reduce the tonnage of waste sent to landfill by 8% (excluding waste arising from the 21CN network programme).
UK Addressable Broadband Market	A measure of the geographical reach of broadband	99.8% of UK homes and businesses have access to broadband.	Replaced by new digital exclusion target.
Ethical Performance Measure	A measure of our progress in acting with integrity	74% (old measure), 84% (new measure)	To improve the new Ethics Performance Measure to 86% during the 2008 financial year.
Community Effectiveness Measure	An independent evaluation of our community programme	The community effectiveness score for the 2007 financial year was 70%.	To improve our Community Effectiveness Measure score to 75%
UK Internet Usage	% of UK population who have not used the internet in the past three months.	36% of UK people digitally excluded.	To reduce the percentage of people who are digitally excluded by 10% (i.e. to 32.4%) by 31 March 2010

* Customer service is defined as - 'Right First Time' (keeping our promises) and 'Cycle Time' (the speed at which we deliver service). In 07/08 The Group target will be focused on Right First Time.

† In 2007-08 the Employee Engagement Index will be based on an average of the mean results across a reduced number (4) of key questions.

† † see archived reports for earlier measures

△ risk assessments are based on completed questionnaires

Suppliers

We buy products and services - such as IT equipment, cables, design and disposal services - from thousands of suppliers worldwide. In the 2007 financial year, we spent over £6.8 billion on procurement.

Our supply chain is becoming increasingly global as we source skills, products and services from more countries worldwide. This trend is known as global sourcing and is being driven by greater competition and a need for cost effectiveness, rapid technological change, and our increasingly global customer base. We explore the impacts of global sourcing on our workforce in [Workforce Agility](#).

In all our dealings with suppliers we are committed to behave according to the principles of fair and ethical trading. Our spend enables us to influence suppliers' environmental and labour standards.

Here we discuss:

- Fair treatment of suppliers in selection, development and payment
- CSR and suppliers – how we apply our human rights and environmental standards in our supply chain
- Supplier diversity – sourcing from diverse suppliers.

Our Supply Chain

In the 2007 financial year, we spent over £6.8 billion with suppliers.

Our main categories of spend include network equipment, ICT equipment used at our customer premises, and those items needed to run our business, such as equipment and stationery for our offices.

Changes in our business have implications for our supply chain management. For example, we now source from an increasingly global supply base, including suppliers based in countries where there is a higher risk of corruption or where environmental or human rights standards are not well regulated.

The way in which BT sources the skills, products and services it needs to operate effectively is also changing. We now outsource many activities to suppliers, including customer contact centres and our payroll, finance and accounting activities.

Fair treatment of suppliers

BT operates a fair procurement process - administering our tendering and contracting procedures in good faith.

[Our Purchasing Principles](#) provide a framework to ensure that we act in an ethically and commercially responsible way in our dealings. Adhering to these principles is an integral part of our procurement process. Authority to form a contract is restricted to our authorised procurement professionals. They are trained to world-class standards and to apply BT's Purchasing Principles.

Supplier development

We use a range of tools to assess our suppliers and to encourage continual improvement. These range from basic desktop evaluations to sophisticated supplier capability assessments and partnership evaluation processes (PEM).

A PEM evaluation is only undertaken where both parties agree that it will be mutually beneficial. The evaluation increases the supplier's understanding of how to work in partnership with BT. This benefits us and helps the supplier when they compete for non-BT work. We share learning and expertise in quality, the environment, diversity and ethical trading with our suppliers.

In financial year 2006, we asked 2,000 suppliers to complete a questionnaire on how they feel BT behaves as a customer. This has provided an update on the views we sourced two years ago. The findings have been used to assess the overall success of BT's relationship with suppliers – one of our key performance indicators. Supplier satisfaction levels were 89%. Our next supplier survey will take place in the last quarter of the 2008 financial year.

Supplier payment

Our policy is to use our purchasing power fairly and to pay promptly and as agreed. BT has a variety of payment terms with its suppliers. Payment terms for major contracts are agreed with the supplier when negotiating the contract. For Purchase Orders the payment terms are specified on our [Selling 2 BT website](#) under [general conditions](#). The normal payment term is 42 calendar days from date of receipt of a due and valid invoice. BT makes payment on the next weekly payment run following expiry of this term. We have produced a [Better Payment Practices document](#) that explains to suppliers how BT's Accounts Payable processes work.

The ratio, expressed in days, between the amounts invoiced to the company by its suppliers in the 2007 financial year and the amounts owed to its trade creditors at the end of the year was 39 days.

CSR Procurement Strategy

We expect our suppliers to meet high standards on issues such as human rights, the environment and employment standards. Embedding our values and CSR standards in our procurement practices helps us to protect our reputation and make a real difference to the communities where BT and our suppliers operate.

CSR is a key measure in our procurement scorecard, accounting for 25% of the overall score. There are three strands to our CSR Procurement Strategy:

- **Labour Standards in our global supply chain, including ethical trading.** Our standard for Sourcing with Human Dignity ([GS18](#)) sets out the working conditions we expect suppliers to provide for their employees.
- **Environment.** We seek to influence the environmental performance of our suppliers and contractors through our purchasing policy. Our supplier environmental standards ([GS13](#) and [GS19](#)) are included in our procurement contracts and cover issues such as environmental management systems and product stewardship. In 2006 we agreed additional procurement principles that support BT's climate change strategy.
- **Supplier Diversity.** We aim to develop a diverse supply base that provides BT with innovative ideas and solutions.

In the 2007 financial year, we developed an "Escalator" plan of sustainability activities and goals for how procurement can help BT establish a leadership position on sustainability issues. Our initial focus areas will be travel, energy and consumer products.

In the 2007 financial year, BT won the Chartered Institute of Purchasing and Supply 'Best contribution to corporate responsibility' award. We previously won this award in 2003. The judges comments were – 'An exceptional entry in a difficult area, demonstrating that continual improvement and consistent support, visibility and ownership from the top can lead to changes. BT really mean it, in a big way, not just ticking boxes. CST takes ongoing efforts and is often frustrating but they are really making a difference, it appears. They have forced suppliers to speak to purchasers. This is thorough, comprehensive and impressive.'

Our standards

This section summarises our standards for the three elements of our CSR procurement strategy: environment, human rights and supplier diversity.

This year, we reviewed the quantitative data we report and, as a result, have changed the amount and type of data we report to better reflect our current data collection systems in relation to our environment and human rights standards.

Environment

We are one of the largest purchasers in the UK, with an environmental influence that extends well beyond that of our own people and workplaces. We seek to influence the environmental performance of our suppliers and contractors through our purchasing policy. Our programme has three strands:

1. Assess suppliers' environmental policies and procedures. All major suppliers must complete our [environmental impact online questionnaire](#) (GS13) and agree to work towards continuous improvement, if required.
2. Manage the environmental impacts of electrical or electronic equipment (EEE). Our pre-contract [product stewardship online questionnaire](#) (GS19) is mandatory for all potential electronic and electrical equipment suppliers.
3. Audit waste management suppliers. All our waste contractors must provide a statement on their waste disposal procedures. Contractors are audited by us (using an external specialist) every year.

We have established procurement principles that support BT's new [climate change strategy](#). These state that:

- We will harness the capability, diversity and innovation of our supply base to add value to our business and encourage suppliers to offer solutions which have a reduced environmental impact.
- The energy consumption and environmental impact of a product or service (from manufacture, through usage, to disposal) is a mandatory criterion in all tender adjudication.
- The energy consumption and environmental impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.

Human rights

We expect the working conditions under which the products and services we purchase are produced to meet the standards of the [Universal Declaration of Human Rights](#) (UNDHR) and the [International Labour Organisation](#) (ILO) Conventions.

Our Sourcing with Human Dignity (SWHD) initiative specifies the minimum standards we expect of our suppliers in the following areas:

- Child labour

- Cruel, harsh and inhuman treatment
- Forced labour
- Discrimination
- Freedom of association & collective bargaining
- Health & safety
- Wages
- Working hours
- Regular employment entitlements.

Find out more on [Sourcing with Human Dignity](#).

Supplier diversity

The following questions on supplier diversity are included in our labour standards questionnaire GS18:

- How many employees are there in your company?
- How is your company owned?
- Do you consider yourself to be a Minority Business Enterprise (MBE)?
- Where is your company headquartered?
- Do you monitor the diversity of your workforce relating to ethnicity?
- Do you monitor the diversity of your workforce relating to disability?
- Do you monitor the diversity of your workforce relating to gender?
- Do you monitor the diversity of your workforce relating to age?
- Do you monitor the diversity of your workforce relating to sexual orientation?
- Do you monitor the diversity of your workforce relating to belief?
- Do you monitor the diversity of your supply chain?

Supplier management

This section explains the governance process for our CSR procurement strategy and our risk-based approach to supplier engagement.

Governance

BT's chief procurement officer has overall responsibility for our CSR supply-chain programmes and reports to a BT Board member. Our CSR strategy and policy for procurement manager oversees implementation of our strategy and provides advice and direction on CSR issues.

Our buyers implement the programmes supported by our procurement CSR manager, product stewardship and waste experts, product managers and a CSR virtual team of representatives from across BT procurement.

Risk-assessments

We source from thousands of suppliers worldwide and it is not possible to engage in detail with all of these companies. We adopt a risk-based approach to help us focus our efforts. A supplier may present a higher risk to BT because of the product or service they provide, for example suppliers based in other countries may operate to different labour and environmental standards than those expected in the UK. Or because they are based in a country where there are few regulations governing the environment or human rights or regulations exist but are poorly enforced.

All new suppliers are required to complete our [GS13](#) and [GS18](#) questionnaires via our online Procurement Portal. This helps us to establish whether there is a high, medium or low risk of a particular supplier not meeting our CSR standards.

Follow up action is taken within three months with suppliers that are considered to be medium or high risk. This ranges from a simple discussion with the supplier to clarify their responses to our questionnaires, to a full [on-site assessment](#).

In future we aim to carry out more risk assessments at the pre-contract stage to help us further integrate CSR into our procurement decisions.

To date 1,385 suppliers have completed our questionnaires and we are working with 128 suppliers on environmental impact, and 140 suppliers on labour standards.

We used our new climate change procurement principles in a recent tendering exercise for broadband products. Energy consumption was one of the tender criteria and suppliers were assessed against their compliance with 'The

EU Code of Conduct on Efficiency of External Power Supplies'. This is a voluntary code designed to reduce the power consumption of electrical and electronic appliances when in stand-by mode.

Training and Awareness

It is critical that our procurement teams have a good understanding of our CSR strategy and the skills to work with our suppliers to improve standards.

We held several training events for buyers this year. These included:

- CSR training for new procurement people
- Briefings on the WEEE and RoHS Directives and BT's sustainable procurement principles
- A brainstorming session to generate ideas on how procurement can help BT become a more sustainable business

We have recorded five 10-minute training videos covering various aspects of CSR in procurement which employees can download and watch from their PC. These sessions make training more flexible and enable employees to learn about key elements of our strategy more easily.

An additional video explaining BT's new climate change strategy and the need to work with suppliers to reduce our carbon footprint is also available. This was sent to 23 suppliers in a recent tendering exercise relating to broadband products.

Our Procurement CSR virtual team have received training and coaching to help them work with buyers to take follow up action with suppliers. The team meets monthly and issues regular communications and briefings to BT's procurement community.

We ran a CSR Best Practice Event for 25 suppliers in February 2006. A number of attendees requested follow up support from BT. This has included sharing our experiences of assessing supplier labour standards to helping them review and update their overall approach to CSR in the supply chain.

Supplier assessments

We carry out detailed assessments of our high and medium risk suppliers, and have an ongoing programme of on-site assessments of a selection of high risk suppliers. Assessments help us to identify areas for improvement and work with suppliers to implement high standards. We aim to take a collaborative approach and empower suppliers to implement continual improvement programmes within their operations and their own supply chain. We believe that taking a supportive and holistic approach is the best way to improve standards.

Site assessments cover our Sourcing with Human Dignity standard and our environmental standards. A typical assessment includes a review of documentation such as payslips and personal records, interviews with managers, a walk around the premises, including canteen and accommodation facilities, and worker interviews.

Where possible, worker interviews are conducted by NGOs, independent assessors or academics. Interviewers always speak the worker's language and, where possible, will be of the same gender. Findings are reported back to management anonymously to protect the workers.

We seek to raise suppliers' awareness of our standards during on-site assessments. We explain why CSR is important to us and what the assessment is looking for. When we assess a subcontractor, we take someone from the supplier with us. This helps suppliers understand the risks and how these can be managed.

Assessments in financial year 2007

We completed 20 on site CSR assessments in China, India and the UK. This included visits to existing and potential direct suppliers and to indirect suppliers (companies that supply our direct suppliers).

We included a third party assessor to expand our team and enable us to carry out more assessments during a visit to China.

An example of a problem area found during our assessments includes poor health and safety practices. We discuss the assessment findings with suppliers and have either agreed improvement plans (and are monitoring progress), or are still to agree plans following the most recent assessments.

We have carried out an external review of how we implement our Sourcing with Human Dignity standard. In the 2008 financial year, we will review the findings and take any necessary action.

Working with others

GeSI

BT is a founder member of GeSI (the Global e Sustainability Initiative). We participate in its Supply Chain Working Group which is developing a common industry approach to improving labour and environmental issues across the

global ICT supply chain. In the 2007 financial year, we were part of the presentation team at the GeSI supply chain stakeholder engagement meeting in Berlin.

Please visit the [GeSI website](#) for more information.

Independent review

We have commissioned an independent review of our Sourcing with Human Dignity standard to assess our progress over the last five years and the impact this initiative has had on standards in our supply chain.

UK Government's Sustainable Development Task Force

BT is a member of the UK Government's Sustainable Development Task Force. We led the Sustainable Procurement Task Force to investigate sustainable purchasing policies for the public and private sectors.

Going the Extra Mile Award.

In the 2007 financial year, BT was short-listed for the Going The Extra Mile Award, part of the Mayor of London's Green Procurement Code. The Extra Mile Award recognises companies which have achieved outstanding progress in creating a sustainable workplace. Extra Mile finalists each submitted a case study and details of their sustainable purchases.

Supplier diversity

We believe that doing business with diverse suppliers can help us reach more customers and contribute to innovation within our business.

There is growing interest in supplier diversity in the UK and we frequently receive enquiries on our approach to this issue from potential public sector and corporate customers.

We have assessed the diversity of our global supply chain and we are looking for ways to help more small and minority owned businesses work with BT.

Our current supply base

Our supplier diversity questionnaire has been completed by 1,400 new and existing contracted suppliers globally. This shows that 14% of our contracted suppliers consider themselves to be a Minority Business Enterprise (MBE). An MBE is a company which is at least 51% owned, controlled or operated by people who are members of an ethnic minority group, are women, are disabled or are either lesbian, gay, bisexual or trans-gender.

Next steps

We are working with others to improve our understanding of this issue and find ways to increase the diversity of our supply base. For example:

- We have joined Minority Supplier Development UK and participate in their Supplier Development and Best Practice working groups.
- We participated in two externally facilitated Meet the Buyer events for minority businesses in 2006 and plan to take part in similar events during 2007.
- We are developing diversity sourcing tools for our buyers to use as part of their sourcing activities.
- We contributed to a Business in the Community – Business Action on Supplier Diversity Booklet, and hosted the launch in January 2007.

Suppliers - Key Performance Indicators

Indicator	Description	Measure	Target
Supplier Relationships	A measure of the overall success of BT's relationship with its suppliers.	Measured bi-annually	To repeat the Supplier Survey in 2007/8 and achieve 90% or more
Ethical Trading	A measure of the application of BT's supply chain human rights standard. Δ	During the 2006 financial year there were 413 risk assessments with 100% follow up.	To achieve 100% follow up within three months for all suppliers identified as high or medium risk during the 2008 financial year.

Δ risk assessments are based on completed questionnaires

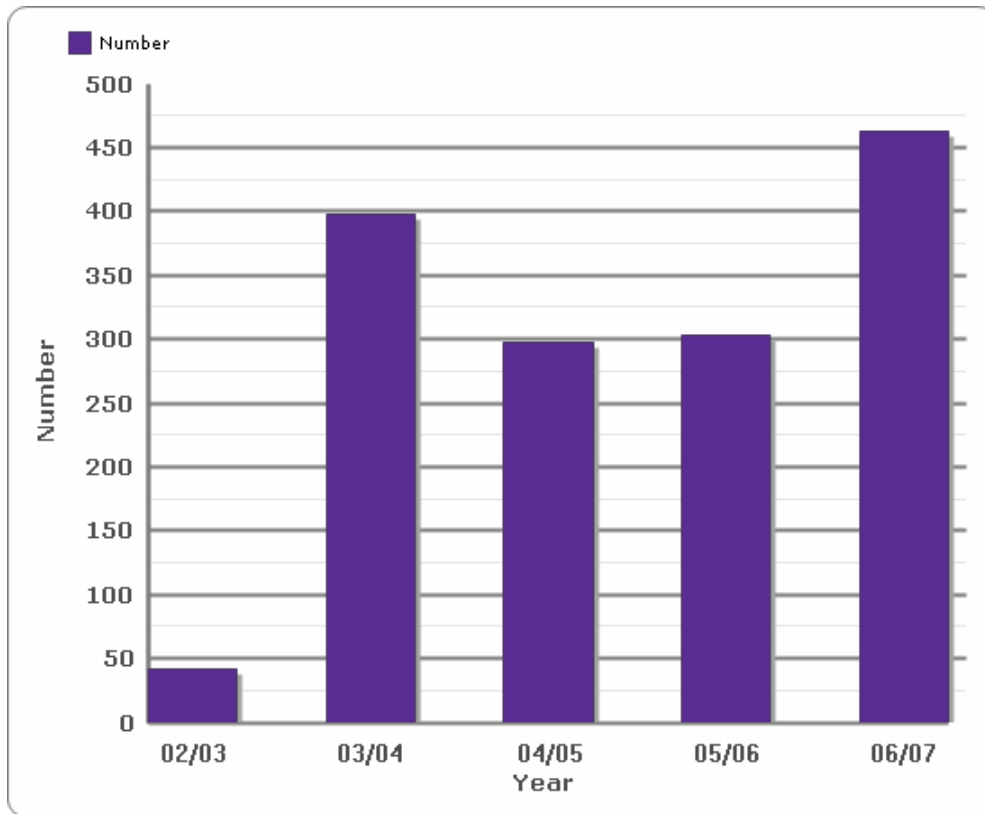
Suppliers Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will hold an event with its Suppliers to engage them on Procurement's CSR goals including Climate Change, the Procurement Principles and drive progress towards the Vision "harness communications to tackle climate change"		New

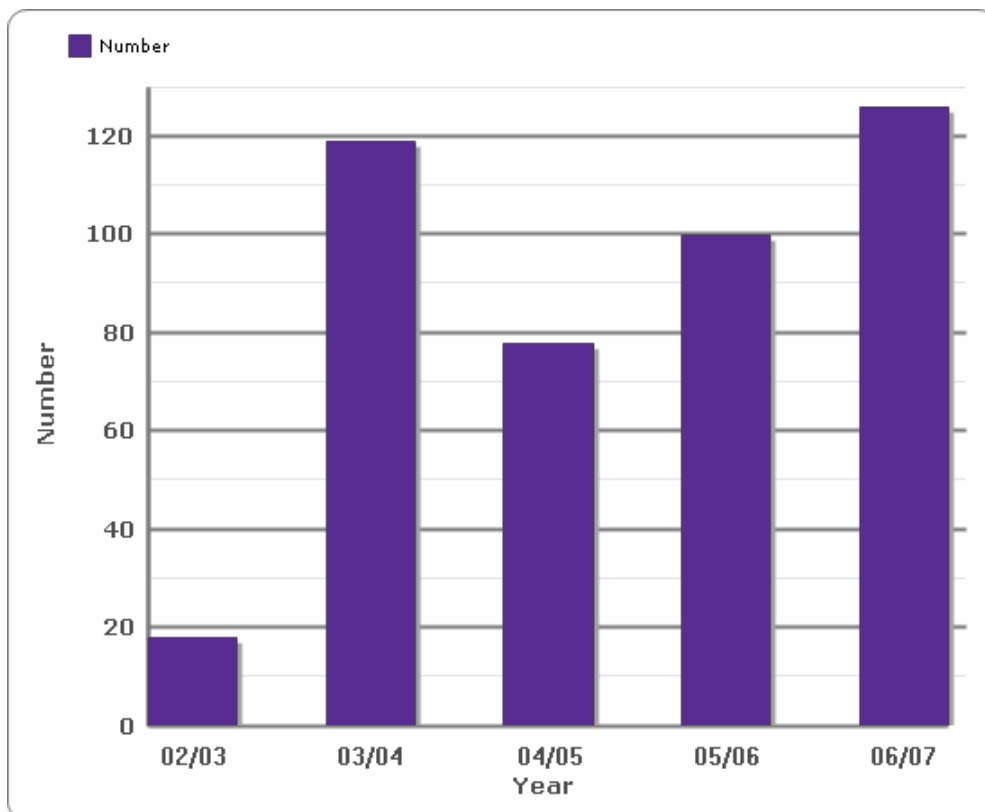
April 2007	March 2008	There will be evidence of follow up action taken within 3 months relating to all suppliers who have been identified as requiring continuous improvement as a result of completing our CSR questionnaires		New
April 2007	March 2008	BT will implement the following Climate Change Procurement Principles to incorporate energy consumption and environmental factors into our procurement processes over the coming year: • We will harness the capability, diversity and innovation of our supply base to add value to our business and encourage suppliers to offer solutions which have a reduced environmental impact. • That the energy consumption and environmental impact of a product or service (from manufacture, through usage, to disposal) is a mandatory criterion in all tender adjudication. • That the energy consumption and environmental impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.		New
April 2007	March 2008	BT will repeat its supplier survey, a measure of BT's supplier relationship, and achieve 90% or more.		New
April 2007	March 2008	To drive improvements in the SWHD approach, BT will review the findings of the external Sourcing With Human Dignity Report and agree the way forward (including timescales), as appropriate by end of August 2007.		New
April 2007	March 2008	BT will develop a coach approach on labour standards and engage with 2 global suppliers and their supply chains.		New
April 2007	March 2008	BT will achieve 100% follow up within 3 months for all suppliers identified as high or medium risk.		New
April 2007	March 2008	There will be evidence of follow up action taken within 3 months relating to all suppliers who have been identified as requiring continuous improvement as a result of completing our CSR questionnaires.		New
April 2006	March 2007	Following analysis of the CSR best practice event, BT will initiate follow through with 5 participating suppliers.	The analysis has been completed. No further action has been identified at present.	Completed
April 2006	March 2007	BT will review the results of the 2006 suppliers survey and identify any appropriate follow up actions.	The analysis has been completed. No further action has been identified at present.	Completed
April 2006	March 2007	BT will commission an independent report to review the achievements over 5 years of Sourcing with Human Dignity by an independent external organization.	The review has been undertaken and a draft report produced.	Completed
April 2006	March 2007	BT will develop a coach approach on labour standards and engage with 2 suppliers.	2 joint assessments completed.	Completed
April 2006	March 2007	BT will take follow-up action within 3 months for all suppliers who have been identified as requiring continuous improvement as a result of completing our CSR questionnaires.	All questionnaires received had follow up action taken within the specified timescales.	Completed
April 2006	March 2007	BT will take 100% follow-up within 3 months for all suppliers identified as high or medium risk following a GS18 Sourcing with Human Dignity risk assessment.	All questionnaires received had follow up action taken within the specified timescales.	Completed
April 2006	March 2007	BT will develop an "Escalator" plan of Sustainability Goals for Procurement in BT, setting out a series of steps over 5 years that will support BT in a leadership position on Sustainability.	The escalator plan has been written.	Completed
April 2006	March 2007	BT will extend the current Supplier Diversity work with our people providers to include all suppliers of people for permanent contracts. This work will include monitoring and measuring their activities so that we build towards balanced recruitment lists for BT vacancies.	The contracts for our people suppliers have recently been re-tendered and awarded and include a clause on equal opportunities and diversity. We have now included diversity criteria in the auditable terms of these new contracts.	Completed

April 2006	June 2006	BT will analyse the impact of 2005/6 tier one suppliers CSR best practice event.	This was completed in June 2006.	Completed
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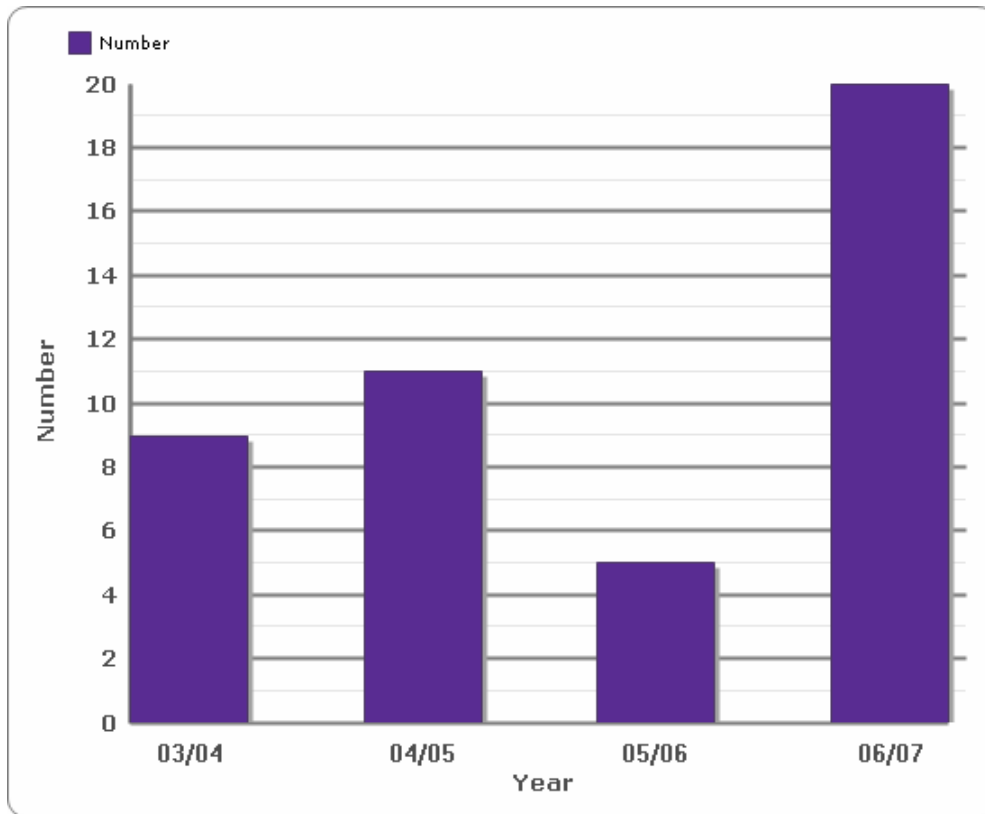
Number of Environment assessment questionnaires (GS13) completed



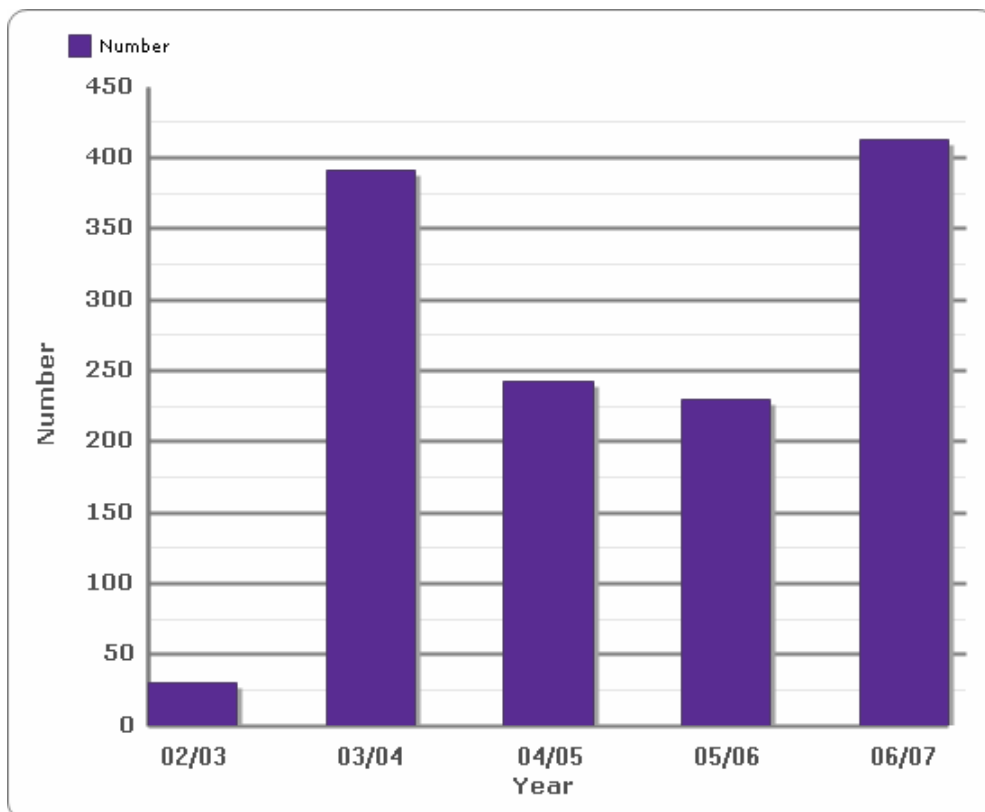
Number of Environment questionnaires (GS13) where continuous improvement was required



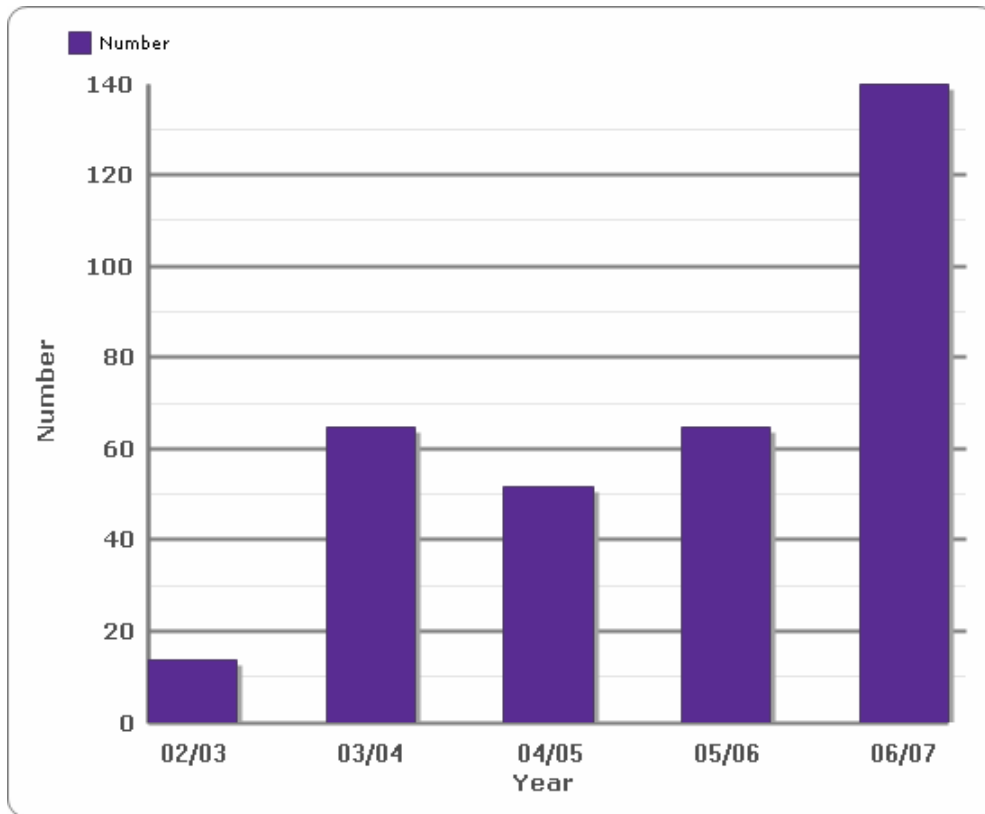
Number of SWHD on-site assessments



Number of SWHD risk assessment questionnaires (GS18) completed



Number of SWHD questionnaires (GS18) where further action was required



Employees

We employ approximately 106,000 people around the world, including around 93,000 in the UK, where we are one of the largest employers. BT now serves customers in more than 170 countries and has employees in over 55.

Our people are crucially important to our reputation and success. They are our ambassadors and our public face, while on business and out of hours too.

Our approach is to treat our people fairly and responsibly, helping them achieve their full potential, while respecting their personal and community commitments.

Here we describe how we manage:

- [Workforce agility](#)
- [Pay and benefits](#)
- [Employee relations](#)
- [Diversity and inclusion](#)
- [Learning and development](#)
- [Health and safety](#)

Workforce agility

Agility and flexible resourcing help BT to adapt to changing business requirements and create sustainable value.

This includes:

- Insourcing: BT manages IT services on behalf of major customers. Employees that previously worked in the customer's IT department become BT employees
- Outsourcing: BT is transferring some of our non-core activities to suppliers who can manage these parts of the business more efficiently. Some employees that previously worked at BT will join the supplier company
- Global sourcing: some outsourced services are provided from a different country to that in which the customer is based.

Flexible working

By flexible working, we mean giving our people the ability to take control of their work-life balance. We do this by raising awareness of the various working patterns available, using information and communications technology (ICT) to help our people work from different locations and by offering different ways of working, such as job share. Our flexible working policies help our people to balance their different commitments in a changing world.

Achieving the Balance, our flexible working portfolio, covers flexible working, home working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

Our people tell us that they benefit from flexible working. Employees can continue in their careers while being able to take their children to school, avoid long commutes to the office or look after elderly or sick relatives, for example.

In our experience, there are business benefits too, as employees work hard to repay the trust placed in them to do a good job without direct supervision. We have in place a number of practical tools to help line managers make informed decisions about requests for flexible working, to balance the needs of the individual with those of the business.

In March 2007, we had approximately 5,000 part-time employees, nearly 435 job sharers and around 10,000 people working from home.

Using ICT to support flexible working

Mobile technologies such as laptops with wireless internet connections and handheld personal organisers make possible flexible ways of working such as hot-desk office sharing and working from home.

This flexibility helps to create a more inclusive workplace for people with disabilities, carers and those returning to work after a career break. BT is a strategic partner of [Work Wise UK](#), a five-year initiative which aims to encourage the widespread adoption of more flexible working practices.

Global flexibility

In the 2008 financial year, BT will focus on providing the same flexibility we offer in the UK to our global workforce. We will analyse the current situation in each country, to help us build on the benefits we have experienced in the UK.

Flexibility benefits customers

Customer service is a critical element of our business. Our flexible working policies help us attract and retain the

best people. We believe our customer service is improved when our employees feel satisfied with their work-life balance.

Insourcing

BT now manages ICT services for many of our major customers including [PepsiCo](#), [Bristol Myers Squibb](#) and [Schlumberger](#).

Employees who previously worked in the customer's ICT department become BT employees. From BT's perspective this is known as insourcing. In the UK, insourcing is governed by the [Transfer of Undertakings \(Protection of Employment\) Regulations \(TUPE\)](#).

BT's approach

BT works closely with our customers to manage the transition. We want future employees to feel that they have been treated fairly in regards to the transfer.

We try to set realistic target dates so that we meet trade union and employee expectations. The BT human resources project manager is supported by a team with expertise in employee communications, employment law, pensions, employee services and payroll.

Employee communication is vital. We work hard to communicate the benefits of the change and give employees access to the information they need. Communication methods include:

- Employee intranet site (including a newsletter and facility for answering employee questions)
- Road shows that provide information on BT and enable potential employees to ask questions
- One to one sessions with employees
- Welcome/induction sessions.

Outsourcing

Some of our support and transactional operations are provided by external contractors where it is operationally and commercially effective.

Outsourced operations include:

- Human resources contracts, pensions, recruitment and training (by [Accenture HR Services](#))
- Payroll, finance and accounting activities (by [Xansa](#) and [Accenture](#)).

We used to do this work ourselves. In the UK, the transfer of BT employees to a supplier is regulated by the [Transfer of Undertakings – Protection of Employment \(TUPE\) regulations](#).

Responsible outsourcing is a must

Automatically favouring the lowest bidder can lead to expensive mistakes when outsourcing services. This was the warning of Andy Green, CEO of BT Global Services, during a debate on the issue at the [World Economic Forum \(WEF\) held in Davos, Switzerland](#).

He said managers should always ask "what is the long-term competitive advantage that will allow a vendor to do a particular job cheaper than us?"

BT outsources some of its activities and also supplies services for others (known as insourcing). Outsourcing services is a key part of modern business because it has the potential to improve efficiency. The long-term success of the practice depends on acting responsibly when choosing vendors and dealing with people.

Global Sourcing

Global sourcing is a form of outsourcing where services are based in a different country to the customer. It includes the practice known as offshoring. All BT divisions have elements of customer care provided by globally-sourced companies in countries such as Brazil, India and Hungary.

- **OneIT**, BT's IT arm, outsources some of our software development to India. Much of this is done by [TechMahindra](#), a joint venture software development company in which we have a 43% stake
- **BT Retail** has the majority of its call centres in the UK and operates two offshore contact centres in India. These are provided by our strategic offshore partners, [Infosys BPO](#) and [HCL](#), in Bangalore and Noida retrospectively. These are managed on a remote basis against the Retail Customer Services operational blueprint with BT providing on-site management.
- **BT Global Services** outsources elements of market intelligence to specialist providers in India. They support the BT Global Services marketing teams across the world.

We don't believe that global sourcing is socially irresponsible or incompatible with our stance on corporate social responsibility. It helps us find the right skills to meet the needs of our customers, wherever they are based.

But it is important that we work with our suppliers to make sure their employment and environmental standards match our own. See [Suppliers](#) for more information. In 2004, we commissioned an independent Hot Topic on global sourcing, see [Good Migrations](#).

Pay and benefits

Our benefits package must be competitive if we are to continue to recruit and retain the best talent. This section explains our approach to:

- [Benefits and reward](#)
- [Equal pay](#)
- [Pensions](#)

Benefits and reward

We provide competitive salaries and a range of other benefits, such as share ownership, pensions and bonuses, to help us recruit and retain the best people.

We have three share schemes to promote employee ownership:

- Saveshare – an option to buy shares at a discounted rate. More than half of BT employees participate
- Allshare – gives employees the right to receive free shares based on company-wide performance
- Directshare – employees may buy shares from their pre-tax salary each month. More than 15% have done so.

In the 2007 financial year, our lowest main scale starting salary was £10,400 for a 36-hour week (£5.53 per hour).

Choices, our flexible benefits programme for UK managers and professionals allows individuals to customise their benefits package by trading salary for additional benefits..

In our 2007 employee survey, 52% of respondents agreed with the statement 'Overall, I think that my benefits package (holidays, pensions etc.) is good compared to the package offered to people in other companies who hold similar jobs'.

Equal pay

Our approach to equal pay encompasses gender, ethnic origin and disability. We have played an active role in the gender pay debate over a number of years, see our [previous reports](#).

BT continues to address these issues holistically. We have Board support to close the pay gap and our pay review processes include guidance on creating a fair and equitable performance-based reward system. All employees of non-managerial grades are now on the same pay structure and this has significantly reduced the scope for inequality.

In recent years we have:

- Changed our promotion remuneration procedures, from a percentage of base salary to a comparison with peers and the market
- Focused our pay review on the lower end of our pay scales, where there are more women
- Carried out a pay audit following each pay review, based on key measures agreed with our unions.

Work-life balance is key to eliminating barriers to the progress of women in the workforce.

Equal value

While jobs may be different they can be of equal value because of the similar demands made of the employee.

A recent UK court case (Enderby v National Health Service) concluded that collective bargaining and market value could not justify the difference in pay between men and women – equal work must be given equal value. The UK's Equal Opportunities Commission (EOC) has made this issue a priority.

Equal pay for equal value remains high on the BT agenda and we believe we are making good progress on the matter.

Pensions

The BT Pension Scheme, now closed to new entrants, is one of the largest funds in the UK, with assets of more than £38 billion. The scheme currently has 74,391 contributing members, 176,592 pensioners and 97,634 deferred members.

Most employees have chosen to belong to the scheme and contribute six per cent of their salary. BT pays the balance of cost (currently 13.5% of salary). In addition, the company is paying £280 million per annum to reduce the scheme deficit. The BT Pension Scheme is a defined benefit scheme, with the benefits linked to members' final BT salary (not the performance of the pension fund). The normal retirement age is 60 although members may retire later.

In 2006, new tax rules were introduced in the UK to simplify pensions. BT Pension scheme members now have more flexibility in their pensions, including the ability to draw their pension from age 50 onwards while still in employment. The scheme has introduced a number of changes to comply with both pension simplification and new UK age discrimination legislation.

The BT Retirement Plan was introduced for employees joining BT from 2001 onwards. The Plan is a defined contribution scheme, 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 BT salary). There are currently 14,368 contributing members and 1,146 deferred members. The value of the fund is approximately £143,503,452 million.

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. During the 2007 financial year a trust corporation, BT Pension Scheme Trustees Ltd, became the sole trustee of the scheme. The former individual trustees became directors of the new company. These include BT and trade union nominees, with an independent chairman. See [BT Pension Scheme](#).

Hermes is considered a leader on issues of corporate governance and shareholder involvement. More information is available on the [Hermes](#) website.

Employee relations

Good employee relations are vital to a strong, healthy and successful company. Here we explain our approach to:

- Employee engagement
- Trade unions
- Employee grievances
- The BT European Consultative Works Council
- Employee communications
- Employee privacy

Employee engagement

We conduct a number of formal employee surveys. The most important is the annual BT-wide Communications and Attitude Research for Employees (CARE) survey. This gives all our people an opportunity to express their views on a range of issues.

We contracted specialist consultancy [Kenexa](#) to run the CARE 2007 survey on behalf of BT. Kenexa has strong experience and expertise in employee engagement and surveys and is helping BT enhance the CARE survey process.

In 2007, we received 78,404 completed CARE questionnaires, representing 74 percent of employees.

Employee engagement index

A key indicator in the CARE survey is the Employee Engagement Index. This is a measure of BT peoples' overall level of engagement and motivation with regard to their job, colleagues and customers. The index for the 2007 financial year was 65 percent – the same as in both 2006 and 2005.

A specific employee engagement report is produced from the survey results. This contains the scores for each question that makes up the index, and helps us understand what engages or disengages a team.

Responses to the four questions that experts say give the best indication of engagement were:

- The work I do provides me with a sense of achievement – 68% (new question in 2007)
- Overall, how satisfied are you to be working for BT? – 67% (66% in 2006)
- I feel proud to work for BT – 68% (70% in 2006)

- Working for BT makes me want to go beyond what is required of me, to help the company to achieve its goals – 68% (new question in 2007).

We also ask our employees about other aspects of their work that relate to our CSR strategy. Examples include diversity, work-life balance, legal and regulatory compliance and safety:

- My manager's actions show they value and respect diversity – 76% (77% in 2006)
- The actions of the people in my team reflect the organisation's values – 78% (78% in 2006)
- My personal life suffers due to the demands of my job – 54% (52% in 2006)
- My manager is supportive if I have to take time off for home/family emergencies – 83% (83% in 2006)
- The company helps me to comply with our legal and regulatory obligations – 78% (80% in 2006)
- My manager actively promotes safe working behaviours – 80% (80% in 2006)

Follow-up action

Each manager receives a report of the CARE survey results for their team. We encourage them to work with their team to analyse this feedback and use the results to make improvements. This helps them monitor the impact of their decisions and review their management style.

All line managers have access to CAREport. This is a website containing tools, information and resources to help interpret their report, discuss the results with their team and develop an action plan.

Trade unions

In the UK, BT recognises two trades unions: the [Communications Workers Union](#) (CWU), which represents over 60,000 UK based BT people in non-management grades; and Connect, which represents around 15,000 UK based BT people, predominantly managers and professionals.

The CWU is the biggest union for the communications industry in the UK, with members working for the Post Office, BT and other communication and IT companies, cable TV and the Alliance & Leicester. BT conducts its relationship with the CWU through Officers and their [National Executive Council](#). There is constructive dialogue at national level and a practical working relationship at branch level.

[Connect](#) is a specialist union representing managerial and professional employees in the communications industry - largely in BT. Again, there is a constructive dialogue.

Both unions engage with BT to improve the terms of employment for their members and play a constructive role in helping BT implement change effectively. We maintain a good working relationship with both unions and provide facilities for their representatives to facilitate effective dialogue.

Examples of the issues we have discussed with the unions include:

- Remote sourcing of work
- Changes to work patterns to implement customer-friendly working practices
- Agile (flexible) working and growing our people's skills to meet new business needs.
- Workfit employee campaigns

Managers are expected to consult their employees and relevant union officials before introducing significant employment change. The unions have a good track record of co-operation with BT. In the 2006-07 financial year, no industrial action was taken.

Social Dialogue

As a member of the [European Telecommunications Network Operators' Association](#) (ETNO), BT takes part in sectoral social dialogue with our social partners, employee representatives [Uni Europa](#). In 2006 Diversity experts from BT participated in a Diversity Working Group that received funding from the [European Commission](#) to create a brochure, available in 6 European languages, which shares good practice in Equality and Diversity amongst ETNO members. This was completed in 2007, [European Year of Equal Opportunities for All](#).

Employee grievances

BT has a grievance procedure that gives employees the chance to have their complaints and issues formally investigated in a comprehensive, professional manner.

There is an appeal stage for employees who remain concerned after the first stage of investigation. We also go beyond the best practice recommended by [ACAS](#), the UK advisory service on employment relations, by offering a high-level review by a senior manager who is independent of the case.

Each high-level review is analysed by the management team of the relevant business line. Learning points are regularly reviewed across BT.

In 2006 BT trialled an innovative new approach to managing grievance cases. This project management based approach has halved the average cost and time taken to handle a case. Those involved in the process report that it has significantly improved the experience of handling grievance cases. The process will be implemented across the company in April 2007.

The BT European Consultative Council

The BT European Consultative Council (BTECC) provides an opportunity for trans-national dialogue and exchange of views between management and employee representatives in the UK, Ireland and continental Europe.

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

The BTECC focuses on the performance and strategy of the BT group, on jobs and employment plans, and on the commercial and regulatory factors affecting our operations. Other relevant issues such as training, health, safety and the environment may be included.

The BTECC is chaired by BT's CEO and attended by other senior executives. Employee representatives are drawn from BT's operations across Europe. Participants are chosen according to the practice and legislation in each country. The representatives chosen must reflect BT's equal opportunities policies. Representatives serve on the Council for four years, long enough to understand and follow up the issues.

The BTECC meets at least once a year – normally within three months of the announcement of the group's annual results. There is also the opportunity to convene an extraordinary meeting.

A sub-committee of the BTECC meets four times a year to discuss specific issues in BT Global Services. The sub-committee is chaired by a senior representative of Global Services. Employee representatives are drawn from UK trade unions, works councils and other bodies.

Most of our continental European operations have works councils representing employees.

Employee communications

We strive to keep our people informed of company activities. This is essential if we want to keep everyone motivated and supportive of BT. Equally, we create opportunities to listen to and act on our people's views and ideas.

BT Today, our in-house newspaper, is sent to more than 174,000 employees, pensioners and opinion formers. It helps make sense of what's going on in the company and contains a letters page where our people can express their views.

BT Today is updated on our intranet regularly throughout the day and features a constant flow of news about BT and our industry. The site covers all media releases, comment and features about BT.

Talking Point – part of BT Today online – is a forum for employee opinion, feedback and debate on topics such as work-life balance, driving safety and broadband.

We are enhancing our intranet with a suite of new social media tools. Users can:

- Share knowledge, ideas and opinions through BTpedia – a company-wide, collaborative encyclopaedia
- Manage the information they receive by subscribing to relevant news, or RSS, feeds
- Chat with colleagues and share thoughts and ideas on a weblog using MyPages, our internal social networking service.

We communicated our third quarter results across the group using a podcast, among other channels, to be as inclusive as possible in our internal communications.

BT's CEO holds regular web chats where employees can raise questions and put forward views and ideas to which he responds in real time. Each line of business has a strategy for two-way employee communications on more local issues, in addition to these corporate channels.

Employee privacy

We have several policies governing the use of BT telephones, email and the internet by employees. All employees have been made aware that email and internet access may be monitored and that certain types of message and use of the internet are considered inappropriate while at work. This is common business practice. BT does allow reasonable use of personal email.

Diversity and inclusion

We believe that inclusion is essential to social stability and long-term economic growth – two important foundations for profitable business.

Creating an inclusive society is a key part of our CSR strategy, and making BT an inclusive company is an important part of this.

Our approach is one of leadership and best practice:

- Leadership in diversity – We develop diversity programmes that lead the way for others, and contribute to external debate on diversity policy
- Best practice – By using best practice, we create a workplace where all employees are treated fairly and without discrimination. We enable all our employees to give their best and ensure our workforce reflects the diversity of the countries in which we operate, and the customers we serve.

Equal opportunities policy

Our Statement of Business Practice states that we will "treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form".

This principle is supported by our [Equal opportunities policy](#), available as a PDF download.

Leadership in diversity

We aim to lead by example in our diversity policies. We share our experiences with others and contribute to the development of diversity legislation.

We are proud to highlight a few of the initiatives in which we participated during the 2007 financial year:

- Disability – Our [award winning](#) Able to Work project is increasing the number of people with disabilities applying for opportunities to work with BT
- Sign language – We use [British Sign Language on our website](#)
- Globalisation – BT CEO Ben Verwayeen hosted a breakfast on equality and diversity at this year's [World Economic Forum](#) in Davos
- Mental health – Our Positive Mentality campaign tackles mental ill-health, the most common cause of incapacity in the developed world
- Age – Changes to our policies mean that in January 2007 we have almost 1,500 more employees aged over 50 compared with March 2006

We are members of the following organisations in the UK:

- [Business in the Community](#)
- [Employers Forum on Disability](#)
- [Opportunity Now](#)
- [Race for Opportunity](#)
- [Employers Forum on Age](#)
- [Stonewall](#)
- [Working Families](#)
- Employers for Fathers
- Employers Forum on Belief.

BT works with several organisations to benchmark its practices and promote equality and diversity. For example, BT came 13th in Stonewall's 2007 [Workplace Equality Index](#) of the top 100 employers for gay people in Britain. We achieved the top standard in Business in the Community's [Opportunity Now](#) programme, which promotes inclusiveness for women. We have also signed up to the [UK Resource Centre](#)'s chief executive officer charter, which aims to increase the participation of women in science, engineering and technology.

BT's equality and diversity champion in the UK 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. Their role is to create, sustain and deliver our global equality and diversity strategy. Senior managers also lead specific groups, including race, gender, age, disability and sexual orientation.

We followed best practice diversity guidelines when designing our company-wide Global Leadership Capabilities Model. We interviewed a number of role-model leaders, some of them from minority groups, to ensure all views were reflected. The model was validated using a series of workshops and further interviews, and we held a specific workshop for representatives of our diversity networks to provide feedback. The group were positive about the model and are keen to help us promote it within their networks. The final product is a robust and valid model of leadership behaviour. We will monitor this over the next year to ensure there are no adverse impacts on minority groups.

Diversity in recruitment

It is crucial that our people reflect the diversity of our customers and are able to meet their ever-changing needs. We work with a range of employment agencies, universities, schools and college careers offices. We inform them of the variety of jobs available in BT and that we welcome a wide diversity of people into our business. Representatives of BT's People Networks attend careers fairs to promote BT as a place to work.

In the 2007 financial year:

- 15% of our new recruits were from an ethnic minority background – including 17% of new graduates and modern apprentices – compared with 9% of BT's total workforce
- 26% of our new recruits were women – including 30% of new graduates and 20% of modern apprentices – compared with 22% of BT's total workforce
- 0.18% of our new recruits had a disability as defined by the [UK Disability Discrimination Act \(DDA\)](#) – including 4% of new graduates and 0% of modern apprentices – compared with 2% of BT's total workforce.

Opportunities for career progression are very important. In the 12 months to March 2007, of those promoted into or within management positions, 26% were women and 10% from ethnic minority groups.

These figures do not include BT people who work outside of the UK.

Encouraging diversity in engineering

BT Openreach began to recruit a significant number of engineers during the 2007 financial year. This provided an opportunity to redress imbalances in the workforce by encouraging applications from women and people from ethnic minority backgrounds.

At the start of the recruitment campaign, 1.2% of Openreach engineers were female and 6.5% were from an ethnic minority.

BT's recruitment agencies encouraged applications from women and ethnic minorities through niche marketing strategies and specialist organisations.

Interviewers for the engineering jobs received refresher training that focused on diversity. They were encouraged to identify people with the potential to develop technical skills, rather than with direct technical experience.

As of 31 March 2006, 10% of applications were from ethnic minority people and 7% from women.

Ethnic Minorities

9% of BT people have declared themselves to be from an ethnic minority. This represents 9% of non-managers, 10% of managers and 10% of senior managers.

In 2006-07, 15% of our new recruits came from an ethnic minority background, including 17% of new graduates and modern apprentices.

Race for Opportunity

We took part in Business in the Community's Race for Opportunity benchmarking survey in 2006. Race for Opportunity is a growing network of UK private and public sector organisations that promotes the business case for race and diversity. A total of 104 organisations participated this year – 68 from the private sector and 36 public sector organisations.

We scored 92 percent, an increase of 2 percent from last year, achieving the benchmark's gold standard. The average score was 68 percent, and the average for our sector was 56 percent.

BT's Ethnic Minority Network

The vision of BT's [Ethnic Minority Network \(EMN\)](#) is to develop and encourage our ethnic minority community to achieve their full potential, and to support BT's global aspirations. The network is sponsored by [Robin Pauley](#), BT President of European Affairs.

The EMN's objectives are to encourage greater diversity at all levels of BT's workforce while creating commercial, community and individual benefits for BT and its people. The network also aims to help create a level playing field for all BT people and to inform decisions about recruitment, development and training.

The EMN is open to all ethnic minority employees. It runs a series of workshops covering areas such as career planning and managing cross-cultural communications. Most members – 84% – feel these events have been useful to their careers.

The network communicates through formal events, their intranet site and a quarterly newsletter, Aequalis.

The EMN participated in BT Diversity Week in December 2006. It provided a lively schedule of events including webchats, podcasts, quizzes and interviews. These aimed to increase awareness of BT's policies on ethnic minority inclusion, and to celebrate the different cultures of BT people.

People with disabilities

A significant number of people in our society have disabilities and BT's employees are naturally representative of the society in which we operate. Many BT people have, or may develop, a disability and we are committed to developing leading edge policy and approach to supporting our people with disabilities. We scored 98% - first place - in the latest [Employers Forum on Disability Benchmarking exercise](#), demonstrating our commitment and leadership in this area. 2% of our employees have declared a disability; that's 2% of non-managers and 1% of managers. We believe that there is under-declaration in this area as 4% of people who responded to CARE 2007 believes they have a disability. In March 2006 we launched our personal data validation exercise to offer people the opportunity to check their personal data and declare their disability if they had not before.

Disability and recruitment

BT is a [Two Ticks employer](#). This is a UK scheme recognizing companies that employ disabled people. We interview all disabled applicants that meet the minimum criteria for a job and consider them based on their skills and experience.

We provide placements for disabled people through [Scope's Leadership Recruitment scheme](#) and, more recently through a pilot with [Prospects](#), the employment arm of the National Autistic Society.

Able to Work

Our [award-winning](#) Able to Work initiative increases the number of disabled people employed in our Customer Contact Centres. More than 500 people have applied for work through the initiative, 200 have been offered jobs and 70 are in post.

Enable

People with sometimes require changes to their job, or new equipment, technology or services. BT's Enable programme provides advice from independent disability consultants, [Churchill, Minty and Friend](#) as to what is available and how to implement any such adjustments. Enable has helped around 600 employees since 2003. We have also created a Guide to Reasonable Adjustments, to help our line managers handle these changes.

AbilityNet

We provide support and office space to [AbilityNet](#), a national charity that adapts technology to help disabled people use computers. AbilityNet offers these services to BT people.

Raising awareness

Able2

Able2 is our disability People Network. It provides advice for disabled people, their line managers and colleagues, and those serving customers with disabilities.

During BT Diversity Week 2006, Able2 held road shows in Belfast, Glasgow and Gatwick. Disability organisations including the [RNIB](#), [RNID](#), the [MS Society](#) and [Ulster Supported Employment Ltd](#) attended.

Positive Mentality

Positive Mentality is a campaign to encourage employees to care for their mental health. In 2006, we ran a series of road shows around the UK with mental health specialists the [Sainsbury Centre for Mental Health](#) and [MIND](#).

Working with... fact sheets

We have produced a series of fact sheets to help our workforce understand common disabilities. They include personal perspectives from BT people on living and working with each condition, challenge common stereotypes and give links to further information.

The Asperger's Syndrome SharePoint

This website was created by an employee who has Asperger's Syndrome. It supports a community of employees with Asperger's, their managers, parents whose children have the condition and others with an interest.

Development for people with disabilities

Valuing Ability workshop

Sponsored by BT Retail and developed in partnership with the Able2 network, Valuing Ability is an annual personal development workshop for BT people.

Age

People can make assumptions about others based on their age. This can cause them to treat people differently just because they are younger or older than them.

Individuals can experience discrimination as a result of these assumptions, and be denied fair treatment in areas ranging from recruitment to training and promotion. Younger workers are sometimes overlooked because people think they lack responsibility or experience. Equally, older people are often considered unsuitable for jobs in technology and other newer areas.

At BT, we believe in merit. All employment decisions are based on the skills and attributes of individuals. Mixed-age teams help us to understand all our customers' needs and benefit from a richer diversity of opinions and experiences.

Using age stereotypes to determine who is recruited or promoted fails to take into account the individual and the skills they offer. This is not only poor business, but also unlawful. In the UK, the [Employment Equality \(Age\) Regulations 2006](#) came into force on 1 October 2006.

But age equality has been part of BT's agenda for much longer. In 1996, we were a founding member and the initial chair of the [Employers Forum on Age](#), an independent network of leading employers who recognise the value of an age-diverse workforce. Our Age Champion Aaron McCormack, CEO of BT Conferencing, sponsors age diversity in BT.

BT sponsored the charity [Help the Aged's Living Legends Awards 2006](#), which recognised older people who have achieved amazing things. BT was also a lead sponsor of the [Employers Forum on Age's](#) 10 year anniversary gala dinner in October 2006. BT manager [Becky Mason](#) received an award for her contribution to the age diversity agenda.

Click on the icons below for comprehensive employee age data since 2001.

Age of Change

To prepare for the UK Employment Equality (Age) Regulations 2006, we conducted a thorough audit of our policies and practices. We used the results to create an action plan, which was implemented across BT by our Age Action Team of human resources specialists.

We also ran an internal communication campaign called Age of Change to help affect cultural change in UK society. This included an e-learning course, fact sheets for managers, guidance and quizzes to inform people about the UK Age regulations, BT's policies, and our people's responsibilities.

Flexible retirement

On 1 October 2006, BT introduced a flexible approach to retirement. There is now no fixed retirement age, so people who wish to can continue to work for us beyond our previous retirement age of 60. More than 1% of our employees are now aged over 60.

Gender

Our gender equality strategy aims to ensure that women and men have equal opportunities to work for and progress in BT.

Employee profile

In the 2007 financial year, 22 % of all BT employees were women – 21 percent of non-managers, 24 % of managers and 16 % of senior managers.

26% percent of our new recruits were women – including 30% of new graduates and 20% of modern apprentices.

Click on the icons below for comprehensive data since 2001.

Ensuring gender equality

Chris Ainslie, Vice President of Systems Integrators and Channel Partners, is BT's Gender Champion and sponsors gender diversity. We take part in a number of initiatives to promote gender equality.

BT has signed up to the [UK Resource Centre's](#) CEO charter. This is a quality mark that recognises science, engineering and technology companies that have addressed issues important to women when choosing an employer. These include flexible working, opportunities for development and progression based on merit, and fair and equal pay.

The [BT Women's Network](#) supports women to achieve their full potential. The network provides contacts, mentoring, coaching, advice and guidance. It keeps a job-share register for anyone in BT wishing to find a job-share partner. There are satellites of the Women's Network in Benelux, Germany, Spain and the USA. We also have an Executive Women's Network to provide focused support for women who aspire to the highest levels in BT.

BT is a member of [Opportunity Now](#), a network of employers promoting inclusiveness for women. In their most recent benchmarking exercise, we were rated platinum – the highest possible rating – with a score of 98 percent. The average score was 72 percent overall and 61 percent in our sector.

BT is an [exemplar employer](#). This initiative was launched in response to the UK Women and Work Commission's recommendation that the Government identify best practice employers to share their expertise with others. Exemplar employers offer women flexible career paths and work options, including quality part-time work.

BT parents

BT has long provided more than the statutory minimum requirements for new parents. Our Maternity Checklist ensures we provide appropriate support and keep in touch with new mothers. Fathers can take two weeks paid and two weeks unpaid paternity leave.

At BT, 99 percent of new mothers return to work after maternity leave, compared with a national average of 47 percent. Read more about our success in this area [here](#).

The [BT Childcare Salary Direct](#) scheme allows employees to save up to £1,000 on the cost of childcare. Employees can also visit the BT-sponsored [Netmums](#) website, which provides access to local support networks.

Recruiting women

Men and women choose different occupations. Women in the UK are more likely than men to work in administrative, secretarial and caring roles. Men are more likely to work in technical and engineering roles. This is true in BT. More than 60 percent of our Customer Service Contact Centre advisors are female, compared with only 1 percent of BT Openreach's engineers.

Find out how we are addressing this challenge [here](#).

People networks

BT people networks are groups of employees who come together because they have a mutual interest. They help provide a sense of identity and support for our people and facilitate greater understanding about minority groups within our workplace. The networks help BT contribute to an inclusive society.

Each network is sponsored by a senior manager, to provide a two-way link with management. Our people networks provide members with mentoring and networking opportunities, development programmes, annual conferences, information websites and regular road shows. They also ensure that resources such as community investment and education are fairly distributed. The networks help our business and marketing departments to create products and services that better meet the needs of our diverse customer base. A number have internal satellites.

There are currently nine BT People Networks:

- Able2, our network for employees with disabilities
- BT Apprentices
- BT Asian Network
- BT Christian Network
- [BT Ethnic Minority Network](#)
- [BT Kaleidoscope](#), for employees who are gay, lesbian, bi-sexual or transgender
- BT Muslim Network
- BT Women's Network
- BT Women's Executive Network.

Highlights of the year

BT Kaleidoscope was named runner-up in the 2007 [Stonewall Workplace Equality Index](#) Network of the Year.

Our Women's Network celebrated its 20th anniversary in October 2006. The group held an anniversary networking and fundraising gala, raising more than £20,000 for children's helpline ChildLine. The BT Women's Network also launched an online network, called Connecting for Success, to connect its members across our global organisation.

In November 2006, our Ethnic Minority Network hosted an event for 30 pupils, aged 14-16, from secondary schools across Greater London. The Working in the City event was run by [MERLIN](#), a Business in the Community programme that aims to raise the aspirations of young people from ethnic minorities through interaction with adults of similar ethnic backgrounds.

In December 2006, BT people networks took part in BT Diversity Week, a company-wide celebration of the diversity of our people.

Employee disputes

In the 2007 financial year there were 36 discrimination-related cases involving BT in the UK. Of these, 12 were withdrawn, none judged against BT, 9 settled and 15 judged in favour of BT. There were 44 cases involving BT in the 2006 financial year, 58 in 2005 and 14 in 2004.

Click on the icons below for data relating to discrimination-related litigation in the UK since 1999.

Learning from discrimination cases

Every discrimination litigation case is one too many. We have a number of measures in place to keep them to a minimum.

We provide regular monthly reports to managers that highlight cases in their area. Multi-disciplinary teams and working groups review developments in discrimination law as they emerge. We ensure that our case management continues to be robust and, at the same time, that we educate our people to address any issues that arise. We make sure that learning from other employment tribunal cases is shared with our equality and diversity specialists.

Sexual orientation

We aim to ensure that employees of all sexual orientations are supported, represented and heard in BT. The same is true for our customers, as we are committed to support and reflect an inclusive society.

We have a close working relationship with BT Kaleidoscope, our network for lesbian, gay, bisexual and transgender (LGBT) employees. During the 2007 financial year, senior manager Anne Heal was appointed BT LGBT Champion, demonstrating our commitment to inclusion from the top of the Company.

We have strengthened our relationship with [Stonewall](#), a UK campaign group supporting lesbians, gay men and bisexual people. We came 13th, with an overall assessment of 87%, in their 2007 [Workplace Equality Index](#) of the top 100 employers for gay people in Britain. BT Kaleidoscope was voted runner-up in Stonewall's Employee Networks Review and has been a key player in the Stonewall Diversity Champions Programme in Scotland. We are committed to maintain and improve our position in this area and have begun a formal review with Stonewall to assess how this can be done.

We are part of the external debate on sexual orientation and inclusion. In September 2006, a BT representative spoke at the [Out & Equal 2006 Annual Summit](#) in Chicago. During BT Diversity Week in December 2006, Anne Heal hosted a speaker from [FFLAG](#), a UK organisation that supports families and friends of lesbian, gay and bisexual people, on a video webcast. BT Openreach sponsored the [Faith, Homophobia and Human Rights Conference](#) in February 2007, which discussed the right of people of faith to their beliefs and the right of lesbians and gay men to be protected from discrimination.

During March 2007, we wrote to all UK employees asking them to complete, or refresh, their personal information. This included, for the first time, the option to declare their sexual orientation. Although this information is given on a voluntary basis, it will help ensure that everyone in BT is treated fairly and that there is no discrimination based on sexual orientation. The 2007 employee survey also gave employees the opportunity to declare their sexual orientation.

Religion and belief

Respecting one another and valuing individuality are key aspects of BT's culture. These values create a positive and supportive working environment and enable people to perform to the best of their ability. By understanding our employees' and customers' religious beliefs, we can ensure we respond appropriately and respectfully to their needs.

BT chairs the Employers Forum on Belief, which was created to establish and share good practice towards religion and belief in the workplace. Forum members include, Accenture, B&Q, Barclays, the BBC, the Cooperative Group, the Land Registry, the London Underground Race for Opportunity, the Royal Bank of Scotland Group, and Shell. The Forum met several times during the 2007 financial year.

Phil Moses, Group Controller and Director of Investor Relations, is BT's Belief Champion. His role is to ensure that people of all faiths have a right to practice their beliefs proudly and openly in our workplace. We provide multi-faith rooms and work with our Faith People Networks to understand and accommodate our employees' needs.

We have produced a booklet on religion, called RESPECT, which offers our people an insight into the many religions practiced by their colleagues and customers. The booklet also provides advice for line managers to strike a good balance between the needs of individuals and the needs of the company.

During BT Diversity Week 2006, we celebrated the diversity of our people and the strength this brings to our organisation. Events included a webchat on race hosted by Phil Moses, a race and belief quiz to raise awareness of BT's policies and practices in this area, and a series of podcasts of BT people talking about their religion and what it means to them.

Bullying and harassment

BT takes a zero tolerance approach to bullying and harassment.

We believe that people can only give their best if they are treated with dignity and respect at work. We are members of the [Dignity at Work Partnership](#) led by the UK Department of Trade and Industry and the Amicus trade union.

In June 2005, BT's Chairman, Sir Christopher Bland, and CEO, Ben Verwaayen, launched our "Let's Cut it Out" anti-bullying campaign.

In September 2006 we launched a further three videos tailored to the specific requirements of different business areas.

These form part of a comprehensive intranet site, which enables BT people to understand the personal and business impacts of inappropriate behaviour at work.

Learning and development

We seek to encourage and provide opportunities for personal growth and professional development.

We believe that talented people increasingly want to work in companies that commit to the long-term development of their employees.

Here we present our approach to learning and development:

- Learning and development principles and commitment
- Career development
- Investors in People
- Career-life plan
- Life long learning

Learning and development principles and commitment

We make the following commitment to promote learning and development for our people:

We will set up a partnership with each individual who 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 Route2Learn portal 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 their 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 group or individual involved) so we can make the best use of the talent across BT.
9. Make the 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.
11. Work closely with the [e-skills UK](#), the skills council for the IT and telecoms sector, to maximise government support for learning.

Career development

There are many opportunities for promotions within BT. We have a centralised application system and an on-line Job News facility.

To develop their career in BT, employees take on challenging tasks in daily activities and can participate in 'buddying', mentoring, job shadowing and secondments.

Initiatives such as the Aspiring Leaders Programme enable team members to assess their skills and develop plans for the future.

Regular monthly meetings and annual development reviews help employees and their managers communicate directly on career development.

In the UK, our NewStart initiative provides a comprehensive toolkit to enable our employees to plan and address career changes constructively.

Investors in people

BT is recognised as an [Investor in People](#) (IiP). IiP is a standard of good practice for training and development devised by leading UK business and employee organisations. Assessments are primarily based on interviews with employees. We remain one of the largest companies to pass this challenging outcomes-based test.

Career-life plan

Career-life planning encourages people to consider their careers in the long-term and to choose employment options that best suit their changing needs and those of our business.

BT provides the information and services for our people to benefit from the various services available to them at different times in their careers and lives. These might include:

- Changes to their job
- Periods of ill health
- Parenting/caring
- Lifelong learning
- Volunteering
- Financial/pension planning
- Retirement.

We are committed to creating an environment where change is anticipated and dealt with constructively. Relationships and discussions between managers and their people are fundamental to this. Managers must work with their people to match the aspirations of individuals with the needs of the business.

We have developed a number of initiatives to help our people take control of their careers, and their managers to support them.

Newstart

Newstart is a comprehensive toolkit that enables employees to plan ahead for their career. Employees can continually develop and revise the plan throughout their working life in BT. We recognise that employees who lead an active and involved life outside of work gain broader experience, and Newstart encourages our people to maintain a healthy work-life balance.

Achieving the Balance

NewStart is supplemented by Achieving the Balance, an intranet site that promotes flexible working and presents the range of work-life balance options available to BT people. [Flexible working](#) is a key element of career-life planning. Flexible hours and working practices help our employees to achieve a good balance between their work and personal life.

Career Corridors

Introduced in the 2007 financial year, our Career Corridors programme provides a suite of internal and external resources to help people make informed decisions about their career.

The programme was initially piloted in BT Wholesale, and is being implemented company-wide. To ensure it is successful, we have introduced training for line managers, introductory workshops for our people and 'ready for change' modules within the programme.

Life long learning

We invest in learning and education for all BT people.

We have a Learning Council of learning and development professionals. This council ensures our training programmes are aligned with our strategic business objectives. It provides employees with the skills needed by our lines of business and to implement major initiatives such as our 21st Century Network.

BT Route2Learn (R2L), a web-based learning portal, is available to all BT employees globally via our intranet. R2L is a key part of our commitment to lifelong learning and provides an extensive range of instructor-led and e-learning programmes and facilities. R2L helps people acquire skills useful for their job and helps them take advantage of future career opportunities in an industry where the skills required change rapidly.

The system has around 170,000 users, of which just over 106,000 are full-time equivalent employees (FTE). A significant number of contractors use the system, and as many contracts are short-term there is a high user turnover rate. Just over 106,000 accounts have been logged in to since the site went live.

More than 430,000 courses have been taken since 20th March 2006, and the majority were e-learning programmes.

A number of the courses on the system are mandatory, so more than 90% of FTE employees take part in learning. Contractors also take part in a small number of mandatory courses, such as basic health and safety training.

R2L includes accredited programmes that lead to professional and post-graduate qualifications. These include a Master of Science (MSc) degree in telecommunications studied part-time over 20 months.

The 'BT Leadership Portal' helps our people learn about BT's leadership capabilities, and identify areas for development and appropriate resources to help them. These include access to via the BT Global Leadership Pathway to a series of leadership programmes for managers, depending on their role and stage of development.

Health and safety

One of our business principles is to care for the health and safety of people across all BT's operations and products.

Health and safety is not just about avoiding accidents – it requires a broader commitment to protecting our employees' physical and mental health. We promote healthy lifestyles through our health and wellbeing programme.

We focus on a number of major health and safety risks:

- Driving
- Fire and incidents on BT property
- International travel health
- Contact centre health
- Injuries while working on the network
- Mental wellbeing
- Physical wellbeing
- Managing outsourced work.

We use key performance indicators to help us measure our performance more accurately. Our measures are:

- Lost Time Injury rate – the number of accidents resulting in sickness absence per million working hours
- Rate of total sickness absence – the percentage of calendar days lost due to all causes of sickness absence.

In the 2007 financial year, we have achieved a 10.1% reduction in the rate of Lost Time Injuries and a 3.5% reduction in the rate of general sickness absence. During 2007 financial year, there were 3 work related fatalities involving BT People.

Here we discuss:

- Health and safety guiding principles
- Health and safety implementation
- Health and wellbeing
- Stress management
- Occupational road risk management
- Musculoskeletal disorders
- Health and safety partners in the BT Unions

Health and safety guiding principles

Our [health and safety guiding principles](#) are available as a PDF download.

Health and safety implementation

These processes and structures support the implementation of our health and safety guiding principles.

Each of BT's lines of business will:

- Appoint a health and safety champion who is a direct report of the line of business CEO
- Produce an annual health and safety plan, with objectives, targets and responsibilities

- Prepare an annual health and safety report demonstrating the work done towards meeting its health and safety commitment and measuring its performance against the standards set in the annual plan
- Maintain a comprehensive inventory of physical, chemical and psycho-social hazards
- Carry out formal risk assessment and profiling of 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 them
- 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 an adequate independent audit of the management of health and safety, commit to an action plan to deal with recommendations and have the 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.

Health and wellbeing

In 2005, we launched the Work Fit programme to help employees understand how diet and exercise can reduce the risk of heart disease and to adopt a healthier lifestyle. Over 16,000 BT Employees took part, making it one of the largest and most successful initiatives of its type anywhere in the world.

We continued the programme in 2006, with a focus on stopping smoking, increasing physical activity and building a positive mentality.

Employees taking part in Work Fit received advice and educational material via e-mail and the intranet. These emphasised how small lifestyle changes can bring big changes in vitality and health.

All initiatives were developed in partnership with the BT Unions and specialist charities including the [Men's Health Forum](#), the [Sainsbury Centre for Mental Health](#) and [Sport Relief](#).

Stress management

We are committed to help BT people recognise and deal effectively with everyday pressure and work-related stress.

BT's strategy for mental wellbeing

People feel stressed when they cannot cope with pressure in their lives – at work and at home.

We try to make sure that we do not make unreasonable demands of our people. We do this through job design, resourcing (making sure jobs are done by people with the right skills), training and development, and people management. We provide support to employees affected by stress in their private lives.

Work-life balance is an important aspect of mental wellbeing and we strive to balance good customer service with the needs of our employees. We believe our record is good, although there is still more to do to promote best practice across BT.

Our strategy has three phases:

Primary: Reducing stress at source through workplace and job design

We guide employees and managers on the causes of stress and how to avoid problems, for example through our Dealing with Stress intranet.

Secondary: Identifying early signs of stress and supporting individuals

STREAM, BT's Stress Assessment and Management tool, helps us identify and address work pressures that cause stress. STREAM provides essential management information on the mental wellbeing of our employees.

Tertiary: Helping established cases cope and recover

Work can play an important part in recovery from mental health problems. It is very important that managers and colleagues keep in touch with individuals during stress-related absences to minimise the problems of isolation and de-motivation. Absence Case Advisors send letters of support to people who are off work with a stress-related illness.

We also offer support through our Employee Assistance Programme – a confidential service available online and via a 24-hour helpline.

Occupational road risk management

BT has a fleet of more than 43,000 vehicles in the UK. This means there is a significant risk of injury to our people and the general public from road accidents.

Starting Point is our programme for reducing occupational road risk. Drivers are individually assessed and the factors contributing to a higher risk of accidents identified. Drivers are offered tailored support to minimise those risks. By the end of the 2006/07 financial year, more than 40,000 BT drivers had taken part.

Musculoskeletal disorders

BT contributed to the development of a good practice guide and industry wide review of musculoskeletal disorders in the European Telecommunications sector under the auspices of the EU social dialogue arrangements. Full details of the project can be found [here](#).

Our multimedia training package for employees highlights the risks associated with manual handling activities. It uses video and computer generated graphics to deliver health and safety training which is both relevant and engaging for the target audience.

Health and safety partners in the BT unions

We have an agreement with the Communication Workers Union and Connect on the role of safety representatives. The agreement formalises the arrangements for the training of safety representatives and establishes a framework to promote co-operation between BT managers and the employee representative bodies. This partnership enables us to deal with health and safety issues in a non-political and non-confrontational manner. This ultimately helps us improve the protection of our people.

Employees - Key Performance Indicators

Indicator	Description	Measure	Target
Employee Engagement Index	A measure of the overall success of BT's relationship with its employees	The Employee Engagement Index was 65% during the 2007 financial year.	To achieve an Employee Engagement Index of at least 65% †
Diversity	A measure of the diversity of the BT workforce	BT is in the top 10 placement in 3 out of the 4 main UK Diversity Benchmarks. ††	BT will maintain a top 10 placement in 3 of the 4 main UK Diversity Benchmarks.
H&S: Lost Time Injury Rate	Rate of Lost Time Injury Incidents expressed as a rate per 100,000 hours worked on a 12-month rolling average	0.238 cases per 100,000 working hours	Reduce to 0.235 cases per 100,000 hours during the 2008 financial year.
H&S: Sickness Absence Rate	Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average	2.43% calendar days lost to sickness absence	Reduce to 2.40% calendar days lost due to sickness absence during the 2008 financial year.

† In 2007-08 the Employee Engagement Index will be based on an average of the mean results across a reduced number (4) of key questions.

†† see archived reports for earlier measures

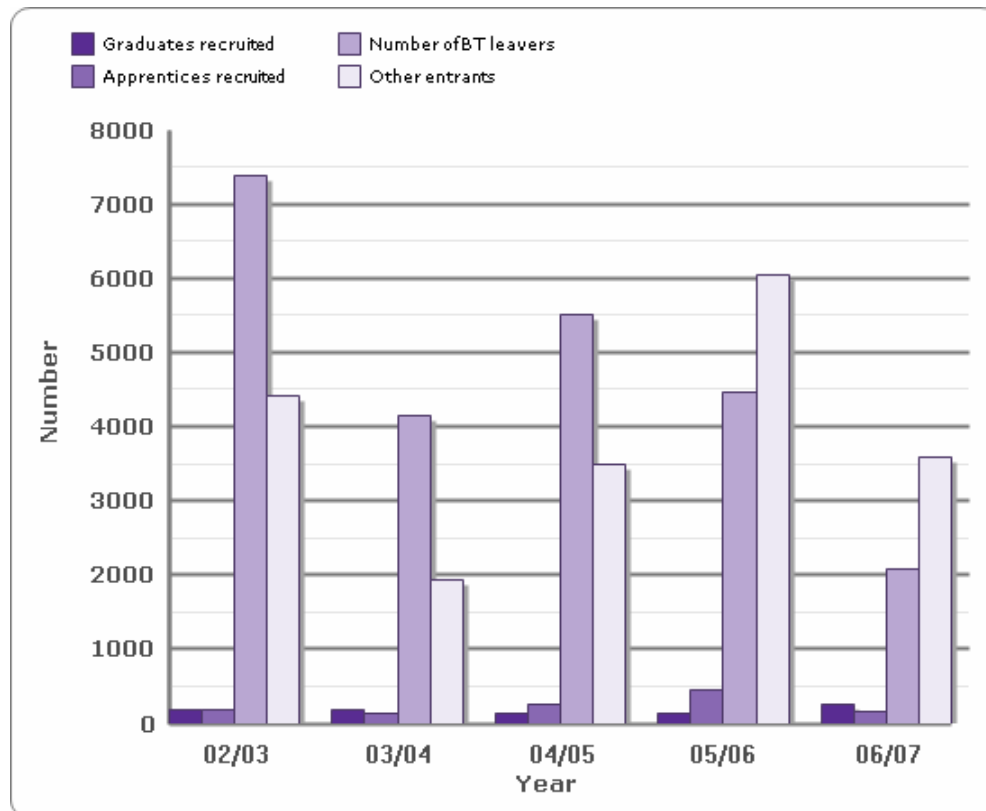
Employees Targets

Start Date	End Date	Description	Update	Target Status
April 2007	April 2008	BT will maintain or improve on its 2007 Employee Engagement Index score of 65%.		New
April 2007	March 2008	BT will achieve a top 10 placement in 3 of the 4 main UK Diversity Benchmarks.		New
April 2007	March 2008	BT will compare the relative Employee Engagement Index score for disabled and non-disabled people (obtained from CARE 2007 employee census) and create an action plan to reduce any differential in CARE		New

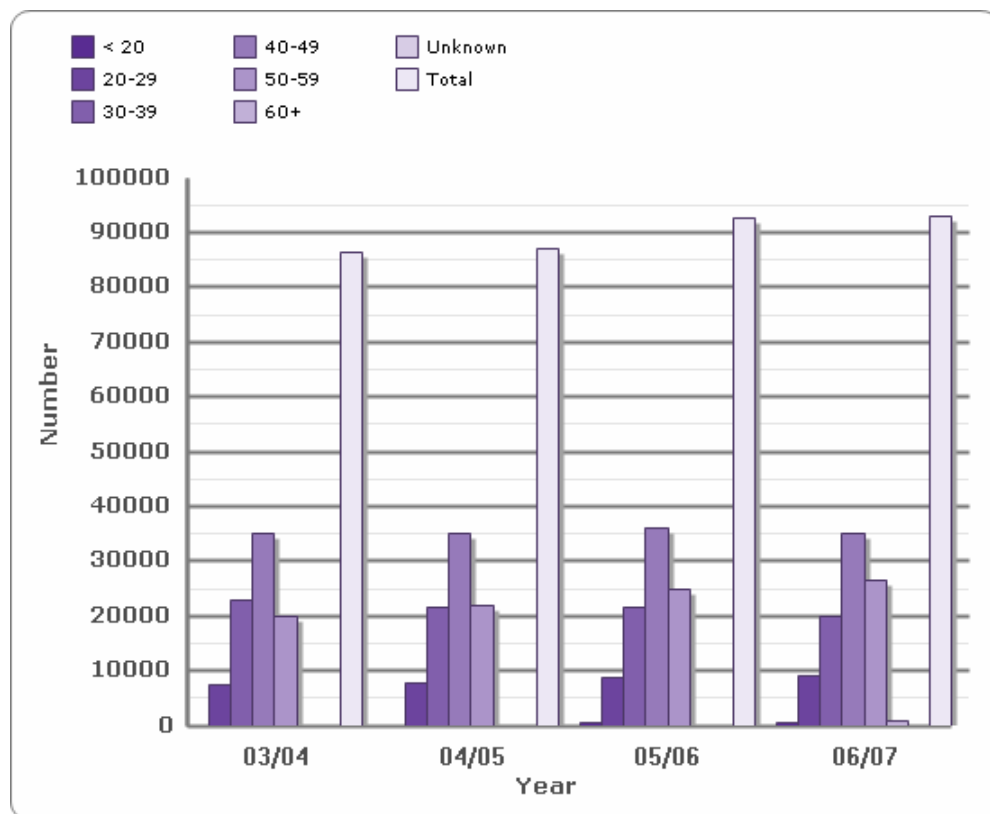
		2008 employee census.		
April 2007	March 2008	BT will expand its diversity metrics, via self-declaration and the CARE 2008 employee census, to include sexual orientation and religious belief.		New
April 2006	March 2007	BT will have no successful health and safety prosecutions or prohibition notices served against the company.	There were no successful prosecutions of the company or prohibition notices served in the 2007 financial year.	Completed
April 2006	March 2007	BT will deliver business unit Diversity Plans across the Global Services division through the newly created Global Services Diversity Forum, aimed at improving the diversity and inclusivity profile / environment of the global business. (This will be measured through 6 existing Global Services KPI's and the new BT Diversity Index to be created in 06/07).	A GS Diversity Forum has been formed and meets quarterly, with each business unit having a senior representative on the Forum responsible for developing and delivering their unit diversity plan.	Completed
April 2006	March 2007	BT shall identify a core number of qualitative and quantitative measures so that we can establish a Diversity index for BT which will provide a tracking mechanism.	A BT wide diversity centre of expertise has been established who review a set of quantitative diversity measures, produced by Peoplesoft, on a monthly basis.	Completed
April 2006	March 2007	BT will maintain or improve BT's EEI, which is currently 65%.	The employee engagement index for the 2007 survey was 65%.	Completed
April 2006	March 2007	BT will undertake supportive actions to move BT towards a balanced representation level of people over 50, proportional to that which exists in the local labour force.	We now have 1,950 more people aged over 50 than at March 2006 on a par with the local labour force.	Completed
April 2006	March 2007	BT will establish a new diversity index to take account of BT's growing global activities.	BT's new measure is to be in the top 10 placement in 3 out of the 4 main UK Diversity Benchmarks. BT will benchmark its global performance via the Schneider Ross Global Diversity Network, which will be run for the first time next year.	Completed
April 2006	March 2007	BT will research and agree a set of measures for BT, which will enable us to benchmark diversity profiles both internally and externally on a global basis, (where effective benchmarking material exists globally).	BT will benchmark its global performance via the Schneider Ross Global Diversity Network.	Completed
April 2006	March 2007	Based on our extensive statistical analysis and action plan developed in the last financial year, BT shall monitor the outcomes of our action plan to address the statistical distribution of performance ratings amongst ethnic minority employees. Our measure will be a positive movement towards a "normal distribution".	BT Internal audit have monitored performance against the action plan and have reported all actions as complete. We will continue to monitor these statistics on an ongoing basis.	Completed
April 2006	March 2007	BT will ensure that the proactive diversity management of the executive appointments process	Statistics are now available on all external appointments and are	Completed

		continues and that shortlists are representatively constituted in terms of gender and race.	provided to Director People and Policy quarterly.	
April 2006	March 2007	BT will continue to work with its external executive search suppliers to provide sufficiently diverse short-lists to enable us to select candidates with diverse demographic backgrounds.	Statistics are now available on all external senior appointments and are provided to Director People and Policy quarterly.	Completed
April 2006	March 2007	BT will measure the EEI of BT people who have declared themselves to have a disability against the BT norm. If there is a difference, we will research what the points of difference are and will develop a strategy and action plan to address those issues wherever possible.	The EEI has been measured and action plans are in place to address the issues identified.	Completed
April 2006	March 2007	BT will achieve a 14% reduction in the Lost Time Injury rate, expressed as the number of incidents per million working hours.	We failed our target with a 10.13% reduction over the year.	Failed
April 2006	March 2007	BT will achieve a 4% reduction in the total sickness absence expressed as percentage of Calendar Days lost.	We failed our target with a 3.46% increase over the year.	Failed
April 2006	March 2007	BT will achieve a 19% reduction in the incidences of ill health meriting referral to occupational health which may be possibly attributable to work activity within the UK expressed as cases per 10,000 people in post.	There was a 16.4% increase over the year, therefore failing our target to reduce by 19%.	Failed

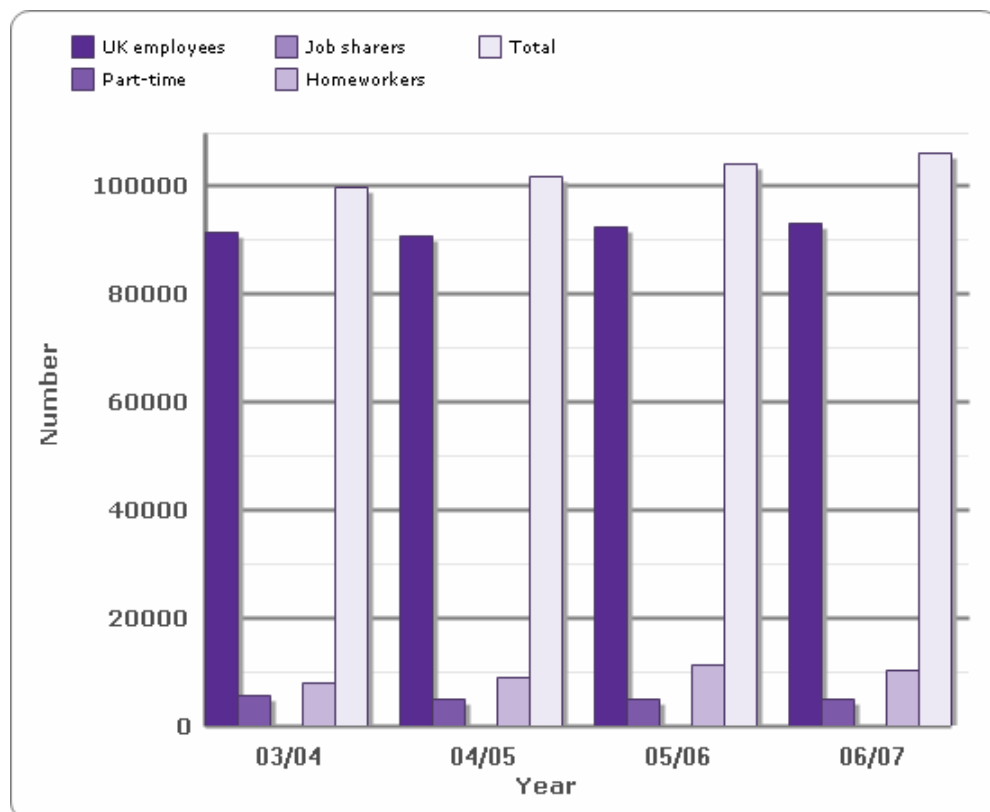
Recruitment



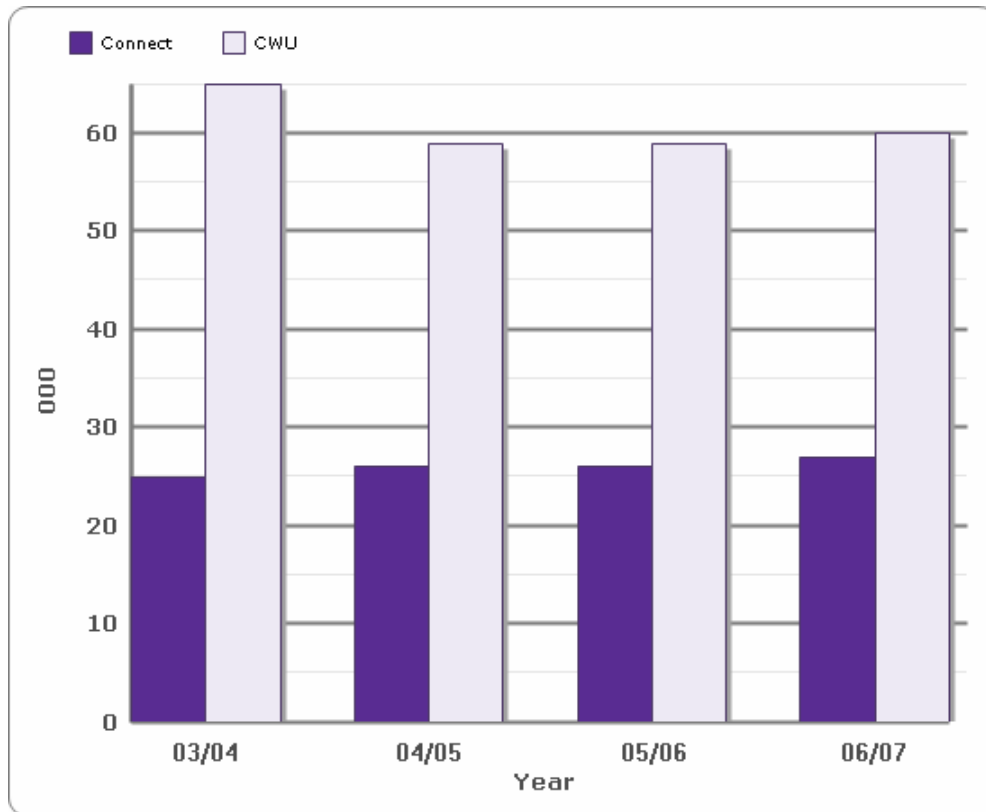
Age Profile (UK)



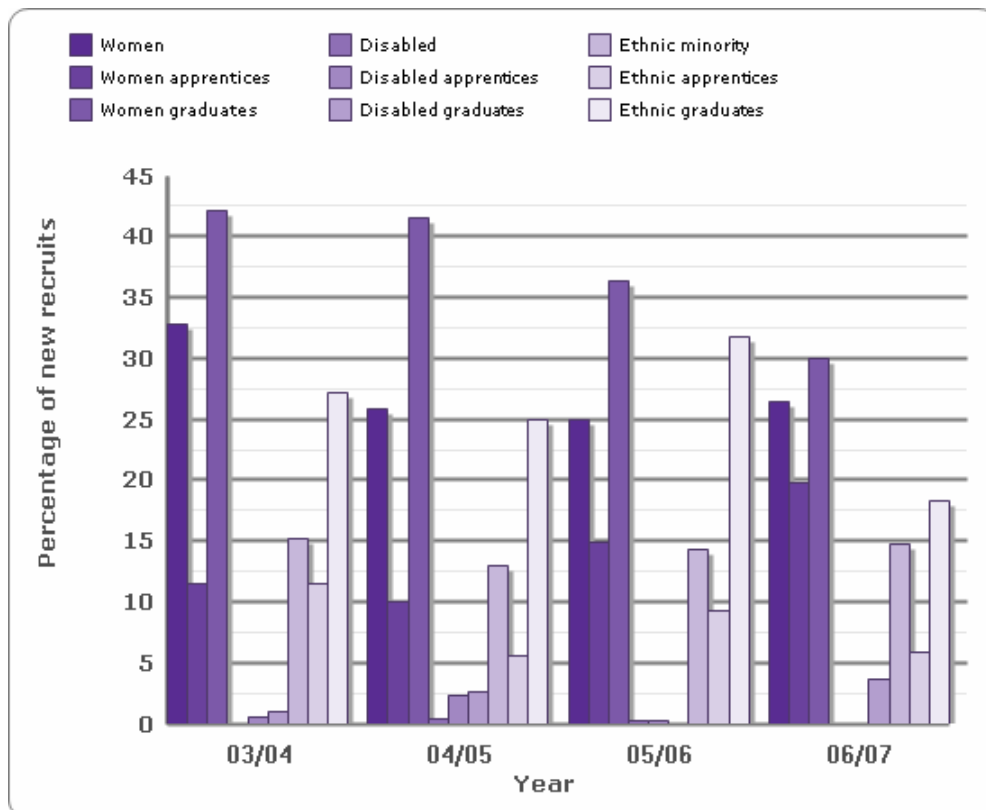
Number of employees



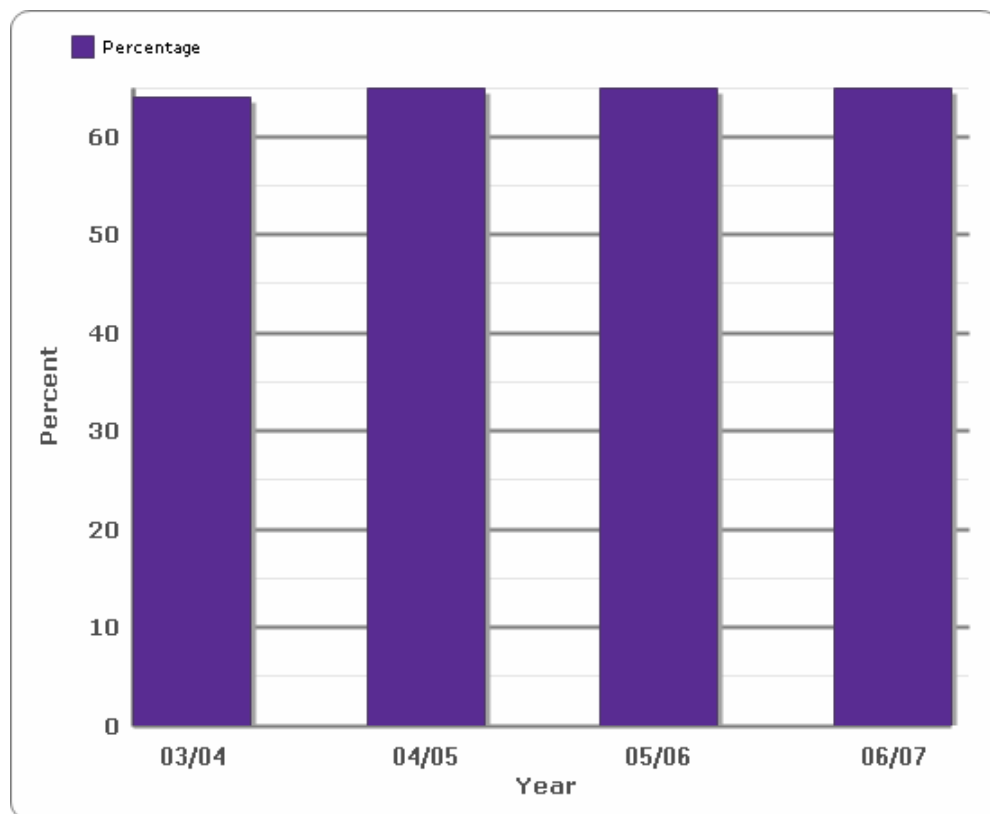
Employees represented by a trade union



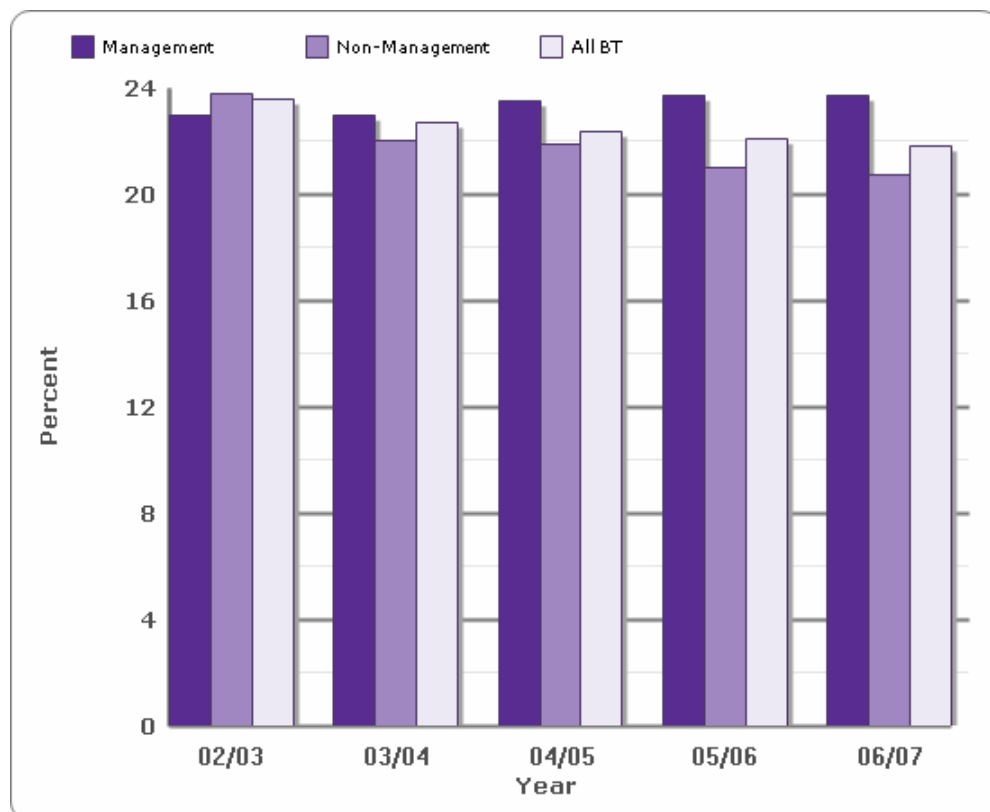
Diversity recruitment



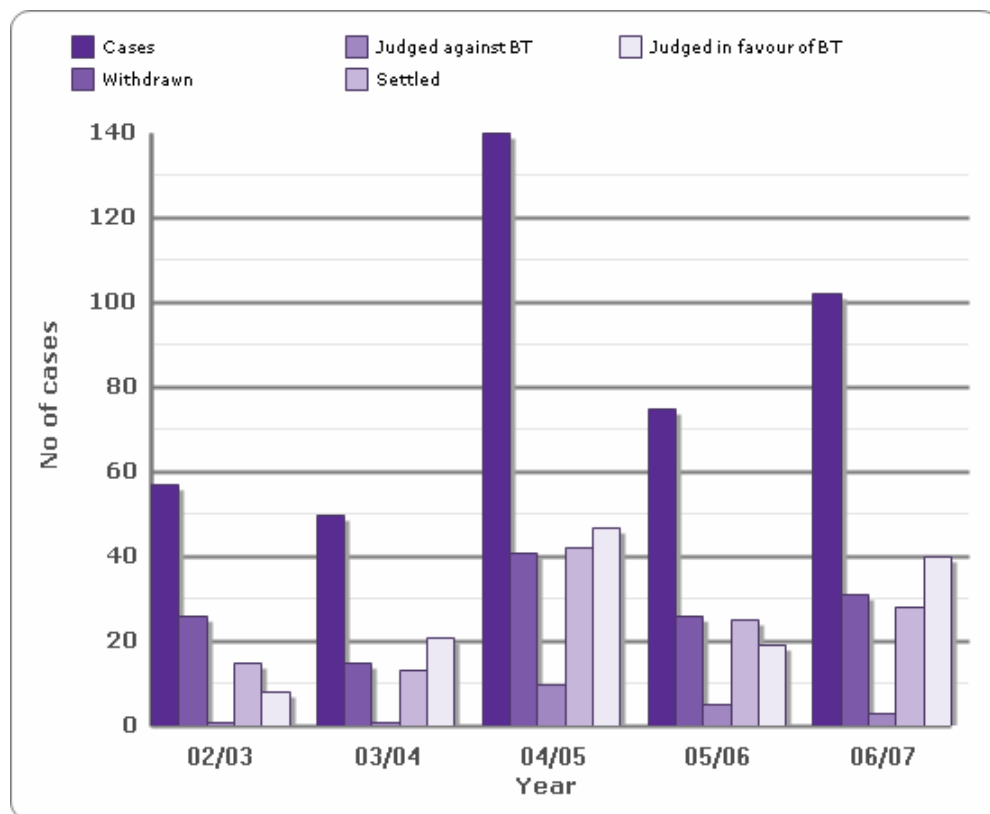
Employee Engagement Index



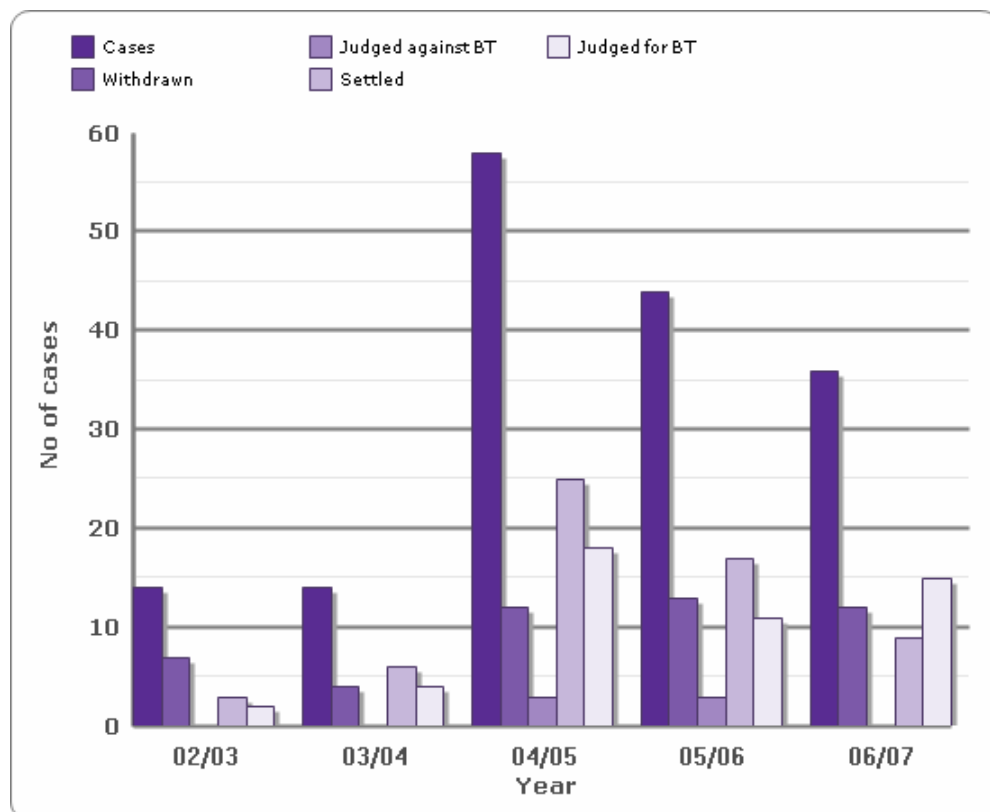
Diversity (Women Employees)



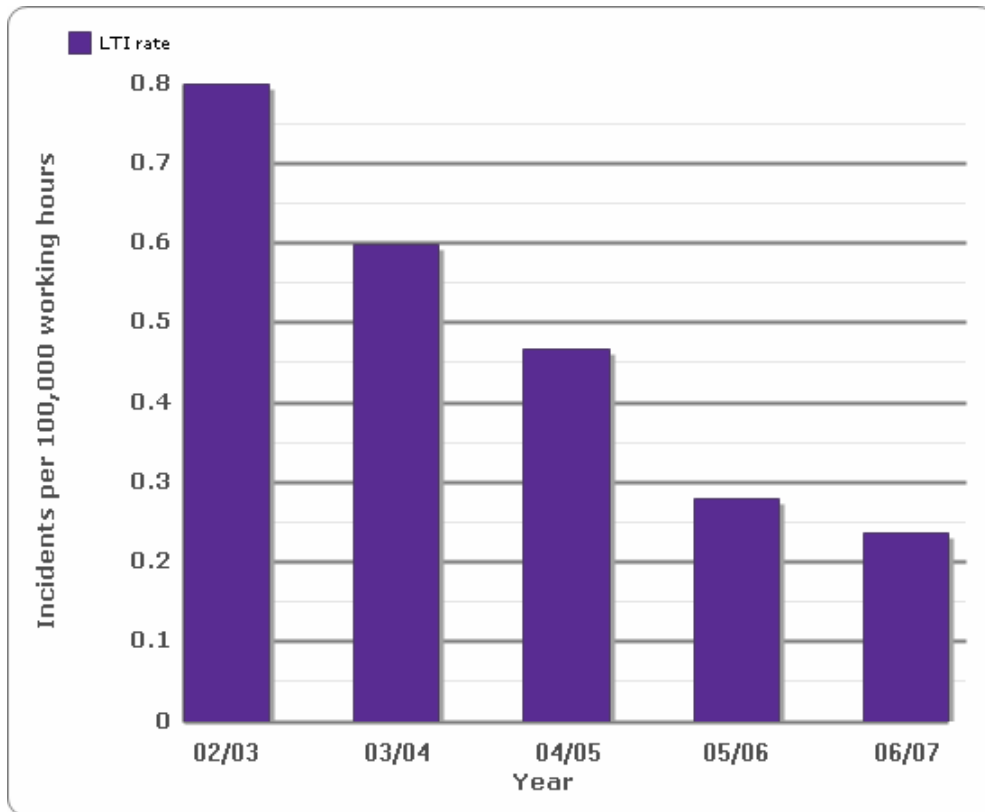
Employment Tribunal Cases



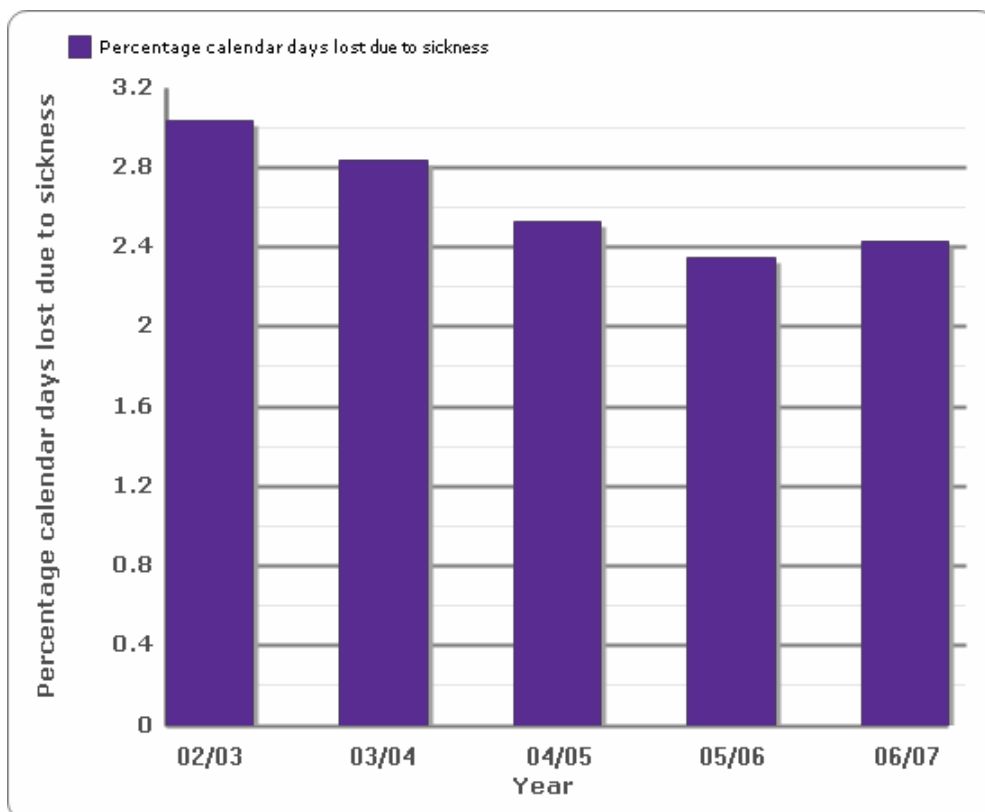
Discrimination Litigation



Lost Time Injury Rate



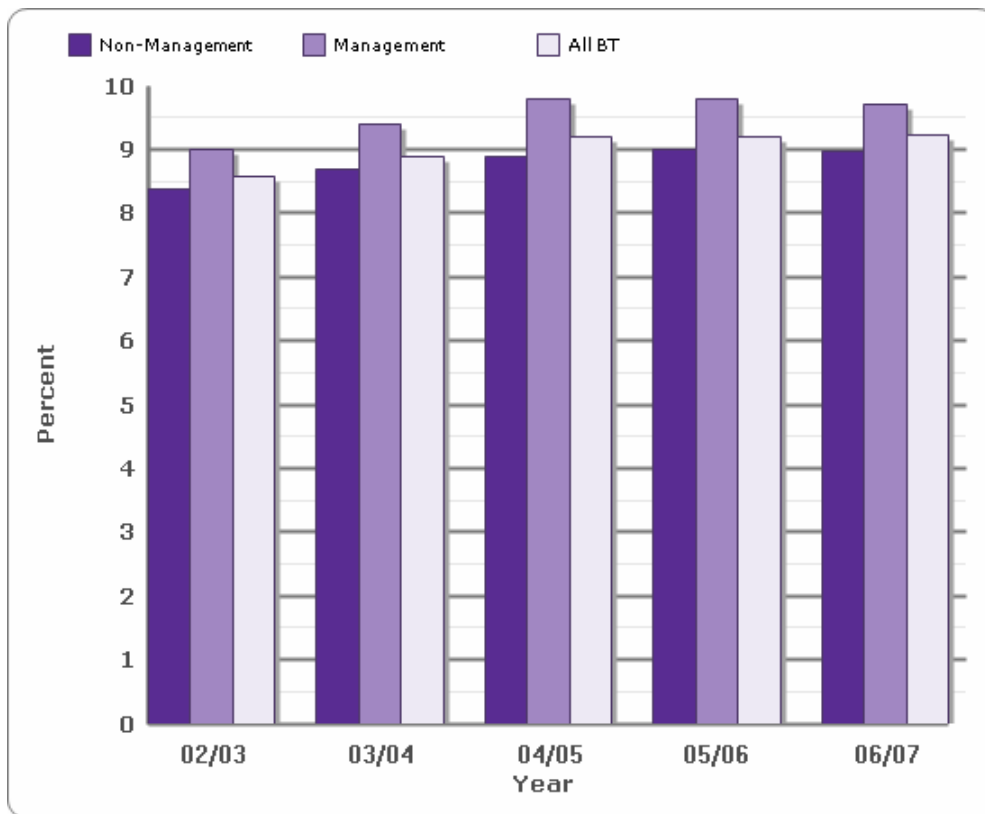
Sick Absence Rate



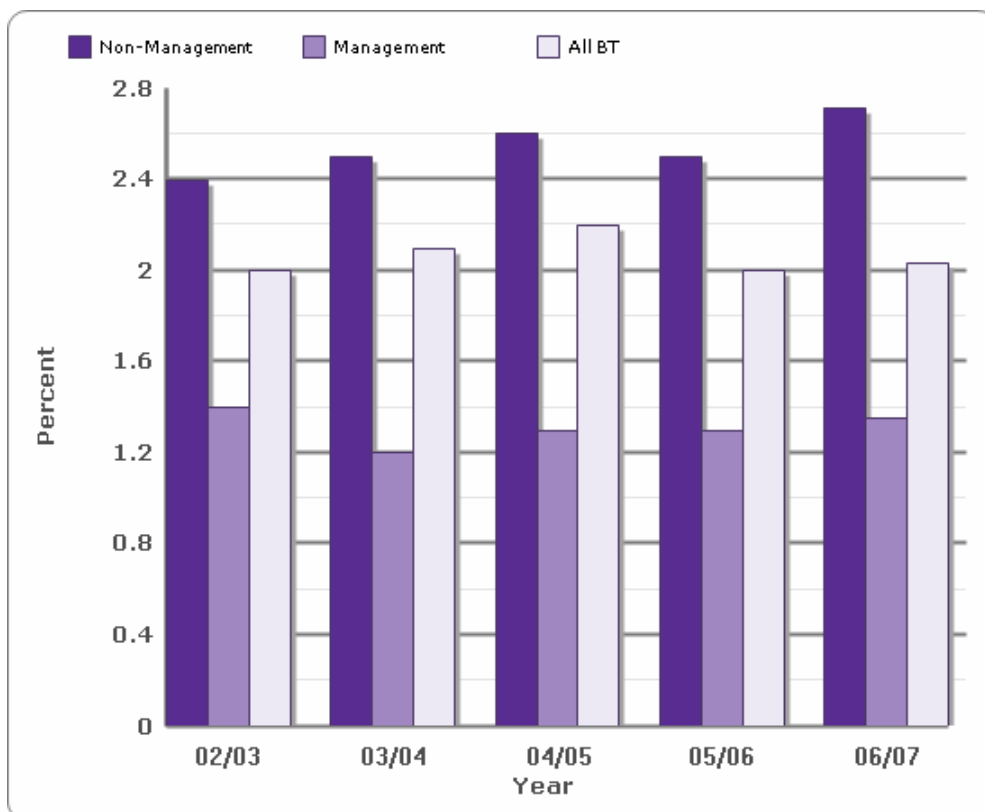
All figures (from 02/03 onwards) are now global

Source: Peoplesoft database

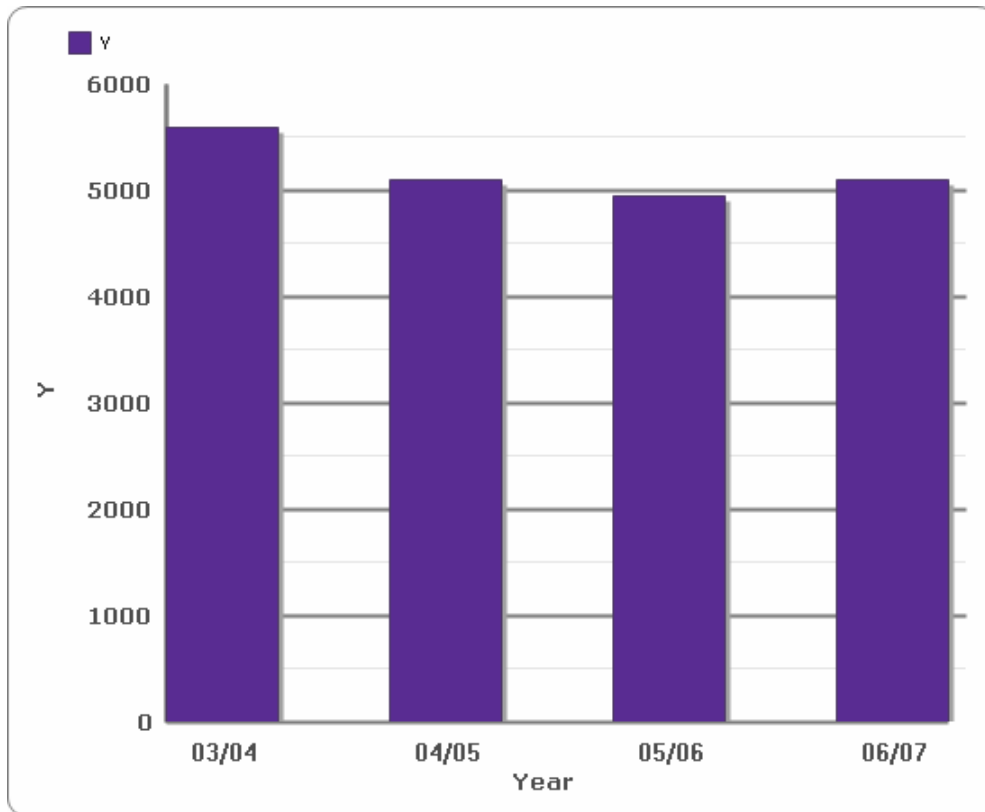
Diversity (Ethnic Employees)



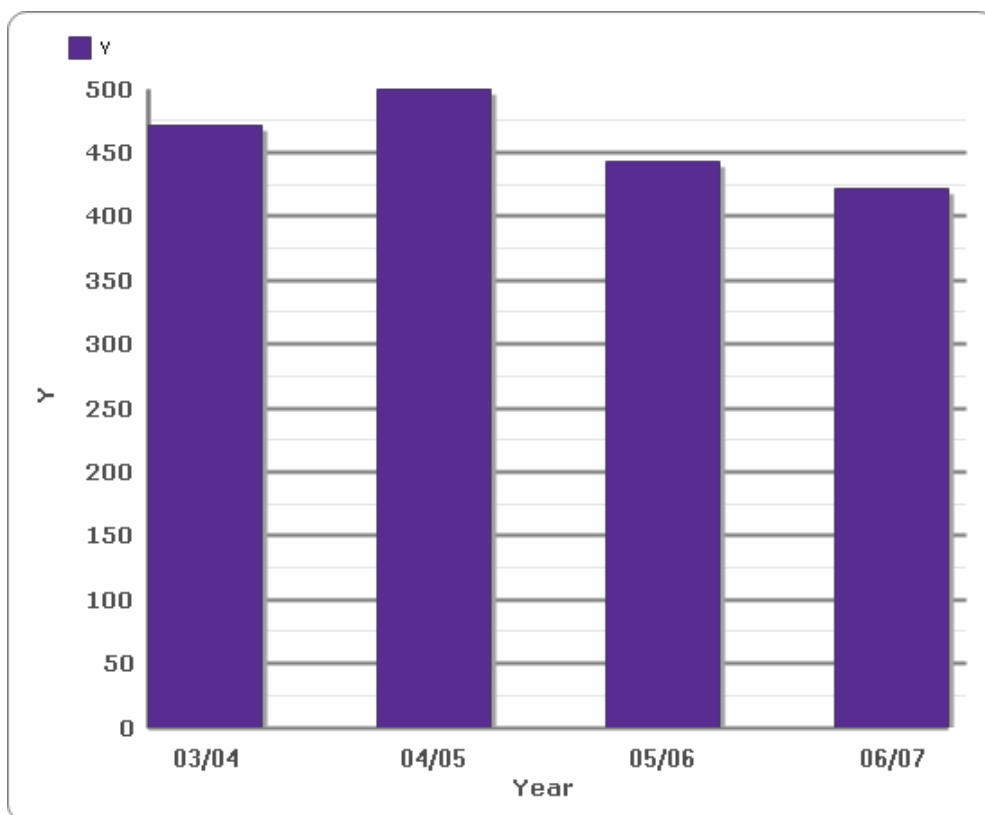
Diversity (Disabled Employees)



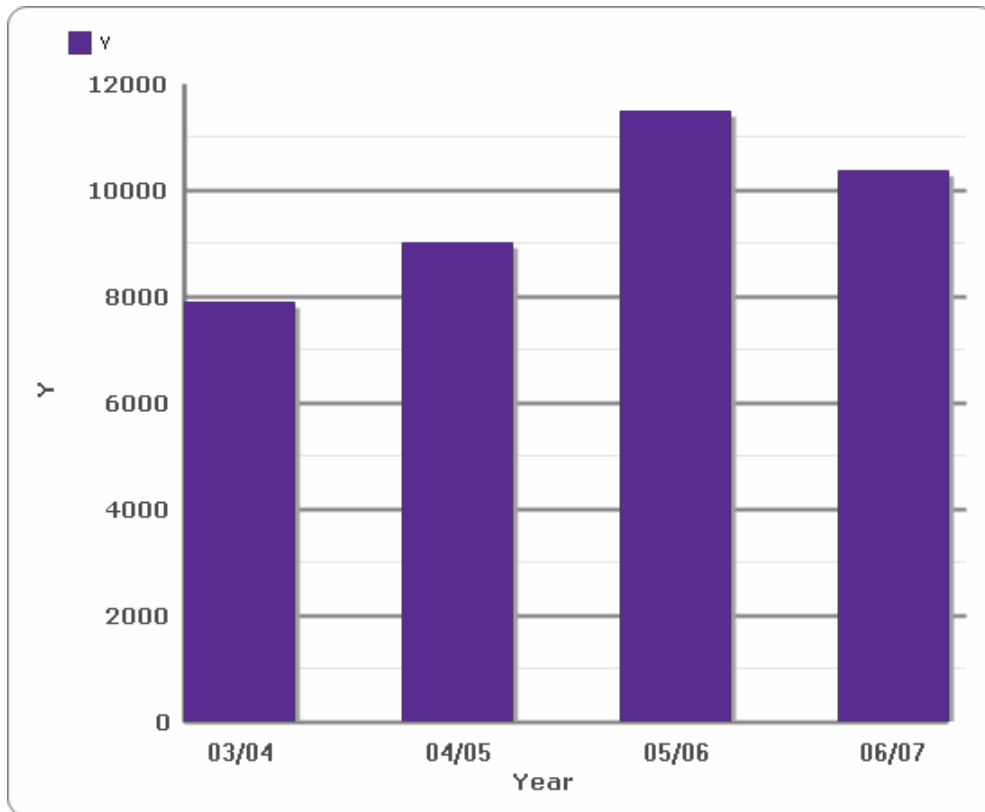
Part time employees



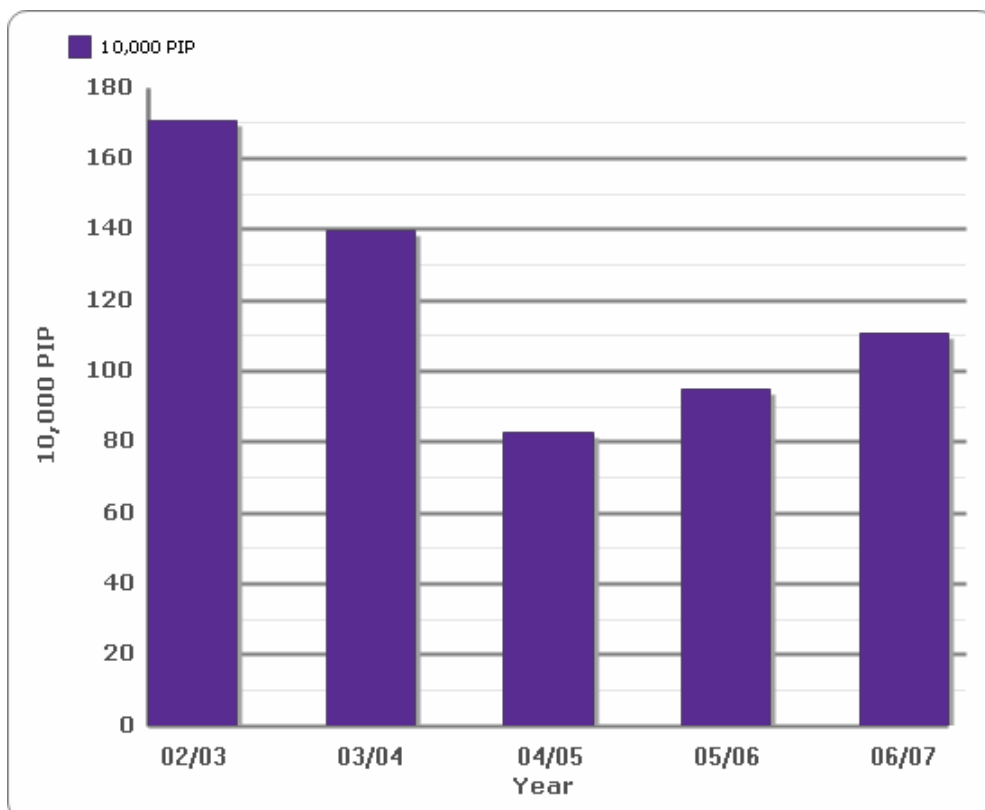
Number of job sharers



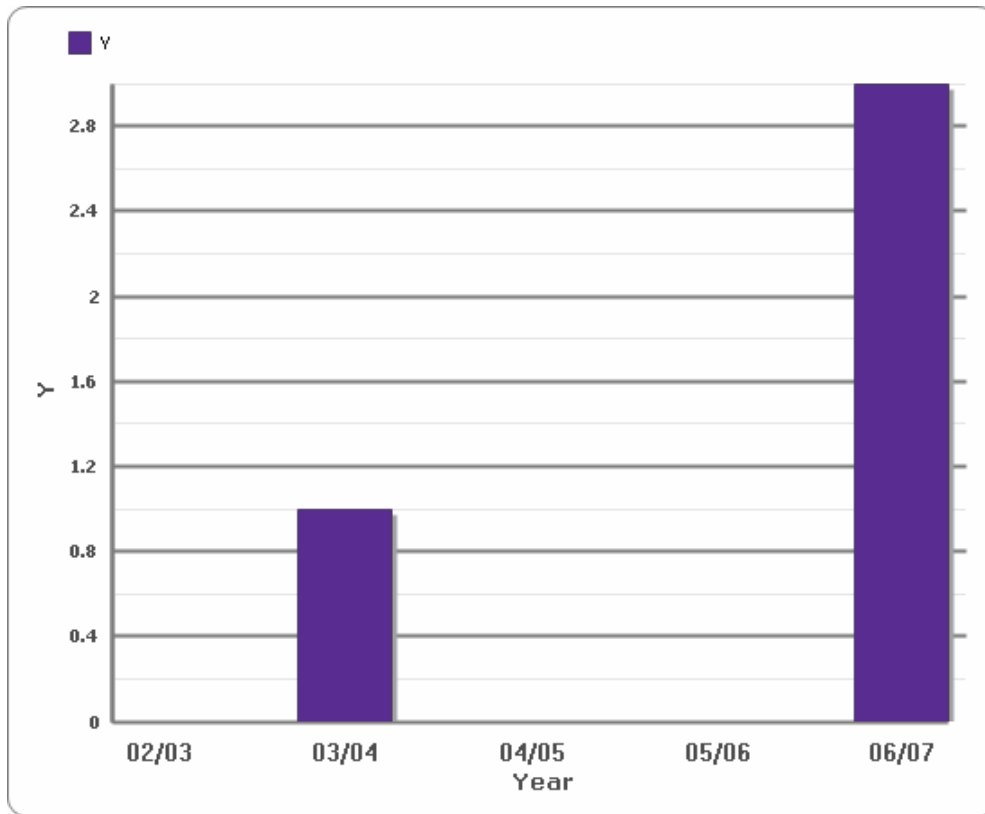
Homeworkers



III Health OHS Referrals



Number of Work Related fatalities



Stakeholder dialogue

Part of our management of corporate social responsibility is to develop good relationships with our stakeholders. Six groups are particularly important:

- Customers
- Employees
- Suppliers
- Investors
- Partners
- Community

We undertake a wide range of activities to ensure we understand the views and expectations of our stakeholders. Their feedback helps us to improve our strategy, our processes and our products.

Our [Statement of Business Practice](#), The Way We Work, sets out the aspirations and commitments which apply in our relationship with each stakeholder group.

As with any social interaction, it is virtually impossible to draw direct causal links between stakeholder views and our subsequent actions. We do, however, remain convinced that such engagement informs our decisions and is essential to our continued success.

Here we discuss:

- The ways we engage with the different stakeholder groups
- Our Leadership Panel
- Interaction with opinion formers
- Influencing BT's sustainability report.

You can provide feedback on our social and environmental performance by emailing us at yourviews@bt.com.

Stakeholder engagement

We engage with our stakeholders in many ways and learn from them all the time.

We describe in the individual report sections our relationships with particular stakeholders, their evolution, and the related policies and decisions we have taken as a consequence. Here are some examples of how we engage.

Customers

- Customer surveys on quality of service and future expectations
- Blogs, web forums and panels to learn from and test insights and concepts with retail customers in real time
- Dialogue with our biggest corporate customers through the Customer Partnership Council
- [Consult 21](#), a programme of dialogue with business customers and industry stakeholders concerning BT's next generation network, 21CN

In the 2007 financial year:

- The Equality of Access Board (EAB) met with several external communications providers to obtain direct feedback on our performance. The EAB is a BT Group plc board committee with a majority of independent members. It monitors and reports on BT's compliance with its Undertakings and associated Code of Practice
- More than 2,000 senior managers from across the business went Back to the Floor, spending an day on the ground with customer-facing staff

Employees

- Our [annual employee survey](#)
- Relationships with [trade unions](#)
- The [BT European Consultative Works Council](#)
- BT Talking Point - a lively, moderated online discussion forum that covers many CSR issues

Suppliers

- Our [supplier satisfaction survey](#)
- Ethical trading forums with [key suppliers and industry colleagues](#)

Investors

We present our sustainability performance to financial analysts specifically interested in the social and environmental performance of companies.

Partners

There is a description of our relationship with joint ventures and wholly-owned subsidiaries on social and environmental issues in our Statement of Business Practice.

Community

An annual MORI survey of the general public guides us on what causes people think we should invest in. In response to stakeholder concern we now include support for climate change related projects.

Leadership Panel

The Leadership Panel is an external advisory group of experts renowned for excelling in their field. The following people were involved in the panel during the 2007 financial year:

- Jonathon Porritt, Chair of the Panel and Director of Forum for the Future, a UK sustainable development think-tank
- Kate Fish, Managing Director of BSR Europe, a business membership NGO working in the field of CSR
- Mark Goyder, Director, Centre for Tomorrow's Company, a UK think-tank
- Rob Lake, Head of SRI Engagement and Corporate Governance, Henderson Global Investors
- Elizabeth Laville, Director of Utopies, a Paris-based sustainability consultancy
- Jorgen Randers, Professor at the Norwegian School of Management, Oslo
- Nick Robins, Head of SRI Funds, Henderson Global Investors.

The panel encourages innovation and leadership on sustainable development and corporate social responsibility in BT. It meets four times a year and provides independent guidance and expert advice.

Responsibilities cover key areas of CSR strategy and performance, including policy, performance measures, targets, future objectives, governance, stakeholder relationships and external communications.

The panel provides an annual [independent comment](#) for this website.

Influencing BT's Sustainability Report

Stakeholder consultation has significant bearing on the content of this report.

Materiality

In the 2007 financial year, we researched which social and environmental issues our stakeholders think are most important for BT. In most cases, the issues identified by our stakeholders were also defined as 'material' by BT and wider society and were included in our reporting. More information is available in the [Materiality section](#).

Hot topics

Following extensive consultation with our Leadership Panel, every year we select a topical issue of concern to BT and society that will interest, engage and educate the reader. As a result, [Responsibility in the Global Information Society](#), [What would a genuinely carbon neutral BT look like?](#), [Privacy in the Digital Networked Economy](#), [Abuse of the Internet](#), [Virtual Vice](#) and [Good Migrations?](#) have been published among our Hot topics.

Indicators

In June 2003, we established a small number of key performance indicators (KPIs) to provide an overview of BT's social and environmental performance. It followed a consultation exercise involving report users, such as investors, customers and employees, and outside experts, such as the BT Leadership Panel.

Together with the Leadership Panel, we review our KPIs yearly and modify them when necessary. During the 2007 financial year, we worked on a new diversity index to better meets the needs of a global organisation, a new community KPI to measure effectiveness as well as spend, and a new digital inclusion KPI that measures the percentage of digitally excluded people in the UK.

We follow the 2002 Global Reporting Initiative (GRI) Guidelines and its telecommunications sector supplement.

Since June 2003, our verifiers have assured our report against the AA1000 Assurance Standard. The underlying basis of this standard is inclusion. It requires our report to reflect the interests and concerns of stakeholders, both in its content and in terms of demonstrating BT's response to these issues.

More details on how we have applied AA1000 Assurance Standard are found in the [About the Report](#) section of this report.

Engaging with Opinion Formers

Opinion formers such as politicians, journalists and industry analysts are an influential constituency and we engage with them in a variety of ways.

The independent organisation Opinion Leader Research carries out surveys to measure BT's reputation among opinion formers. This research takes place at three levels – UK, regional and international. The questions asked cover corporate social responsibility.

BT has also set up Regional Advisory Boards in the Americas, Europe and Asia Pacific. There are Country Advisory Boards in Belgium, France, Germany, Ireland, Italy, The Netherlands, Scotland, Spain and Wales. There are also Boards that advise BT on health, UK government relations and technology. All the Boards discuss a wide range of issues including social and environmental matters.

We interact with governments at all levels – [local, regional and national](#). We are clear about our lobbying positions. We also engage in CSR matters through face-to-face interaction, such as a presentation on vulnerable customers to the UK Government all party parliamentary group on CSR.

We produce a series of [occasional papers](#) designed to address the complex inter-relationships between companies and society. The papers, which aim to stimulate debate rather than provide definitive answers, include discussions on issues ranging from values and strategy to economic impacts.

Stakeholder dialogue - Key Performance Indicators

Indicator	Description	Measure	Target
Employee Engagement Index	A measure of the overall success of BT's relationship with its employees	The Employee Engagement Index was 65% during the 2007 financial year.	To achieve an Employee Engagement Index of at least 65% †
Supplier Relationships	A measure of the overall success of BT's relationship with its suppliers.	Measured bi-annually	To repeat the Supplier Survey in 2007/8 and achieve 90% or more
Community Effectiveness Measure	An independent evaluation of our community programme	The community effectiveness score for the 2007 financial year was 70%.	To improve our Community Effectiveness Measure score to 75%

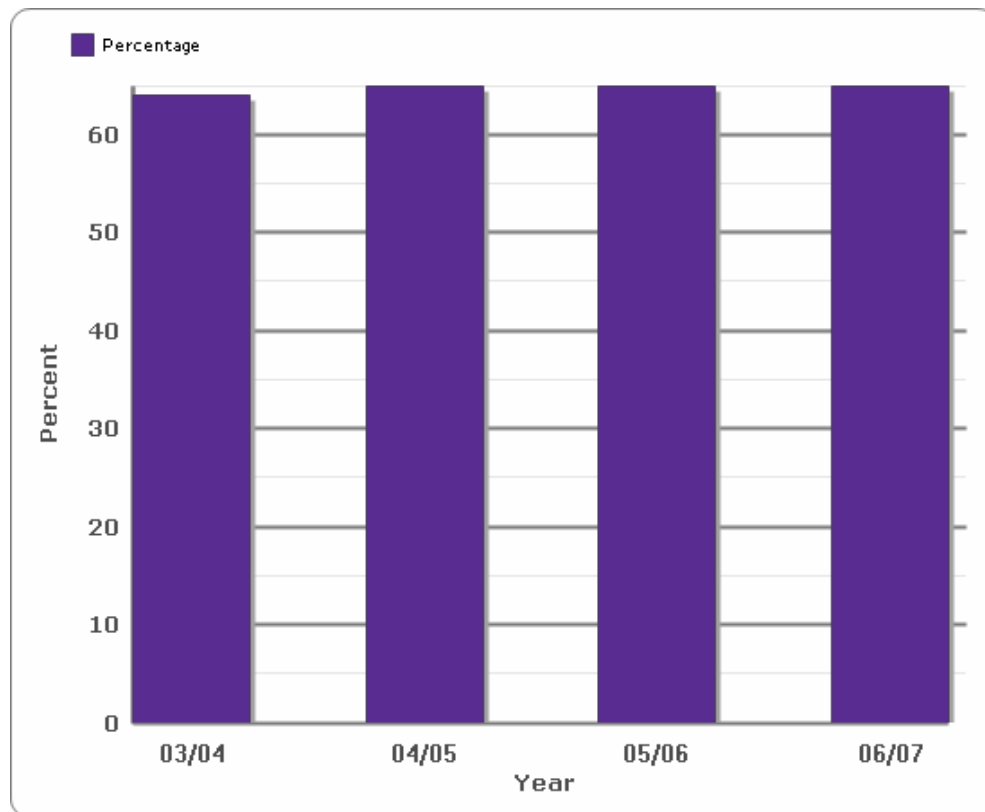
† In 2007-08 the Employee Engagement Index will be based on an average of the mean results across a reduced number (4) of key questions.

Stakeholder dialogue Targets

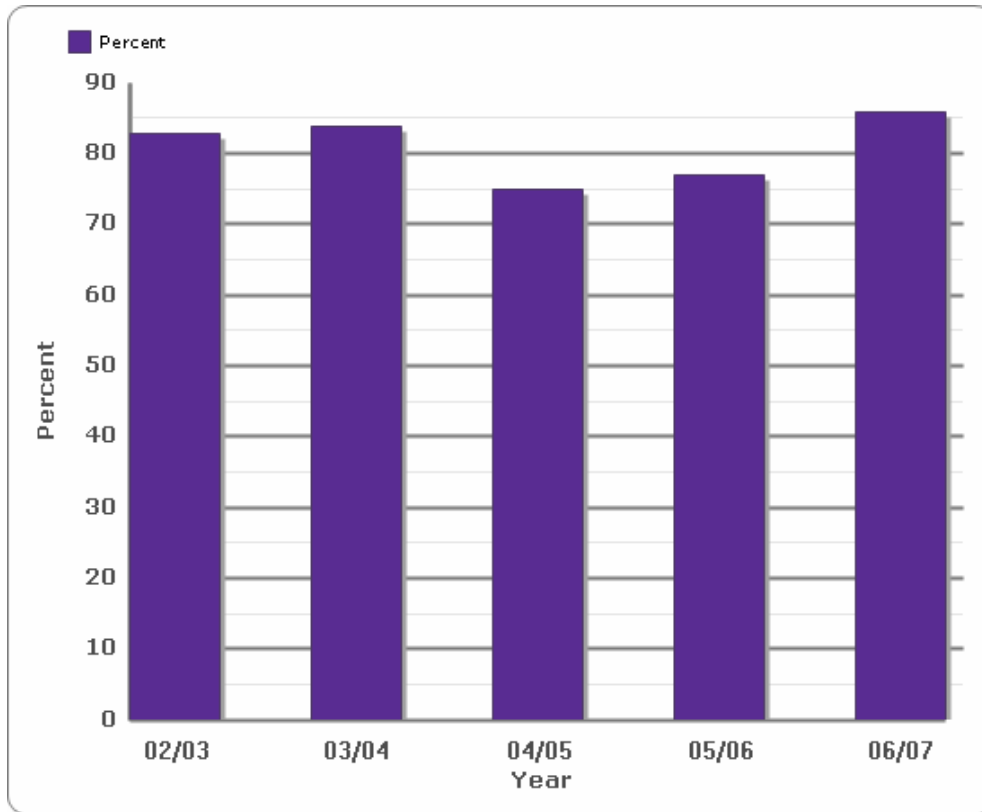
Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	The percentage of all UK Adults surveyed who agree with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will reach 51%, up from 50%		New
April 2007	March 2008	Through discussions with analysts, investors, partners and specifically customers, BT will work towards improving understanding of its global stakeholders with regard to their views and expectations of BT's role in CSR.		New
April 2007	March 2008	BT will repeat its supplier survey, a measure of BT's supplier relationship, and achieve 90% or more.		New
April 2007	March 2007	The percentage of BT employees agreeing with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will remain at 86%.		New
April 2006	March 2007	BT will review the results of the 2006 suppliers survey and identify any appropriate follow up actions.	The analysis has been completed. No further action has been identified at present.	Completed
April 2006	March 2007	BT will maintain or improve BT's EEI, which is currently 65%.	The employee engagement index for the 2007 survey was 65%.	Completed

<p>April 2006</p>	<p>March 2007</p>	<p>BT will extend its CSR stakeholder research in 4 countries that are still to be identified but which are strategically important to our business in order to expand understanding of our global stakeholder expectations on CSR and to inform current and future planning of BT's CSR programmes and activities around the globe.</p>	<p>We have joined the CSR Monitor run by Globescan which collates top level stakeholder research covering a total of 33 countries, to identify current and future CSR expectations and drivers. The results of this research are made available via an internal weblink to all BT employees to inform future CSR programmes and activities.</p>	<p>Completed</p>
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Employee Engagement Index



Awareness of Statement of Business Practice



Environment

Telecommunications is perceived as an environmentally sound technology and it is certainly cleaner than traditional industries. But we use a lot of energy to operate our networks and we consume natural resources indirectly through, for example, the services and equipment we buy.

We believe that we have a duty to manage our environmental affairs so that we minimise the drawbacks and maximise the benefits.

We discuss these issues here, providing data on our performance.

Environmental Management System

ISO 14001 certification

Good environmental management saves money and improves business efficiency. BT's environmental management system (EMS) complies with ISO 14001:2004, an international standard for the certification of environmental management systems.

The standard helps keep us focused on reducing our environmental impacts.

In the 2007 financial year:

- We successfully maintained our ISO 14001 UK certificate
- BT Spain's ISO 14001 certificate was renewed following a successful reassessment
- BT Belgium almost completed work on their EMS. Their ISO 14001 assessment is due in the first quarter of the 2008 financial year.

During the 2008 financial year we also plan to implement EMS in the USA, Australia and Hong Kong.

System improvement

Demonstrating that environmental impacts are adequately managed is a key requirement of any EMS. Many aspects of BT's environmental management have been embedded at an operational level, and are considered 'business as usual'.

Since 1999, our EMS has worked well without the need for change. More recently, we have found the need to make some processes, and the areas and people responsible for them, more visible.

We have purchased a complete, web-based environmental information system, called enviroMANAGER™. The system includes modules for managing risk, audits, incidents, and data collection and for developing and monitoring targets. We have been using the legal module, enviroLAW™, for two years.

The new system will help us take a risk-based approach to environmental management, ensuring clear accountability for those responsible for managing risks on a day-to-day basis. This marks a fundamental change in our approach.

Environmental impacts

Click on the links to view each risk area:

- [Fuel, energy and water](#)
- [Waste](#)
- [Transport](#)
- [Emissions to air](#)
- [Procurement and the environment](#)
- [Product stewardship](#)
- [Local environmental impacts](#)
- [Environmental benefits](#)

Environmental Policy

Our Environmental policy establishes our targets in sustainable environmental improvement and compels us to measure and monitor our performance regularly.

We communicate the Group's environmental objectives, action plans and achievements because we want to help every BT person understand and implement the policy in their daily work.

Policy

BT recognises that in its day-to-day operations it impacts on the environment in a number of ways and we are committed to minimising the potentially harmful effects of such activity wherever and whenever possible.

This policy statement provides the framework on which our environmental programme is based. This enables us to set targets and measure progress as well as strive for continuous environmental improvement.

BT seeks to maximise opportunities for the provision of services and solutions which can help to reduce environmental impacts, and which may provide significant environmental benefits.

We have undertaken to help every person who works for and on behalf of BT understand and implement the relevant aspects of this policy in their day-to-day work through the regular communication of objectives, action plans and achievements.

We will also ensure that BT's joint ventures and other partners are aware of this policy and promote the principles of sound environmental practice.

The Chief Executive of BT, Ben Verwaayen, has ultimate responsibility for the company's environmental policy and performance. The Company's Corporate Social Responsibility Steering Group (CSRSG) oversees the implementation of all social and environmental programmes across the BT Group. The CSRSG meets quarterly and regularly reports to the Board. It is chaired by BT's overall CSR champion Meryl Bushell, Chief Procurement Officer. BT's Environment Champion - with personal responsibility for environmental policy development, implementation and co-ordination – is Bruce Stanford, a member of the CSRSG.

Our commitment

BT is committed to the prevention of pollution and minimising the impact on the environment of its operations globally. In particular, we will contribute to initiatives that seek to address climate change. Through a programme of continuous improvement BT and its wholly owned subsidiaries will:

- Meet all applicable 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 whenever possible, and promote recycling and the use of recycled materials,
- Design energy efficiency into new services, buildings and equipment and manage energy wisely in all operations,
- Reduce wherever practicable the level of harmful emissions,
- Develop products that are safe to use, make efficient use of resources, and which can be reused, recycled or disposed of safely,
- Work in partnership with our suppliers to minimise the impact of their operations on the environment,
- Seek to minimise the visual, noise and other impacts on the local environment when siting and maintaining our buildings, structures and equipment,
- Work with external groups and organisations to promote the concepts and practices of environmental protection,
- Include environmental issues in discussions with the BT unions, the BT training programmes and encourage the implementation by all BT people of sound environmental practices both at home and at work,
- Monitor progress and publish details of our environmental performance in our Social and Environmental report, as a minimum, on an annual basis.

The Company's environmental management system will monitor delivery of these commitments.

Environmental prosecutions

BT recognises that it has clear legal obligations for the management of its environmental programmes.

During the 2007 financial year, there were no environmental prosecutions in the UK.

Fuel, energy and water

As one of the UK's biggest commercial energy users we are conscious of the need to contribute to national and international initiatives to combat climate change.

One of the main causes of climate change is the increased concentration of man-made gases in the atmosphere, known as greenhouse gases (GHGs). By far the most significant is carbon dioxide (CO₂); produced when fossil fuels are burned to make electricity, heat buildings and water and power vehicles.

Here we describe how we manage our fuel, energy and water use.

- [Energy consumption](#)
- [Energy efficiency](#)
- [Renewable energy](#)
- [Fuel Storage](#)
- [Water use](#)

Energy consumption

We continuously monitor our energy consumption. Using one of the UK's largest computer-based monitoring and targeting systems, we collect data at half-hour intervals from more than 6,000 sites. This has helped us identify wasted energy earlier than relying on a monthly bill.

Energy consumption for BT's network and estate during the 2007 financial year was 2,619 GWh. This is made up of:

- 1,992 GWh electricity (approximately) to run our networks
- 212 GWh electricity (approximately) used at our office premises
- 415 GWh (gas and oil use) as heating fuel at all our sites.

Trends in energy use

Our investment in energy management has helped us to keep our energy consumption relatively unchanged.

We are working hard to improve forecasting of our energy needs and to further improve the energy efficiency of our network equipment.

With no major changes expected in the size of our estate, we are focusing on continuing to reduce our use of heating fuel (gas and oil). We measure our consumption and make annual comparisons of usage after weather conditions are taken into account (using degree days – see [Environment glossary](#)). We continue to convert oil-fired heating systems to run on gas and as a result our oil consumption continues to decrease.

Process energy

Process energy includes all the electricity needed to power more than 6,000 transmission stations, satellite earth stations and telephone exchanges that support our voice, data and internet networks.

We generate additional electricity on site using our own generators. This is done to provide extra electricity at peak times and during supply failures. In the 2007 financial year, we generated 4.37 GWh of electricity reflecting the decrease in number of calls for the TRIAD regime (see [Environment glossary](#)).

We will need more energy to power our fast-expanding networks. We want to minimise the increase and we are working hard to improve our network growth forecasting and to assess accurately the impact of broadband on energy demand.

BT is in the process of transforming its telecommunications and data network with its radical twenty-first century network programme.

Energy use has been a key element in the specification of the equipment. The network is under construction and we have set a target to reduce energy demand (line-for-line) by around a third, compared with the existing network.

Fresh-air cooling (as opposed to air conditioning) is being used as the primary system to cool all new network equipment. This saves energy and avoids the need to use refrigerant gases, some of which are powerful global warming gases.

Premises energy

Premises energy includes all the electricity, oil and gas required for more than 1,000 offices, warehouses and depots used by BT.

As we rationalise and refurbish our premises, our overall energy use is decreasing. Although air conditioning increases energy consumption per square metre, our rationalisation and refurbishment programme enables us to use our office buildings more efficiently (more people, less empty space). This helps us reduce energy use per person.

In the 2007 financial year, the amount of energy we used for heating reduced. However, weather corrected heating efficiency, decreased by 4% and consequently, we have failed our 2% target. Typically heating plant works more efficiently in colder weather and this winter was the warmest in 10 years. Average degree-days (see [Environment glossary](#)) for the year were approximately 17% lower than in the previous year.

Energy efficiency

We treat energy management as part of everyday business. This applies to our partners too, such as those companies that manage our properties and facilities.

In the 2007 financial year, BT Wholesale's investment in its energy management programme resulted in savings of 14 GWh.

Our energy management programme also helps us maintain our:

- Energy efficiency accreditation (with the UK National Energy Foundation & Energy Institute)
- ISO 14001 certification.

We have a range of initiatives to reduce our energy consumption, including:

Energy benchmarking and surveys

Our contracted facilities management team continues to conduct surveys at poorly-performing sites, to minimise energy and water consumption. Web-based electricity reports, updated every half-hour, have helped us find areas where we can cut waste and save energy. This has been supported by energy surveys within our network buildings, and surveys carried out by specialist consultants.

Plant efficiency

We look at the whole life of our plant when we assess its cost, including its energy efficiency. Buying more efficient equipment helps save energy and can reduce demand for cooling, cutting the cost of the plant over its whole life. Further cost savings can be made by replacing refrigerant-based cooling (air conditioning) with automated fresh-air cooling systems (which also reduce the use of refrigerant gases, such as HCFCs and HFCs). Building management systems that integrate heating and cooling, further eliminating waste are now installed as standard.

Renewable energy

BT renewed its electricity supply contract in the 2007 financial year, which provides nearly all of our UK electricity from renewable sources and combined heat and power (CHP) plants. When the initial contract was placed, it made us the UK's largest purchaser of green electricity.

In the 2007 financial year, our use of renewable energy cut our carbon dioxide emissions by approximately 627,000 tonnes.

We continued to work with the Carbon Trust to find ways to integrate renewable energy generation into new building projects and refurbishments of our existing buildings.

Wind turbines and solar

The Goonhilly visitors centre (80,000 visitors annually) has a new attraction. This is a nine metre high, six kilowatt wind turbine alongside the building and 66 square metres of solar electricity cells on the roof. This is our first mainland site in the UK to use this hybrid wind and solar system. The system's output is being monitored and we are evaluating the possibilities for doing trials at other sites.

Fuel Storage

Testing, repair and decommissioning of fuel tanks are a vital part of our programme to reduce the risk of pollution from fuel storage.

We continue our regular inspection and testing programme of our fuel storage tanks. During the 2007 financial year, 247 buried tanks were decommissioned and replaced with 225 new double-skinned internal tanks, which meet strict environmental standards.

Incident reporting

Even with good controls spills happen. To reduce the number and severity of these incidents, it is important that they are investigated promptly, lessons are learned and any changes are made quickly. BT classifies environmental incidents as:

- Serious – where the spill has entered, or is likely to enter, either the drainage system or topsoil
- Significant – where the spill 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
- Minor – where a minor spill is contained within a very small area.

For significant and serious incidents, a specialist contractor cleans up. For serious incidents in the UK, the Environment Agency (EA) or the Scottish Environment Protection Agency (SEPA) are also informed.

Investigation process

In the 2007 financial year, a total of 13 oil-related incidents were reported. However, after extensive site investigations three of these incidents were discounted, as no product was found in the subsoil. The final number of incidents in the 2007 financial year was 10, the same as 2006.

Five of the incidents were classified serious, and one of these is still under investigation. One was classified as significant and four as minor. As a result of our investigations, remedial works have begun and recommendations for improvement adopted to avoid recurrence.

The known quantity of oil discharged to land or drainage systems (serious incidents) was 1,190 litres. Investigations continue at one site where there was a maximum possible discharge of 9,676 litres.

Water use

We use water mainly for catering, washing and toilets. All our sites have water meters.

A concerted effort to reduce our water consumption (leak detection, underground pipe replacement and water-saving devices) has led to a reduction in consumption of 8% (from 1.89 million cubic metres in the 2006 financial year to 1.74 million cubic metres in the 2007 financial year).

The 2007 financial year was our sixth consecutive year of water efficiency improvement. Our focus is now on maintaining our efficiency, as there is little more we can do to save water. But we do continue to try. For example, we have trialled waterless urinals, and plan further trials in 2007/08.

Waste

We are tenants in much of our property and our building facilities are managed by a contractor. We work in partnership with them to ensure effective waste management.

We try hard to avoid making waste. But when we do, we attempt to reuse or recycle it. As a last resort it is sent to landfill.

In this section we describe:

- [Waste management](#)
- [Materials recycling](#)

Materials recycling

Much of our general waste is disposed of through material recovery facilities (MRFs). These are huge depots where recyclable materials like paper, cans, cardboard, plastic and paper cups are separated from general waste and sent for reprocessing. Only the remainder is sent to landfill.

We began to send our waste to MRFs in 2001/02 as part of the waste contracts managed on our behalf by Monteray, our facilities contractor.

We use a wide variety of recycling initiatives. This is not only good environmental practice, but also financially worthwhile as it reduces landfill costs and, in many cases, we are paid for the materials collected.

All our major sites have dedicated paper recycling facilities. Office paper is collected in blue boxes.

In the 2007 financial year, we recycled 40,007 tonnes of waste, which represents 42% of our total waste. This is the same as 2006 but a better overall result, as our total waste generated decreased by 7,073 tonnes during the year.

Full details of the products, materials and quantities we recycle can be found in our Waste Recovery Model.

Our model provides:

- Details of waste recovered by product
- The last five years of data
- Trends over the last five years
- Data on income and expenditure of recycling schemes.

Waste management

The production and correct disposal of waste from our operations are key environmental issues for BT. We must have effective waste management systems to maintain our ISO 14001 certification.

We have three categories of waste:

- Category 1 – does not present a danger of environmental pollution, such as paper

- Category 2 – not toxic or hazardous in unmodified form, but which has the potential to become so if not treated properly on disposal, such as cable
- Category 3 – inherently toxic or hazardous and requires the most careful handling at all stages of the disposal process, such as diesel oil.

In the 2007 financial year, we produced 94,928 tonnes of waste. Of this, 54,921 tonnes went to landfill, 8% less than in 2006.

One 'owner' is responsible for coordinating all BT's waste management processes, to ensure a uniformly high standard of waste management throughout the company. This overall owner chairs a waste forum, comprising all those directly responsible for our different waste streams, to ensure effective management. The forum's role is to:

- Consider any new ideas on waste management
- Set and monitor waste targets
- Review contractors' environmental performance
- Ensure we comply with all waste legislation
- Manage our packaging obligations
- Promote and communicate environmental initiatives and awareness.

During the 2007 financial year, we completed a review of responsibility for all waste streams in BT divisions that generate and dispose of waste.

The study reviewed who in BT is responsible for our response to consultations on new waste-related legislation and for our consolidated responses to consultative bodies. As a result, we re-issued our company-wide waste products procedure and produced a waste stream matrix which specifies ownership.

Transport

We run a fleet of 32,083 commercial vehicles and 9,622 company cars, managed under contract by our subsidiary, BT Fleet.

We use our considerable purchasing power to ensure we achieve the best possible value for money and lowest costs for the full life of our vehicles.

Additionally, we review vehicle replacement cycles, which ensure the fleet benefits from latest technologies and emission standards, while providing greater reliability and lower maintenance frequency and costs.

During the 2007 financial year, the commercial vehicle fleet decreased by 433 and the company car fleet reduced by 856.

Our company car policy supports the key objectives of the UK Government's emissions-based company car taxation initiative:

- Increased allowance to employees who opt out of company car ownership
- Improved tax efficiencies for employees who opt for lower-emission cars
- Advice to company car drivers, encouraging users to choose lower-emission cars.

Initiatives undertaken in 2007 financial year

- Amended our Commercial Vehicle Drivers' Handbook to focus on routine vehicle checks
- Briefed drivers on carrying out the vehicle checks
- Required drivers to sign to confirm they understand the Handbook
- Asked managers to confirm that drivers know about and are competent to carry out the checks
- Issued managers with tyre pressure gauges for spot compliance checks
- Appended a Tyre Care Guide to the Handbook
- Fitted labels in vehicle cabs to remind drivers about the checks
- Completed a critical vehicle audit, removing from service 344 redundant vehicles
- Prepared an internal paper on the status of bio-fuels for transport in the UK and the EU, and BT Fleet's current position on the use of bio-diesel in its vehicles.

Plans for 2008 financial year

- Train 50 engineers in fuel efficiency to assess fuel savings and determine our approach to future training

- New vehicles ordered during the 2008 financial year will be limited to 70mph, where this is offered by the manufacturer
- All vehicles limited to 70mph will be labelled with a 'green' message
- BT Supply Chain's vehicle fleet is consolidating deliveries to BT sites so that each site will only be visited once a week instead of up to 5 times in a week and it is expected to reduce their fleet by 50 vehicles as a result.

Progress on these initiatives will be monitored by BT's Commercial Vehicle Forum.

Emissions to air

Other than carbon dioxide from energy generation, our main emissions to air are refrigerant gases that escape accidentally from air conditioning equipment.

Some emissions are ozone-depleting and others contribute to climate change. We monitor all emissions closely and report on our climate change emissions in accordance with the requirements of the GHG Protocol.

Wherever possible, we use fresh air to cool our telecommunications equipment, including our new network. Where fresh air alone is not adequate, we use a combination of fresh air and refrigeration, only using the refrigeration element on warm days. We are phasing out ozone-depleting refrigerants, called HCFCs, but some are still in use. These are being replaced with HFC refrigerants that do not contain chlorine, so are ozone friendly, but are strong greenhouse gases and contribute to climate change. Processes are in place to manage and monitor their usage.

All new refrigeration units are hermetically sealed to prevent leaks. A control system is used, which eliminates the need for refrigerant analyzer gauges, through which refrigerant gases can escape.

We monitor and set targets to minimise the amount of refrigerant gases lost to the atmosphere, reviewing performance and policy at regular meetings. We publish our performance each year in this social and environmental report.

Procurement and the environment

As one of the UK's largest purchasers of goods and services, we have an environmental influence that extends well beyond that of our own staff and workplaces.

We present the key aspects of our relationship with suppliers and how we promote environmental good practice in all our purchasing activities in [CSR and suppliers](#).

Product stewardship

The term product stewardship is shorthand for the way companies ensure that the products they buy, use and sell are safe to use and have the lowest impact possible on the environment in use and disposal.

In the 2007 financial year, BT spent over £6.8 billion on products and services. By 2010, we will have invested up to £10 billion on our 21st century network.

We work with our suppliers to minimise the whole-life environmental impacts of products for which BT has a share of responsibility.

By collaborating with designers we can influence the way products are made and how they perform. For example, efficient products will minimise the materials and energy consumed throughout their lifecycle. The designs will help manufacturers to reduce the use of hazardous materials and ensure that the products can be reused, recycled or safely disposed of at the end of their life.

Practising product stewardship can reduce costs. For example, products can be designed to use the minimum resources during manufacture, use and disposal. Refurbishing used products for reuse can increase revenues and reduce the cost of landfill.

Environmental legislation

Growing sales of electrical and electronic equipment (EEE) and reduced product lifetimes are leading to higher levels of disposal and an increase in waste. For example, although mobile phones are designed to last ten years, in the developed world they are replaced after just 18 months on average. Current practices for dealing with these wastes are not sustainable.

During the 2007 financial year, two European Directives came in to effect in the UK which seek to reduce the whole-life environmental impacts of EEE. These are the Restriction of the use of Certain Hazardous Substances (RoHS) regulations and the Waste Electrical and Electronic Equipment (WEEE) regulations.

The RoHS regulations aim to reduce the amount of hazardous materials used in EEE. This will reduce the risk of environmental contamination when they are disposed of, either from emissions to air during incineration or from chemicals leaching into the ground and water sources when buried in landfill sites.

Under the WEEE regulations, from July 2007 manufacturers, brand owners and importers of EEE will be responsible for arranging and paying for the treatment and recycling of end-of-life equipment. Retailers will also need to provide free take-back facilities for consumers wishing to dispose of old electrical equipment when purchasing equivalent new items. There will also be a national distributor take-back scheme, which will operate mainly at local authority recycling centres.

The regulations affect BT in three different ways:

- **As a producer** – Although BT does not manufacture EEE, we take responsibility for BT-branded electrical equipment and for equipment which BT imports into other European Union member states. To meet our obligations in the UK, BT has joined a Producer Compliance Scheme
- **As a distributor** – While BT no longer has any shops, we act as a distributor by selling BT-branded and other electrical equipment as an online retailer
- **As an end user** – BT relies heavily on EEE in our own business

We have carried out regular briefings about the regulations for buyers and product managers, and developed a computer-based training course to ensure all affected BT people are aware of their responsibilities.

We continue to contribute to the development of new regulations. BT is represented on the DTI stakeholder group helping to develop UK regulations which transpose the European Directive on Energy using Products (EuP), and the DEFRA steering group on the European Batteries Directive.

We also continue to work with industry bodies, such as the [UK Industry Council for Electronic Equipment Recycling \(ICER\)](#) and the [Information technology, telecommunications and electronics industries association \(INTELLECT\)](#).

Product Recycling

BT aims to reduce the environmental impacts of using and disposing of our products and services.

It has been estimated that the standby energy consumption of electrical equipment in UK households and commercial premises accounts for over 7% of UK domestic electricity consumption. To reduce our contribution to climate change, we now require suppliers of the BT Home Hub to commit to meeting the EU Codes of Conduct for external power supplies and for broadband equipment.

We worked closely with Cisco Systems, a supplier of electronic equipment to businesses, to provide a take-back system in the UK and in other countries where we operate.

As BT prepares for the implementation of the UK WEEE regulations, we have paid more attention to recovering equipment for refurbishment and reuse. The reuse of network terminating equipment from customer premises and BT's exchanges has prevented the need to buy new equipment, and saved BT £11.65 million.

We are focusing on efficient use of resources by making use of items that would previously have been discarded. After rationalising the number of printers used in BT, we were left with a substantial number of printer cartridges which could not be used locally. We set up a redistribution process to make sure the cartridges were used elsewhere in BT. As well as the environmental benefits of the scheme, the cost savings were in excess of £46,000.

See the case study on recycling legacy equipment.

Legacy equipment recovery and recycling

Information and communications technology has advanced at an unprecedented pace in recent decades. BT (operating at the time as Post Office Telecommunications and, later, British Telecom Plc) upgraded its network during the 1970s and 1980s from mechanical operations to switch and transmission technologies known as PDH. In the 1990s, BT upgraded again to faster technologies, known as SDH and DSL.

We are now preparing to implement the world's first, state of the art 21st century network. As part of this, BT Wholesale is reducing its energy, property and maintenance costs by removing obsolete network platforms, as retail products and customers transfer from old to new technologies.

It is important that BT makes the best use of our legacy assets. We estimate that the life expectancy of our PDH technology is five years, and we are focusing on removing this. A new legacy equipment recovery and recycling process has been created to do this efficiently and responsibly.

The PDH system is made up of electronic cards, and we estimate that we need to retain roughly 15,000 of these cards for maintenance purposes until the PDH platform has been completely removed. An audit team is reviewing our network management systems to identify equipment that is switched on but has no customer traffic. The equipment is switched off and the cards removed and checked to see if they are of a type that is still needed. Cards to be kept and reused are placed in protective anti-static bags and kept onsite. They are recorded on our network and inventory spares management (NISM) database, so that maintenance and repair engineers know they are available for use.

All removed cards that are not to be reused are considered scrap. Before the legacy equipment recovery and recycling process was established, these cards were placed in waste skips and sent to landfill as contaminated waste. Through the new process, redundant cards are placed in cages and sent to BT's approved disposal agent where they are recycled. As we are now paid for the redundant cards, the new process also generates revenue for BT.

To date, we have recovered 45,409 cards from 90 sites. 1,784 have been kept for reuse and the remainder have been sent for recycling, generating revenue of £14,000.

Local environmental impacts

The impact of our activities sometimes affects people's immediate surroundings.

The infrastructure supporting our 28 million customer lines in the UK includes thousands of roadside cabinets and hundreds of radio stations. Our network is expanding and changing as technology progresses. We are conscious that this has a potential impact on the environment – countryside, skylines and cityscapes – and concerns all our stakeholders.

Our approach to local impact is embedded in our network planning rules and procurement policies. We have established channels to help stakeholders communicate with us about these issues.

In this section we discuss:

- [Graffiti](#)
- [Radio masts](#)
- [Antenna siting](#)
- [Electromagnetic fields \(EMFs\)](#)

Electromagnetic Fields (EMFs)

Radio technology uses radio frequency (RF) fields, otherwise known as electromagnetic fields (EMF), to receive and transmit calls and data. Some people are concerned that exposure to RF may damage their health.

BT works to the exposure guidelines recommended by the Health Protection Agency. These guidelines are recommended by the EU and are defined by the International Commission On Non-Ionising Radiation Protection, an independent body of experts with no industry representatives. The commission examines all the scientific research pertaining to the area and sets precautionary guidelines with large safety margins to protect all members of the public. We have reviewed our sites to ensure they are below the guideline levels.

Radio masts

Radio communication remains an important part of our network, particularly in rough terrain, such as the Scottish Highlands. We have around 300 radio stations in the UK. Radio masts can impair the beauty of the landscape. We have experimented with the use of satellite communications however radio masts will have to be used for some time.

When installing local mobile telephone networks in cities and towns we share space on radio masts and towers with many other radio operators. This helps to prevent the proliferation of structures and minimises the number of antennas.

Graffiti

The Anti Social Behaviour Act 2003 gives local authorities the power to instruct BT to remove graffiti from its street furniture within a given time. BT works in partnership with local authorities to minimise graffiti and reduce the risk of this happening.

We repaint affected street cabinets and, in some local authority areas, treat them with an anti-graffiti coating. We have also spoken to suppliers about new street cabinets being finished with an anti-graffiti coating during manufacture.

BT Payphone kiosks are subjected to acts of vandalism and graffiti and are also covered by the Act. To minimise the effect on local communities, BT Payphones has set up a website where local authorities can report vandalised kiosks. This information is forwarded to BT Payphone contractors, who repair any damage.

Antenna siting

BT's core radio network uses large, 3.7 metre diameter antennas. Within the next two years, with the exception of the west coast of Scotland, this service will no longer be required and the large antennas will be removed. BT will use only smaller diameter antennas for the access network on our towers.

We are also working with other service providers to use existing street furniture – lamp posts, telephone kiosks and telegraph poles, rather than installing new ones.

Environmental Benefits

The use of information and communications technology (ICT) has the potential to benefit business (by increasing efficiency), the people doing business (by improving work-life balance) and the environment (by reducing consumption of finite resources).

We have been working with experts in this field to quantify the benefits of ICT to BT. A survey carried out by SustainIT and the University of Bradford evaluates the economic, environmental and social impacts of telephone and video [conferencing](#).

A second survey assesses the impacts of [e-working](#).

Here we summarise the surveys' findings on how ICT can help our organisation become more [agile](#).

Supporting an agile organisation

We have implemented a large-scale home-based working project, called Workabout. This has enabled BT and its people to be more agile and efficient.

We implemented Workabout to reduce the cost of running our estate and to better support the many workstyles at BT. More details of these are in the [Employees section](#).

SustainIT and Bradford University conducted two new surveys of BT people in 2006, [E-working at BT](#) and [Conferencing at BT](#), to help us understand the economic, social and environmental impacts of Workabout, and the services that support it.

E-working at BT

BT has over 13,000 home-based employees, who work at home an average 2.1 days per week.

- 88% are managers
- 88% have broadband at home
- 33% use wireless connections outside the home
- 17% have a mobile email handset
- 84% use telephone and video conferencing services.

Home-based working helps employees to maintain a good work-life balance:

- 30% say home-based working had reduced domestic tension
- 37% believe it would be impossible, or very difficult, to do their job if they couldn't work from home
- An average 4.4 hours a week are saved by not commuting to work
- 78% make more use of local services such as shops and sports facilities.

However, 46% felt more isolated from their work colleagues in the last two years, compared with 37% of our total workforce.

Home-based working has environmental benefits. Travel-related CO₂ emissions have reduced by 3,663 tonnes per year – 13% of the total company car fleet total.

54% of home-based workers believe they have printed less in the last two years whilst 13% believe they have printed more. This compares with our total workforce where 37% believe they have printed less and 21% believe they have printed more.

79% of our home-based workers – compared with 59% of our total workforce – feel their work performance has improved over the last two years.

Supporting BT work styles, 47% of BT people surveyed stated that conferencing services enabled them to work from home and 20 % whilst travelling.

Conferencing

A survey of employees who use telephone and video conferencing showed these services have personal and business benefits:

- 67% of calls had definitely or probably replaced a face-to-face meeting
- 53% believed they had saved at least three hours of travelling as a result
- 68% believed conferencing has improved their work performance
- 54% think conferencing has improved their work-life balance.

Extending the survey results to BT as a whole, conferencing eliminates 338,607 face-to-face meetings each year and significantly reduces business travel:

- Each most recent call prevented an average 288 miles of travel
- 42% of avoided journeys would have been by car and 79% during peak travel times, suggesting that conferencing helps relieve congestion and pressure on public transport
- Conferencing saves at least 54,000 tonnes of travel-related CO₂ emissions per year
- Conferencing avoids £81 million of travel and subsistence costs, and frees up £54 million of management time. We estimate that these benefits are 10-15 times greater than the cost of conferencing services.

Environment glossary

ADSL:

Asymmetric Digital Subscriber Line. ADSL transforms the existing twisted copper pairs between the local telephone exchange and the customer's telephone socket into a high-speed digital line.

Audioconferencing:

A conference enabling a number of people to communicate by voice over a telephone line.

BREEAM:

Building Research Establishment Environmental Assessment Method.

Brown electricity:

Electricity produced by burning fossil fuels.

Bunded fuel tank:

An above-ground fuel tank with a protective wall to prevent leakage.

CFCs:

Chlorofluorocarbons. Gaseous compounds used as refrigerants and propellants. Break down ozone in the atmosphere.

CHP:

CHP is a very efficient technology for generating electricity and heat together. A CHP plant is an installation where there is simultaneous generation of usable heat (normally for space heating) and power (usually electricity) in a single process. CHP typically achieves a 35-40% reduction in primary energy usage compared with conventional power stations where the heat goes to waste.

CO₂:

Carbon dioxide.

Data conferencing:

A conference that enables users to book conferences over the internet, to share data or slides while in the conference, and to receive recordings or transcriptions after the conference call.

DEFRA:

The Department for Environment, Food and Rural Affairs (UK).

Degree days:

Degree days are a measure of the variation of outside temperature. Their use enables energy managers, building designers and users to determine how the energy consumption of the building is related to the weather, and allows energy-saving measures within the building to be monitored and compared year-to-year.

ETNO:

European Telecommunications Network Operators Association. It has produced an environmental charter, to which BT was a founder signatory.

Green electricity:

The government defines green energy in two ways:

Old green - This includes large-scale hydro, uncertified CHP and waste-to-energy. The green energy we currently purchase is old green and this is not exempt from the Climate Change Levy (CCL).

New green - New green refers to the technology and not the date of installation. Technology recognised as new green is: certified CHP; wind; wave; small-scale hydro and photovoltaic. New green energy receives an exemption from the CCL on a specific building basis.

GS13:

BT's environmental procurement standard for suppliers.

GS18:

BT's Sourcing with Human Dignity standard.

GS19:

BT's product stewardship standard.

Halons:

A group of potent ozone-depleting chemicals related to CFCs used in many fire extinguishers.

HCFCs:

Hydrochlorofluorocarbons. Alternative to CFC refrigerants.

Home-worker:

A person registered to work from home and provided with all the necessary furniture, equipment and communication links.

ICT:

Information and Communications Technology.

Intranet:

An internet-based technology that allows members of one organisation to share private information.

IP:

Internet Protocol. This is the set of communication tools that enables computers to 'talk' to each other over the internet.

ISO 14001:

An international environmental management system standard.

Kyoto Protocol:

A legally binding agreement signed in Japan in 1997 to reduce emissions of a basket of six greenhouse gases.

Montreal Protocol:

An international agreement to phase out the major chemicals that destroy ozone in the stratosphere.

NOX:

Oxides of nitrogen.

NO2:

Nitrogen dioxide.

OFCOM:

Office of Communications (UK regulator for the communications industries).

UK's Packaging Regulations:

These regulations require certain businesses to recover and recycle packaging waste. Targets for individual businesses are based on the overall amount of packaging (on products) that they supply to their customers.

PCNs & PCBs:

Substances classified as hazardous.

PDH:

Plesiochronous Digital Hierarchy

PM10 particulate:

Fine airborne particulate less than 10 microns in diameter.

Recycled paper:

Paper made from discarded and previously used paper.

SDH:

Synchronous Digital Hierarchy.

SF6

Sulphur hexafluoride. Sulphur hexafluoride is a man-made chemical, an unreactive, non-toxic heavy gas with no colour and no smell. Sulphur hexafluoride is a "greenhouse gas" - releasing it to the atmosphere contributes to global warming.

SOX:

Oxides of sulphur.

SO2:

Sulphur dioxide.

Street Works Notice:

A requirement of the New Roads and Street Works Act is that the Street Authority must be informed of certain types of street works when BT issues a notice. A notice serves a number of functions:

- It is part of the co-ordination process, especially in traffic sensitive streets and major projects
- For emergency and urgent works it can prompt emergency procedures of other organisations
- It triggers the inspection regime
- It forms the basis of the records for guarantee purposes
- It can help prevent damage
- It provides a basis of assessment whether works have been unreasonably prolonged (in England only).

Sustainable business:

A business that can sustain its own needs environmentally, socially and economically.

Sustainable development:

Development that allows us to meet the needs of our own generation without compromising the ability of future generations to meet their needs.

SUSTEL (Sustainable Teleworking):

A two-year research project financed by the European Commission on the impacts of teleworking.

Teleworking:

Working from outside a conventional office by using advanced telecommunications like video conferencing.

TRIAD:

TRansmission Infrastructure And Demand charge. Agreements to use standby generators in order to manage electrical loads at times of peak demand.

UNEP:

United Nations Environment Programme.

Videoconferencing:

A meeting where two or more people communicate through networked cameras that relay pictures and sound to all of the participants.

VOCs:

Volatile organic compounds, a widely used group of chemicals which when released into the atmosphere help to form damaging low-level ozone, harmful to human health and animal and plant life.

WEEE:

The EU Waste and Electronic Equipment directive.

Environment helpdesk

This page is for enquiries and comments relating to BT's environmental performance and the way we report on our environmental impacts.

Please note: If you have a general customer enquiry go to [Contact us](#). If you have a complaint about our external operations or network – such as the sighting of a pole or mast, damage to property or graffiti – please go to [Complaints about our services](#).

For complaints about the unsatisfactory state of BT buildings and/or grounds, call 0800 223388. For any Payphone related issues, e.g. noise disturbance, call 0800 661610.

It is important that you use the appropriate channel because it enables us to direct your enquiry or complaint to the correct department, follow it up and keep you informed.

This page is for feedback or questions (not complaints) relating to BT and the environment. Please contact us with your questions and comments at the following:

By telephone:

Freephone: 0800 731 2403

International callers please use: +44 117 302 5097

By e-mail:

bt.environment@bt.com

By post:

BT Environment Unit

Postal Point NS1A2

North Star House

North Star Avenue

Swindon

Wiltshire SN2 1BS

Environment - Key Performance Indicators

Indicator	Description	Measure	Target
Global Warming CO2 emissions	A measure of BT's climate change impact	2007 financial year UK CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	2016 CO2 emissions to be 80% below 1996 levels.
Waste to landfill and recycling	A measure of BT's use of resources	54,921 tonnes to landfill (58%), 40,007 tonnes recycled (42%).	To reduce the tonnage of waste sent to landfill by 8% (excluding waste arising from the 21CN network programme).

Environment Targets

Start Date	End Date	Description	Update	Target Status
April 2007	December 2016	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.		New
April 2007	December 2012	20% of BT's employees will be actively engaged in reducing carbon footprint at work and at home.		New
April 2007	March 2009	BT will complete the design for BT's Data Centre of the future and start rolling out to the estate.		New
April 2007	December 2008	BT will inform BT employees of the impacts of climate change and what they can do to help mitigate these impacts (this will form part of the engagement plan.)		New
April 2007	March 2008	BT will execute both internal and external Climate Change communications plans.		New
April 2007	March 2008	BT will produce a report on energy efficiency options, possible targets and labelling for key consumer products.		New
April 2007	March 2008	BT will produce a study of energy efficiency options, possible targets and labelling for key business products.		New
April 2007	March 2008	BT will introduce environmental management systems into two non UK geographies.		New
April 2007	March 2008	We will research and produce a report on the data collection requirements which would enable the carbon footprint* of a BT branded product to be identified. (* Carbon footprint - the energy consumption associated with the product throughout its whole lifecycle.)		New
April	March 2008	We will assess the feasibility of using alternatives		New

2007		to bromine based flame retardants in BT branded telephones, modems and routers.	
April 2007	March 2008	BT will control the amount of HCFC/CFC refrigerant lost to the atmosphere to no more than 4% of the total held in BT's operational estate.	New
April 2007	March 2008	BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 7% of the total held in BT's operational estate.	New
April 2007	March 2008	We will reduce the amount of CFC/HCFC's installed in the BT operational estate by 5%.	New
April 2007	March 2008	BT will control the amount of HCFC/CFC refrigerant lost to the atmosphere to no more than 7% of the total held in BT's non-operational estate.	New
April 2007	March 2008	BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 7% of the total held in BT's non-operational estate.	New
April 2007	March 2008	BT will implement energy savings measures to deliver energy reduction of 5GWh across the UK data centre estate.	New
April 2007	March 2008	BT will pressure test 1000 of its fuel storage tanks.	New
April 2007	March 2008	BT will decommission 200 buried tanks and replace them with internal double-skinned tanks.	New
April 2007	March 2008	BT will reduce the amount of waste sent to landfill by 8% based on the March 2007 outturn figure. NB excluding activity arising from the 21CN network and property strategy projects.	New
April 2007	March 2008	BT will improve or maintain the percentage of waste recycled against the total waste generated from normal BT operations compared to 2006/07 performance.	New
April 2007	March 2008	BT will implement dedicated recycling stations at up to 15 of its major office buildings. In addition, we will review waste skip provision at around 150 major operational buildings and TEC's with the aim of replacing open top skips with alternative containers and recycling facilities.	New
April 2007	March 2008	BT will review with Telereal participation by their contractors in the Considerate Constructor Scheme providing dedicated recycling processes for major refurbishment projects.	New
April 2007	March 2008	BT will assess the fuel saving benefit from 50 commercial vehicles used by drivers trained on fuel-efficient driving techniques.	New
April 2007	March 2008	BT will order all new light commercial vehicles that will limit speed to a maximum speed set of 70mph.	New
April 2007	March 2008	BT will hold an event with its Suppliers to engage them on Procurement's CSR goals including Climate Change, the Procurement Principles and drive progress towards the Vision "harness communications to tackle climate change"	New
April 2007	March 2008	There will be evidence of follow up action taken within 3 months relating to all suppliers who have been identified as requiring continuous improvement as a result of completing our CSR questionnaires	New
April 2007	March 2008	BT will implement the following Climate Change Procurement Principles to incorporate energy consumption and environmental factors into our procurement processes over the coming year: <ul style="list-style-type: none"> • We will harness the capability, diversity and innovation of our supply base to add value to our business and encourage suppliers to offer solutions which have a reduced environmental impact. • That the energy consumption and environmental impact of a product or service (from manufacture, through usage, to disposal) is a mandatory criterion in all tender adjudication. • That the energy consumption and environmental 	New

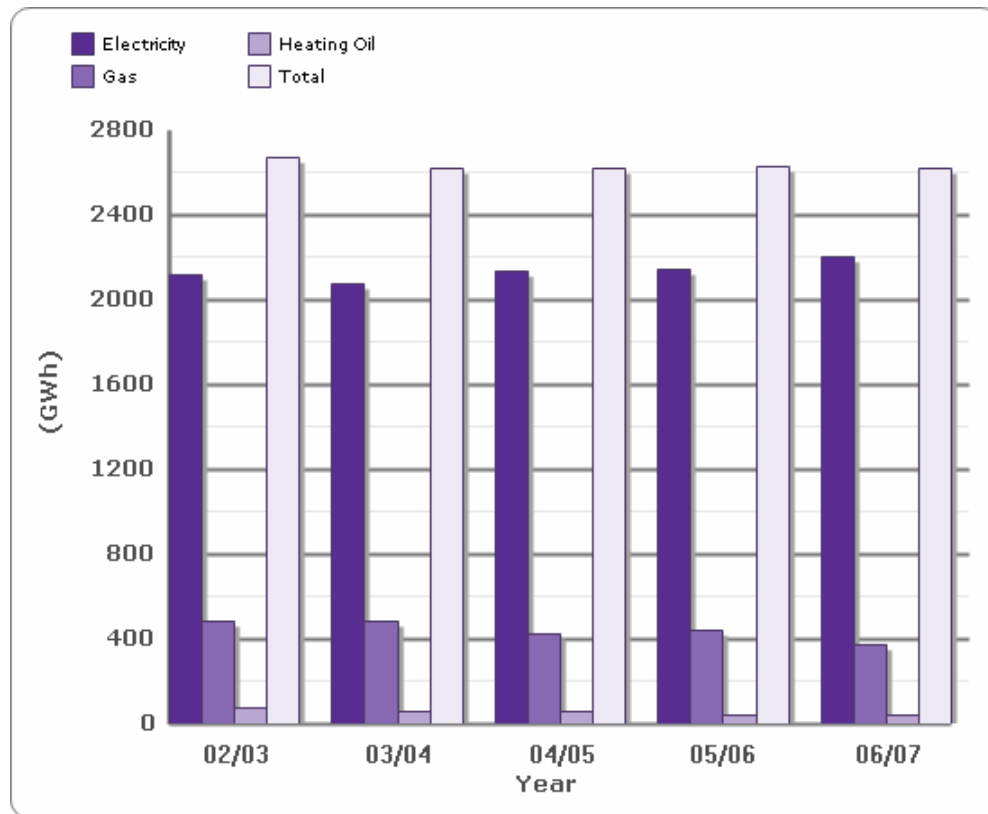
		impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.		
April 2007	March 2008	BT will publish the findings of its 2007 staff survey, which assessed the social and environmental impacts arising from the use of conferencing services within BT.		New
April 2007	December 2007	BT will begin a trial on hybrid vehicles in collaboration with a manufacturer.		New
April 2007	September 2007	BT will define a roadmap for establishing an EMS in all countries.		New
April 2007	August 2007	BT will roll out a Climate Change road-show.		New
April 2006	March 2007	BT will develop a Product Manager's PS Toolkit for use at a new product launch.	The Tool Kit has been completed with all the elements of the toolkit; training, eco design guidelines and checklist, legislative summary and FAQ, etc available to BT product Managers.	Completed
April 2006	March 2007	BT will assess the potential for improving the standby power consumption of external power supplies used by BT products.	A report has been produced on the work carried out. The conclusion from this work was that there was substantial scope for improvement.	Completed
April 2006	March 2007	BT will control the net usage of HCFC/CFC refrigerant to no more than 4% of the total held in BT's operational estate.	The total net usage of CFC/HCFC's for the year was 3.31%	Completed
April 2006	March 2007	BT will control the net usage of HFC refrigerant to no more than 7% of the total held in BT's operational estate.	The total net usage of HFC's for the year was 3.37%	Completed
April 2006	March 2007	BT will reduce the amount of CFC/HCFC's installed in the BT operational estate by 5%.	We reduced the amount of ozone-depleting gases held in our systems by 3.27% as a result of plant replacement or building closures but unfortunately, we didn't manage to meet the target.	Completed
April 2006	March 2007	BT will control the net usage of HCFC/CFC refrigerant to no more than 10% of the total held in BT's non-operational estate.	The total net usage of CFC/HCFC's for the year was 1.17%	Completed
April 2006	March 2007	BT will control the net usage of HFC refrigerant to no more than 10% of the total held in BT's non-operational estate.	The total net usage of HCF's for the year	Completed

			was 4.09%	
April 2006	March 2007	BT will install and evaluate the benefits of installing remote profile based gas metering at 30 typical sites with the BT estate.	The target was been completed with gas meters installed at 31 sites.	Completed
April 2006	March 2007	BT will reduce metered Water used BT in Premises by 2% from the 05/6 outturn.	We achieved this target with an 8% reduction in water consumption.	Completed
April 2006	March 2007	BT will pressure test 300 of its fuel storage tanks.	The number of tanks tested was 795.	Completed
April 2006	March 2007	BT will ensure that it's planning and implementation processes for cable works include full reference to environmental issues.	A number of documents have been now amended to include full reference to environmental issues. The changes covered environmental legislation, land designation, where additional permissions are required and installing in environmentally sensitive areas. All changes have been communicated to planning staff.	Completed
April 2006	March 2007	BT will reduce the amount of waste sent to landfill (measured in tonnes) by 5% based on the March 2006 outturn figure. (NB excludes activity arising from the 21CN network and property strategy project work).	The amount of waste sent to landfill reduced from 59,665 tonnes to 54,921 tonnes a decrease of 8%.	Completed
April 2006	March 2007	BT will improve or maintain the percentage of waste recycled against the total waste generated from normal BT operations compared to 2005/06 performance.	We increased the amount of waste we recycled increased from 41.5% last year to 42.14%.	Completed
April 2006	March 2007	BT will review ownership of all waste disposal streams generated by BT. The study will also address the responsibilities for consultation on new waste related legislation and the consolidated response arrangement to consultative bodies.	Following and extensive review, under the overall control of the BT Waste Forum, the BT Waste Products Guide was re-issued in June 2006. Additionally, a review was carried out to identify the	Completed

			process owners for the various waste items detailed in the Waste Guide. This was produced to assist the Waste Forum by identifying the respective individual owners and included legislative responsibility.	
April 2006	March 2007	BT will undertake a survey of BT people to assess the personal and business benefits of the use of conferencing services.	The survey completed in July 2006 and is available on our online report site.	Completed
April 2006	March 2007	As part of the roll out of BT's 21CN next generation network, BT will implement a sub metering strategy at 30 of its 'pathfinder' sites.	Sub metering is included in the scope of the Infrastructure design for Pathfinder sites. Metering has been installed at some sites in preparation for equipment installation.	Delayed
April 2006	March 2007	BT will aim to achieve ISO 14001 certification for its operations in Belgium and introduce an environmental management system for operations in Germany.	Due to re-organisation, the EMS for Germany was not completed this year. Additionally, the ISO 14001 assessment in Belgium will not take place until quarter 1 this year.	Failed
April 2006	March 2007	BT will reduce the energy consumption required in wet heated building i.e. gas and oil, by 2% weather corrected from the 05/6 outturn. (N.B. excludes network electrical consumption)	Heating energy efficiency, weather corrected, decreased by 4% during the year. Therefore, we failed to meet our 2% improvement target.	Failed
April 2005	March 2010	BT will, as a direct result the installation of its new 21st Century multi- service access network, deliver a 30% line for line energy reduction.	BT continues to make good progress with it's 21CN program.	On Target
April 2005	March 2006	We will verify the amount of refrigerant stock held by our Facilities contractor with a view to target setting on usage for 2006/7.	This work has been delayed. However, a series of audits being carried out by the Monteray EO	Delayed

			Audit Compliance Team is now underway and the results are due in July 2007.	
April 2003	March 2010	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 25% below 1996 levels.	We are currently on target to meet this objective. However, we have now superseded this with a more challenging target of an 80% reduction by 2016.	

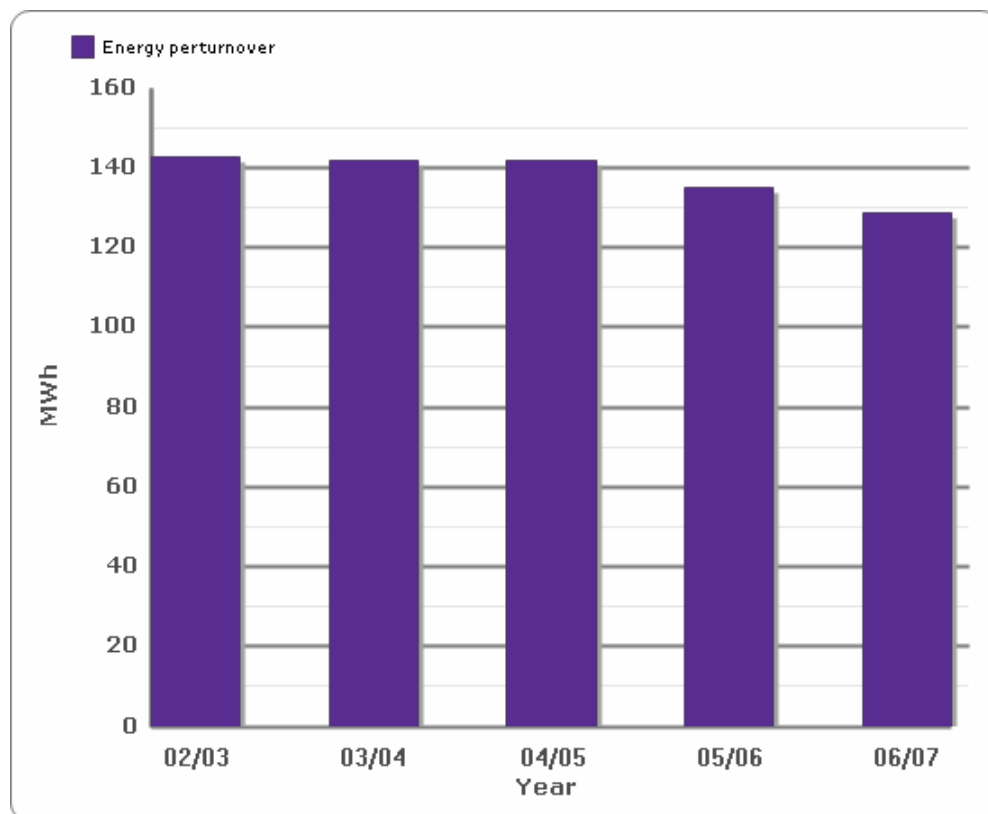
Energy consumption



Excludes BT Global Services outside the UK.

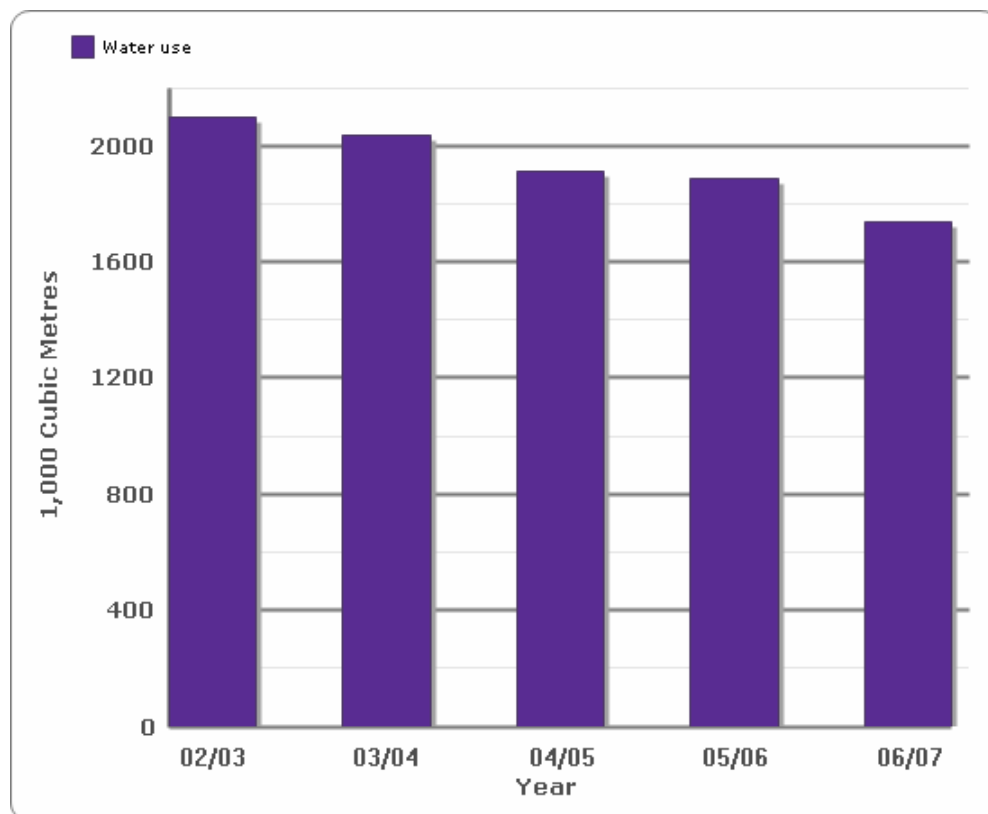
Source: Invoices (not weather corrected). Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants

Energy Consumed per £m Turnover



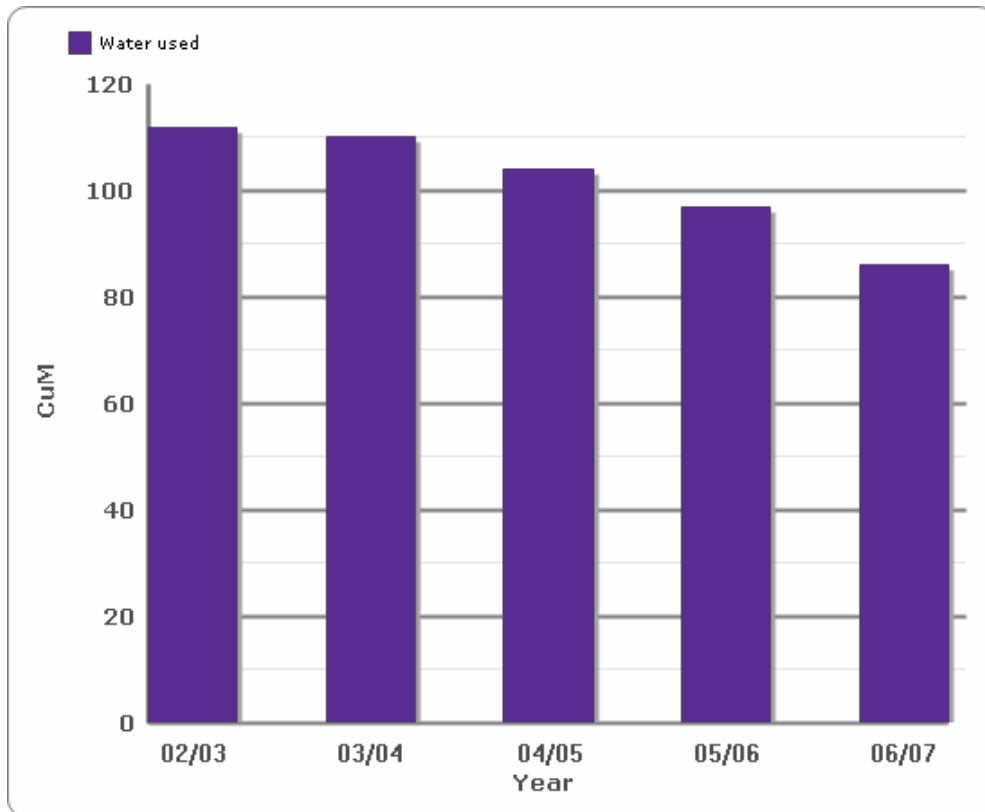
Excludes BT Global Services outside the UK
Source: Annual Report & Accounts, Energy Database

Water use



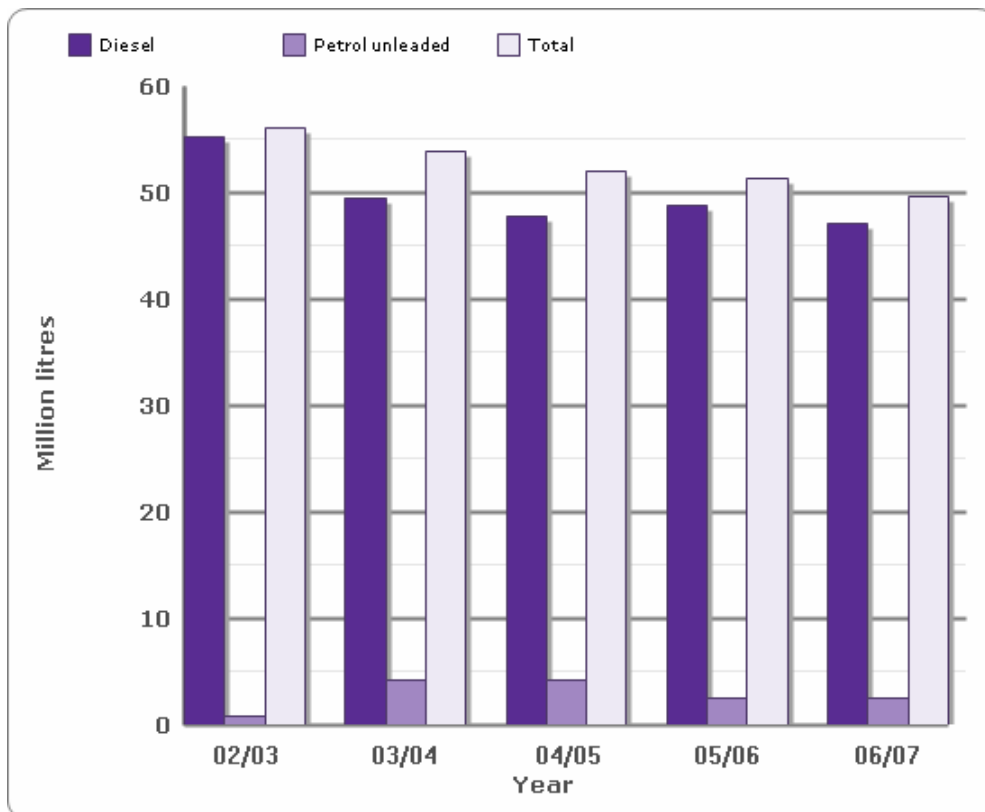
Excludes BT Global Services outside the UK
Source: Invoices (not weather corrected). Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants

Water consumed per £m Turnover



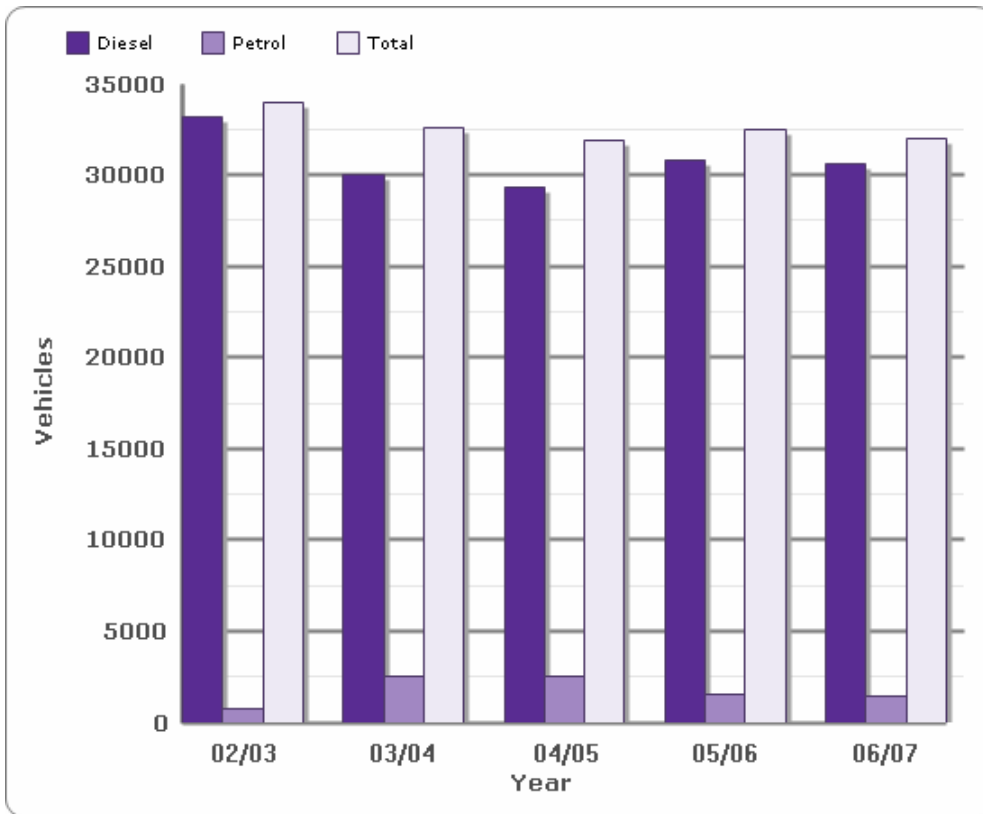
Excludes BT Global Services outside the UK.
Source: Annual Report & Accounts, Energy Database

Fuel used by BT's Commercial Fleet



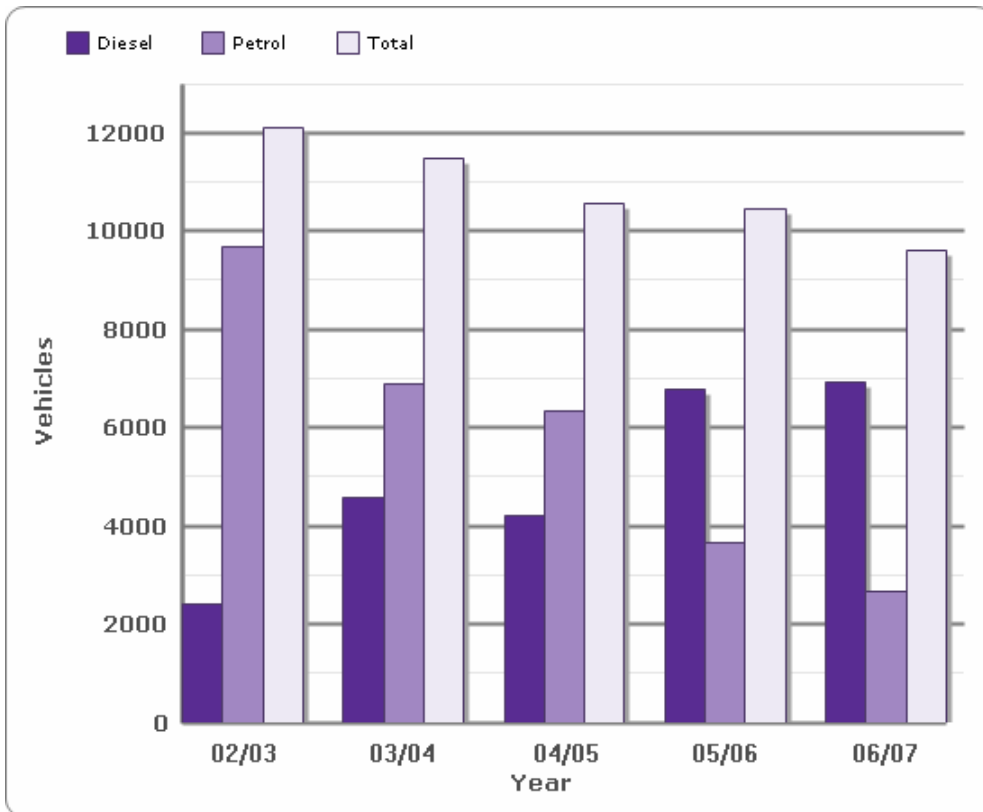
Excludes BT Global Services outside the UK
Source: BT's Vehicle Database

Number of Vehicles in BT's Commercial Fleet



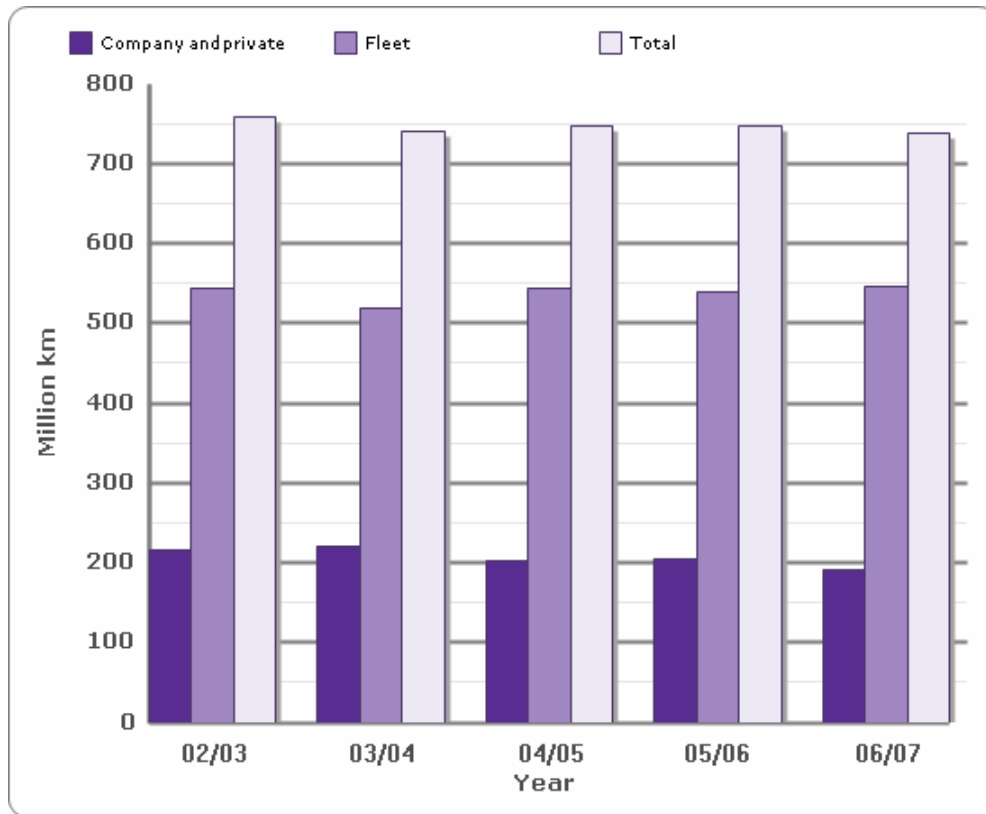
Excludes BT Global Services outside the UK
Source: BT's Vehicle Database

Number of Vehicles in the Company Car Fleet



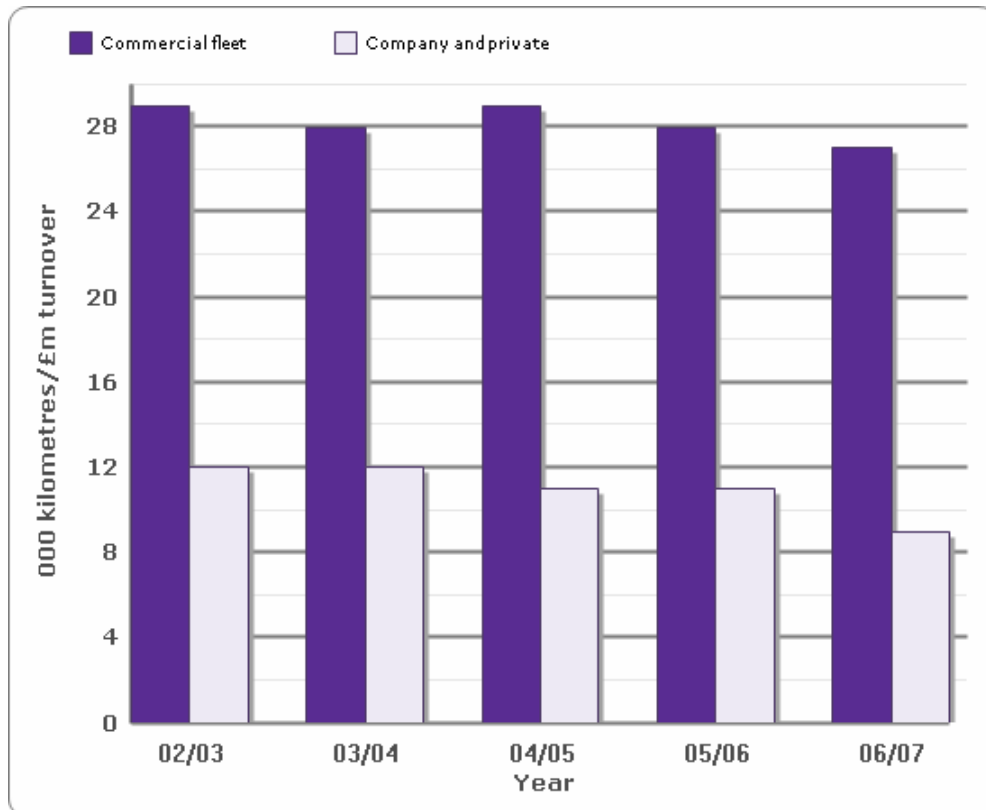
Excludes BT Global Services outside the UK
Source: BT's Vehicle Database

Distance travelled by vehicles on BT Business



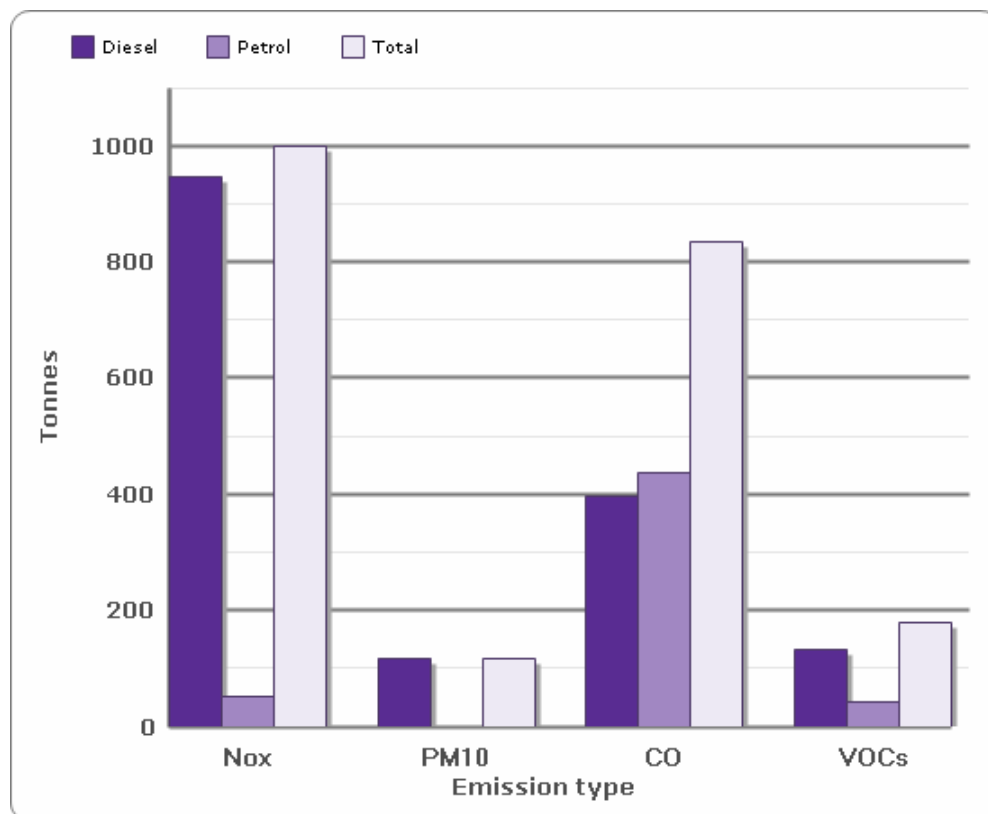
Excludes BT Global Services outside the UK.
Source: BT's Vehicle Database & Business Expense Claims

Distance Travelled per £m Turnover



Excludes BT Global Services outside the UK
Source: Annual Report & Accounts, Transport Database

Emissions from vehicles travelling on BT Business



Excludes BT Global Services outside the UK.
Source: NETCEN (AEA Technology)

2007 UK CO2 Model

BT Carbon Dioxide (CO2 equivalents) Model		Base Year					
Emission Source		96/97 (Base)	03/04	04/05	05/06	06/07	
		Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	
SCOPE 1	Stationary Combustion						
	Electricity Production - Oil Combustion	Note 2	9,030,000	6,450,000	3,671,315	1,878,311	
	Gas Combustion	110,770,000	92,599,797	81,196,740	83,794,467	71,270,559	
	Oil Combustion	66,500,000	15,677,851	14,352,750	10,342,249	10,055,239	
	Refrigeration Gases (HFCs and SF6 only)	Note 2	886,004	2,406,894	1,433,998	3,240,410	
	Commercial Fleet Diesel	167,232,000	131,282,272	126,699,464	129,340,509	125,686,194	
	Commercial Fleet Petrol	18,480,000	9,951,175	9,603,799	5,933,994	5,162,533	
	Company Car Diesel	24,021,000	8,182,973	11,153,473	15,392,853	15,937,594	
	Company Car Petrol	16,296,000	25,513,068	17,303,091	12,072,696	9,273,486	
	Total Scope 1 Emissions		403,299,000	293,123,140	269,166,211	261,982,081	242,504,326
SCOPE 2	Purchased Electricity						
	Grid Electricity	1,202,340,000	182,898,288	132,827,077	18,006,138	12,694,005	
	CHP (low CO2) Electricity	0	411,252,000	307,424,890	310,791,276	328,835,505	
	Total Scope 2 Emissions		1,202,340,000	594,150,288	440,251,967	328,797,414	341,529,510
Combined Scope 1 & 2 Emissions			1,605,639,000	887,273,428	709,418,178	590,779,495	584,033,836

SCOPE 3	Cars on BT Business (Diesel)	Note 1	600,521	600,826	1,805,450	1,642,309
	Cars/Motorcycles on BT Business (petrol)		3,584,361	3,785,867	1,420,477	1,033,503
	Refrigeration Gases (CFCs and HCFCs only)	Note 2	6,727,767	7,763,662	4,375,817	6,388,124
	Rail travel	Note 2	12,168,782	13,484,611	14,594,061	13,826,495
	Air Travel (short haul)	Note 2	4,711,583	6,006,193	7,553,833	7,328,436
	Air Travel (long haul)	Note 2	7,000,831	6,029,284	7,864,527	8,802,487
	Hire Cars (Diesel)	Note 2	1,163,209	2,670,362	2,085,571	2,896,157
	Hire Cars (Petrol)	Note 2	12,316,408	12,777,391	5,409,009	9,340,850
	Total Scope 3 Emissions	0	48,273,461	53,118,196	45,108,745	51,258,362

Total CO2 emissions (kgs) 1,605,639,000 935,546,889 762,536,374 635,888,240 635,292,197

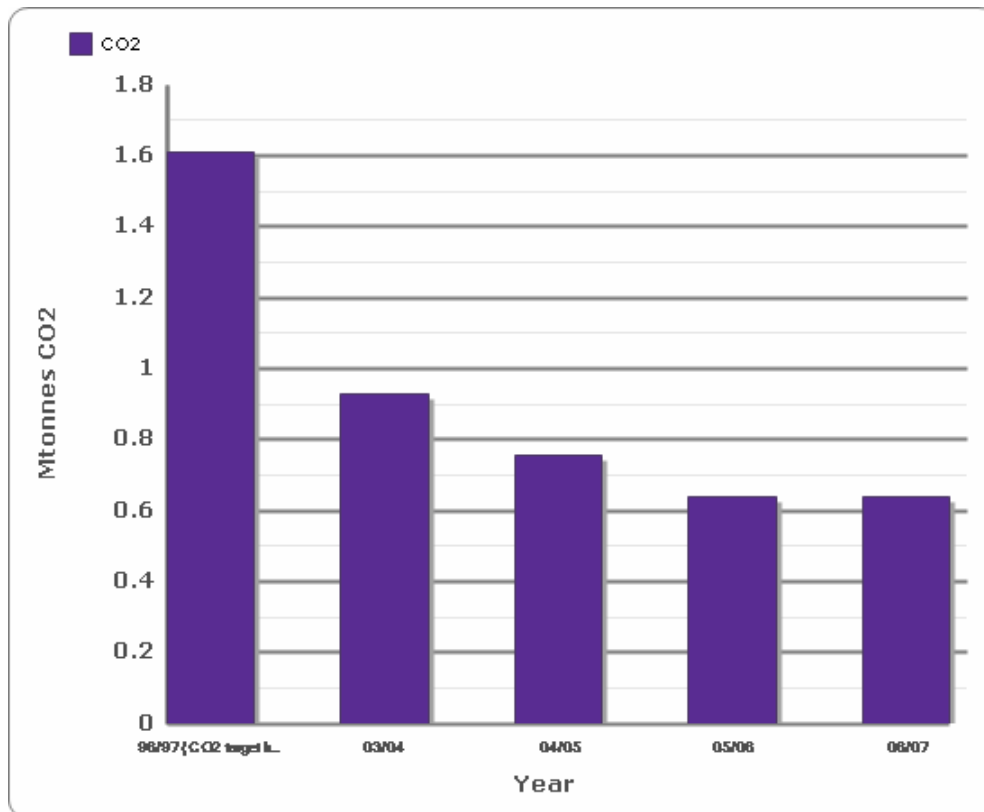
Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR,

AEAT NETCEN

Notes: 1. Included in company car data

2. Data not available

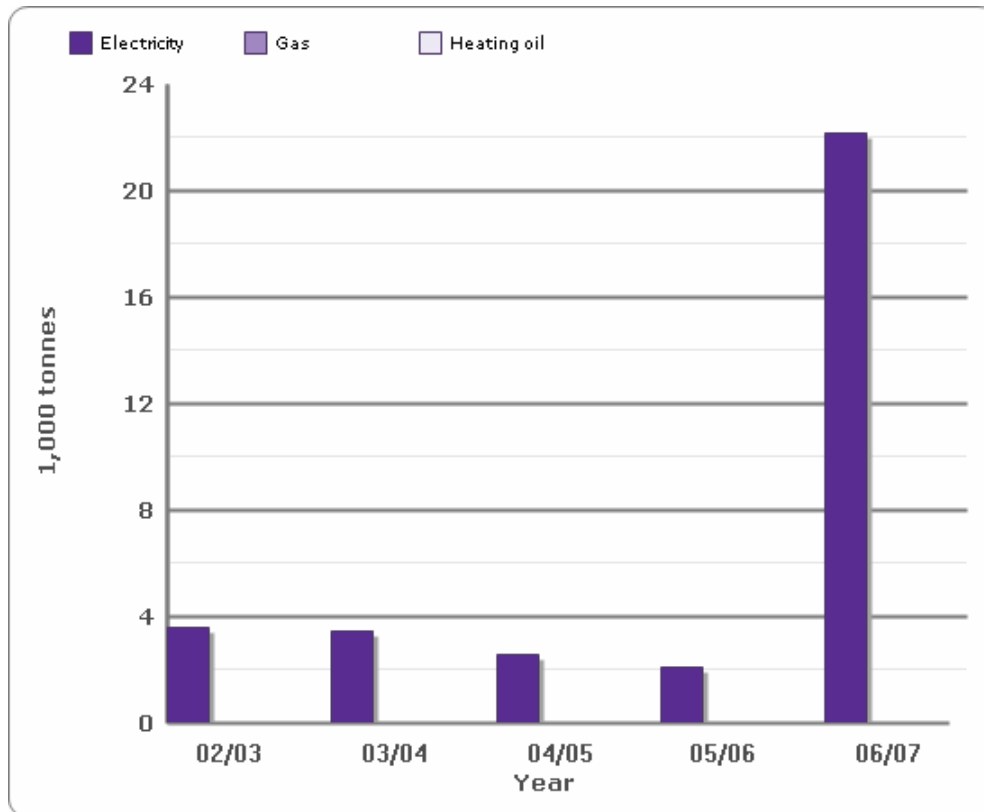
CO2 equivalent emissions



Excludes BT Global Services outside the UK. (96/97 is the CO2 target base year)

Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR, AEAT NETCEN

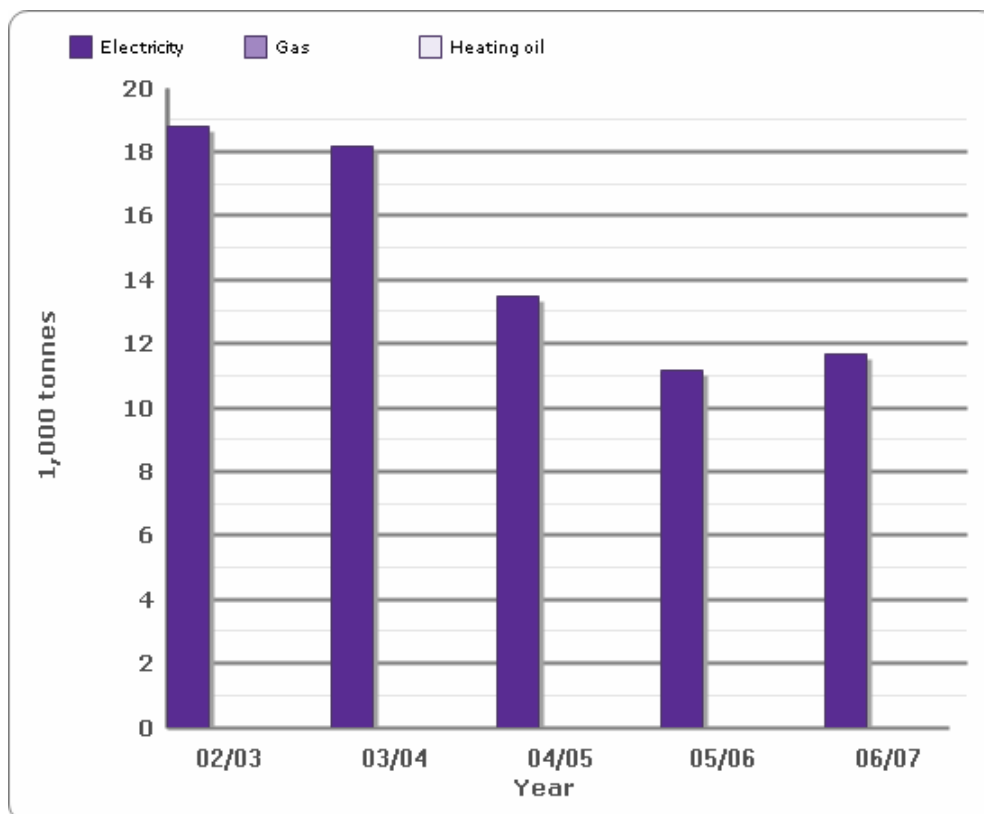
Emissions of Nox



Excludes BT Global Services outside the UK

Source: Emissions derived using Government conversion factors. Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants

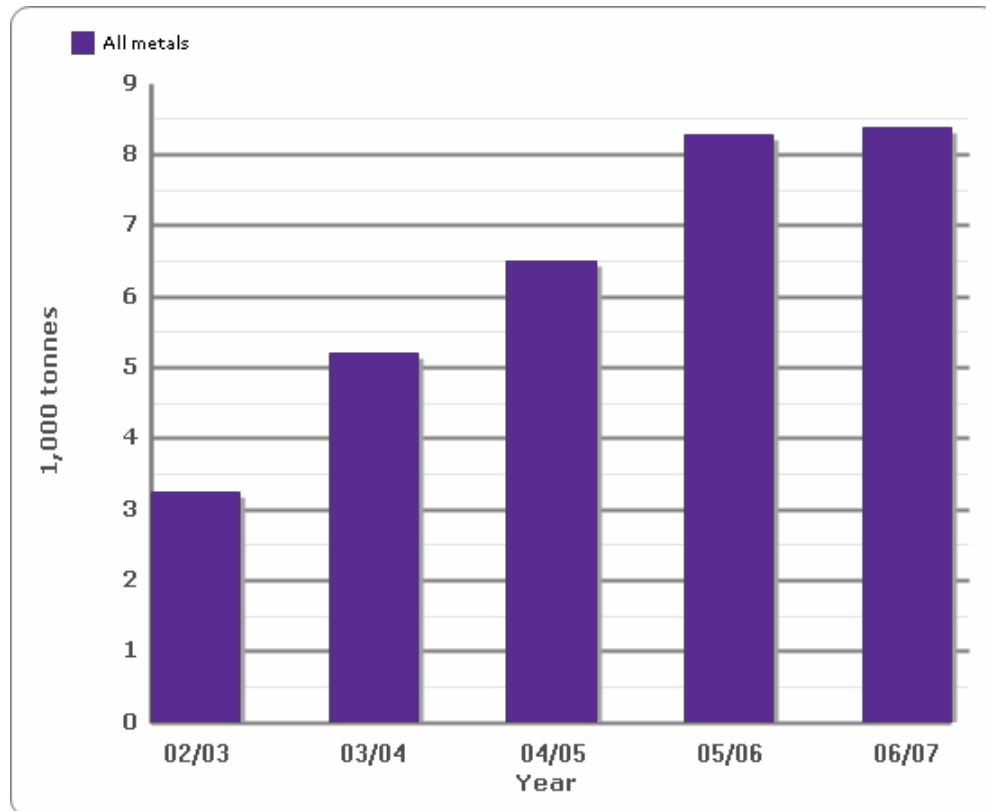
Emissions of SO2



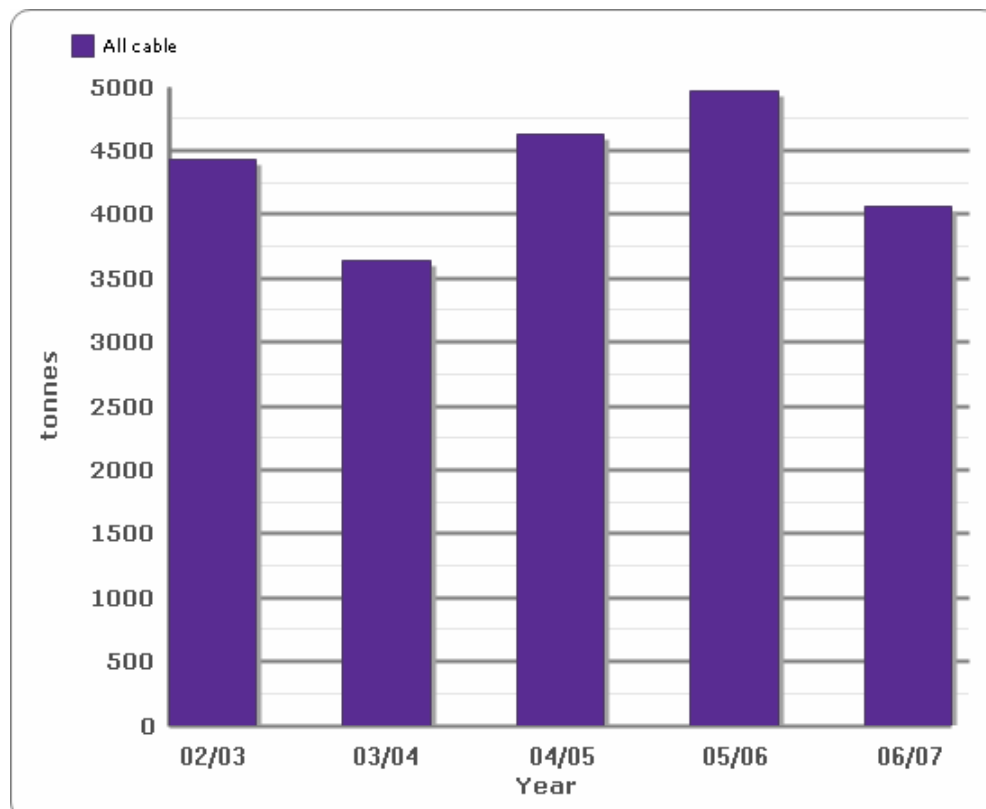
Excludes BT Global Services outside the UK

Source: Emissions derived using Government conversion factors. Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants

Scrap metal recovered



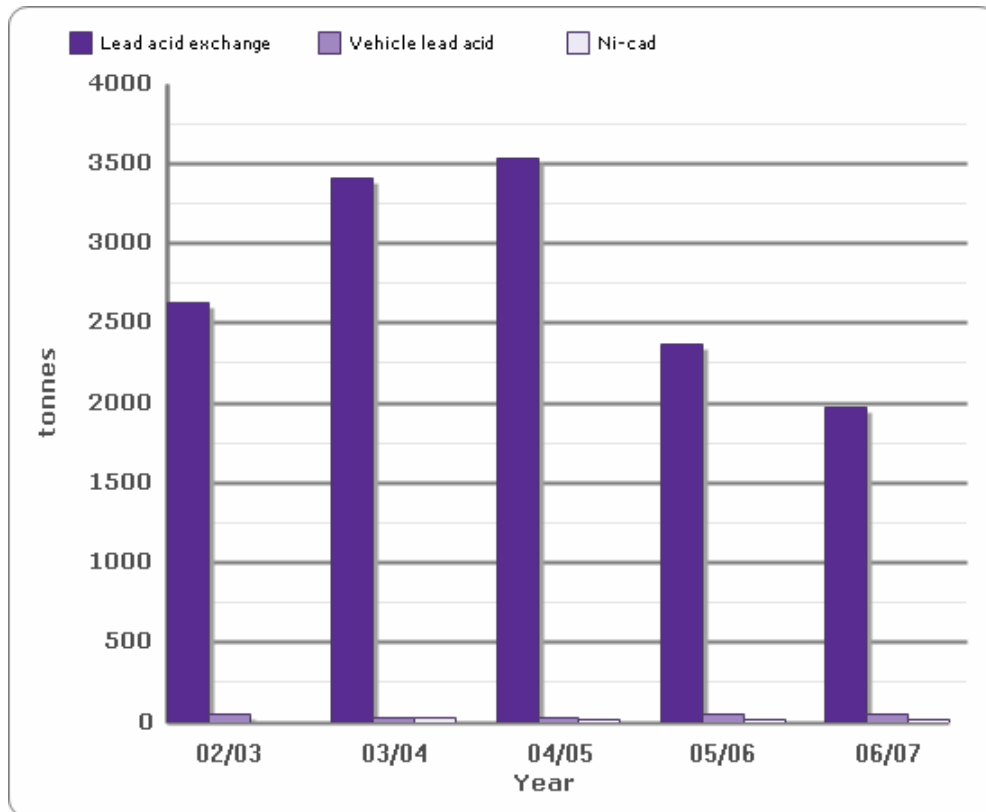
Quantities of scrap cable recycled



Excludes BT Global Services outside the UK.

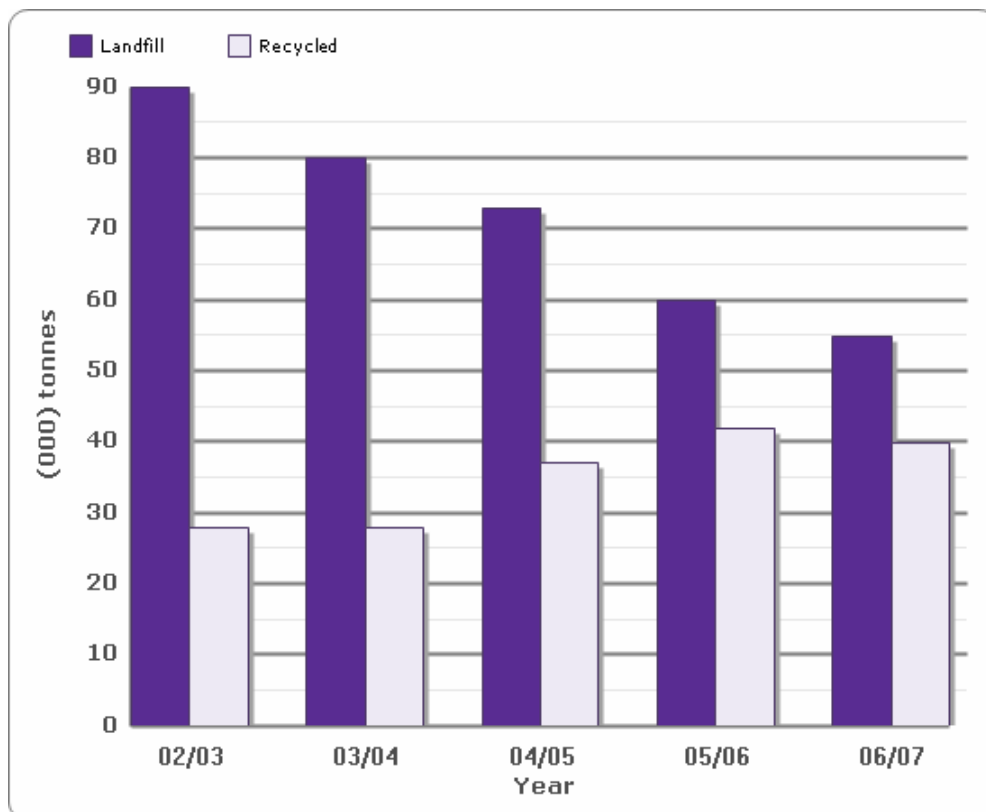
Source: Contractors

Quantities of batteries recycled



Excludes BT Global Services outside the UK.
Source: Contractors

Waste arising and management



Excludes BT Global Services outside the UK.
Source: Contractors

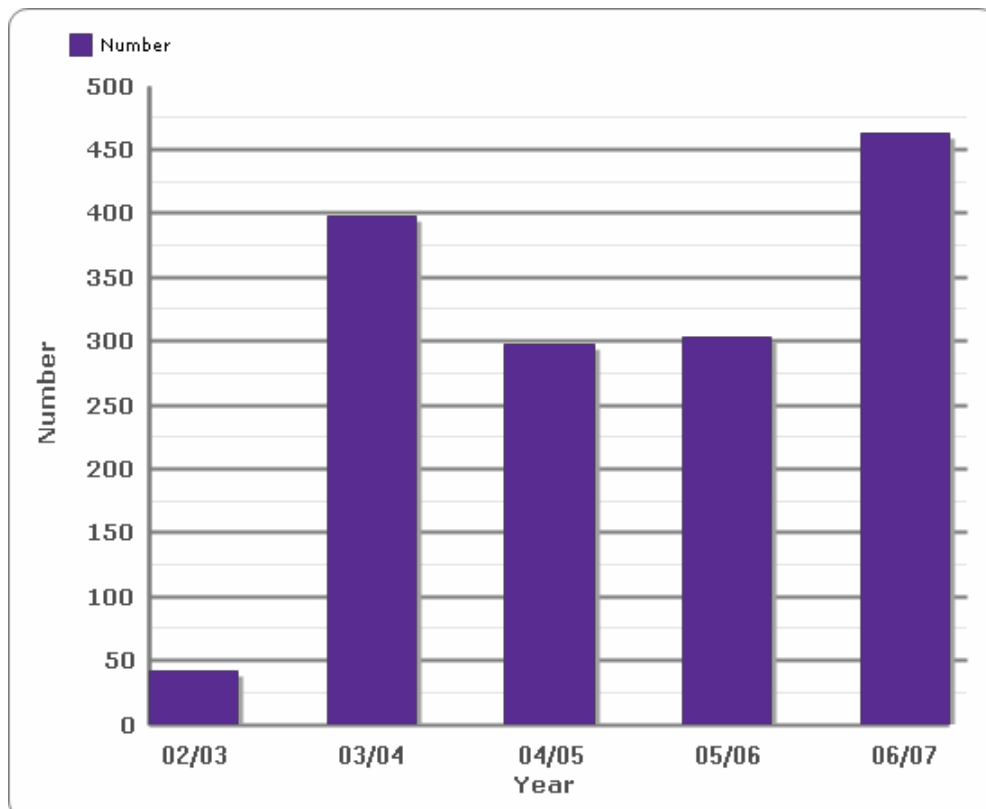
2007 Waste Recovery Model

Waste Type (tonnes)	2003	2004	2005	2006	2007
Cable					
Switchboard cable	685	559	630	894	437
Mixed cable	965	577	1411	1573	1877
Aerial Self Supporting cable	874	806	728	653	390
Polythene covered cable	790	765	699	696	494
Lead covered cable	235	259	203	359	395
Optical fibre cable	746	474	670	556	361
Blown fibre cable	138	204	285	239	112
Total	4434	3645	4626	4969	4066
Telephone exchange equipment					
Miscellaneous equipment	823	537	1906	2683	3179
Micellaneous Metals	1202	912	2082	3032	2477
Payphone equipment	223	38	218	768	114
Telephones	431	464	697	699	288
Total	2679	1952	4902	7181	6058
Office & Packaging waste					
Office paper	6264	1379	1277	912	817
Cardboard	1366	6288	5792	7454	6697
Plastics	14	34	0	0	0
Toner cartridge	50	16	13	12	12
Silica desiccant	10	5	4	4	0
Aluminium cans	2	14	10	12	11
Plastic cups	12	15	9	6	7
Total	7719	7751	7105	8398	7544
Batteries					
Ni-cad rechargeable batteries	16	34	27	26	18
Exchanged lead acid batterie	2632	3408	3536	2378	1979
Vehicle Lead Acid Batteries	61	35	37	61	59
Total	2708	3477	3601	2465	2056
Transport related waste					
Lubricating oil	246	241	256	259	208
Oil filters	90	71	86	46	30
Antifreeze/water mixture	21	8	11	13	13
Brake fluid	1	1	1	1	2
Mixed fuel	3	2	4	46	27
Oil contaminated waste	12	12	12	14	12
Paint solvent/thinners	0	1	0	0	1
Tyres	404	485	438	547	615
Accident Vehicles	0	0	0	172	132
Total	777	822	808	1097	1040
Misc Electrical Equipment	823	1441	3377	3651	4309

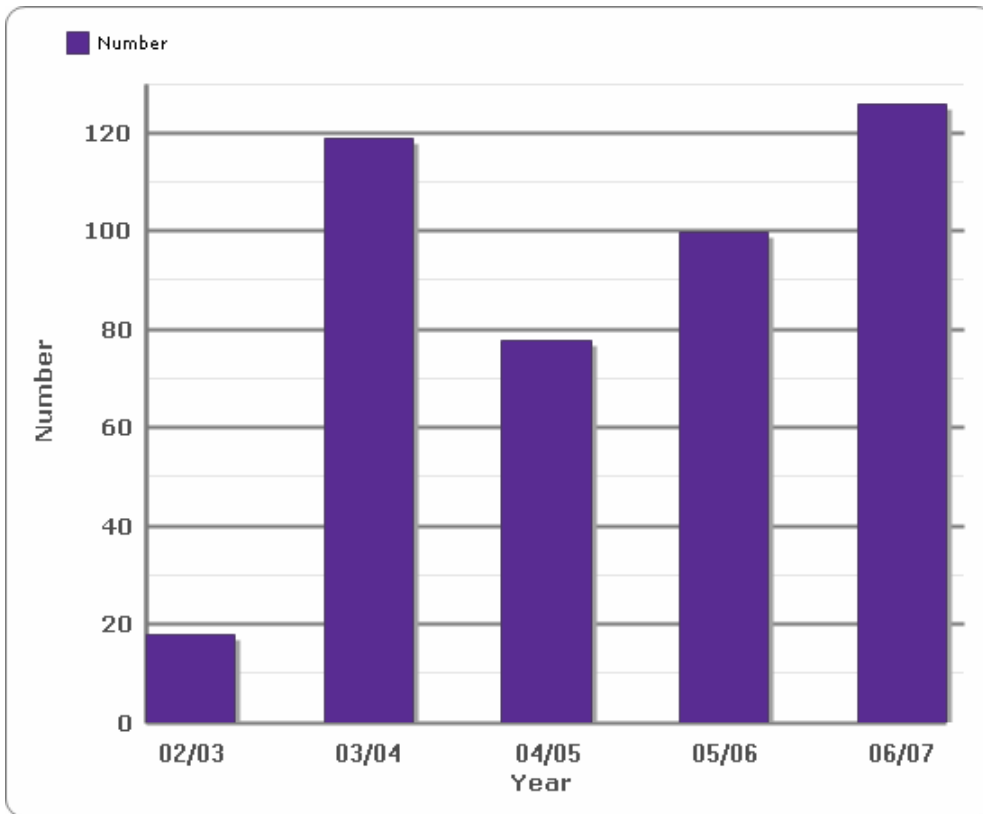
General Scrap Metal	853	1411	4416	5244	5965
Telephone directories	359	268	920	655	220
Telegraph Poles	6551	5103	6122	5689	5554
Computing Equipment	443	755	1470	1292	1433
Clothing	3	2	0	0	0
Catering Oil	80	44	25	24	24
Other (eg wood, glass, etc)	0	25	21	14	16
Catering Equipment	0	19	15	22	0
Fluorescent Tubes	0	0	11	47	32
Waste Oil	0	0	0	1592	1690
Total	9112	9069	16378	18229	19243
Total waste recycled	27809	27626	37421	42340	40007
General Waste	89878	79677	73201	59665	54921
Total weight for all categories	117688	107303	110622	102005	94928

waste recycled (as % of total waste)	24%	26%	34%	42%	42%
Total income	£4.26 million	£3.9 million	£2.9 million	£3.23 million	£4.48 million
Total expenditure	£8.29 million	£9.9 million	£7.4 million	£7.97 million	£5.15 million
Landfill tax savings	£0.36 million	£0.38 million	£0.54 million	£0.76 million	£0.84 million
Total savings/costs	- £3.7 million	- £5.6 million	- £3.96 million	- £3.98 million	£0.17 million

Number of Environment assessment questionnaires (GS13) completed



Number of Environment questionnaires (GS13) where continuous improvement was required



2007 International Data

	Electricity	Renewable Electricity	Gas	Oil	Water	Total Waste	General Waste	Waste Recycled	Travel					
	kWh	kWh	kWh	litres	litres		Tonnes	Tonnes	Tonnes	Air miles short haul	Air miles long haul	Car miles Petrol	Car miles Diesel	Hire Car Petrol
Spain	20,907,000	0	0	2620 ¹	38,573	28	15	14	500,000	250,000	560,000	140,000	0	0
Switzerland ¹	59,104	0	95,197	0	514,000	4	4	0	0	0	110,000	0	0	0
Americas	39,968,328	0	49,151	8,541	151,914	287	236	51	10,007,908	18,953,677	424,062	0	2113	0
Germany	71,623,068	0	0	0	334,000	358	341	17	3,658,677	1,829,338	0	14,527,500	0	0
Hong Kong	279,713	0	0	0	0	0	0	0	1,038,295	2,279,659	0	0	0	0
Taiwan	27,709	0	0	0	704,000	6	6	0	59,504	12,192	0	0	0	0
Seoul	22,929	0	0	0	0	0	0	0	65,546	296,027	0	0	0	0
Tokyo	167,490	0	0	0	0	0	0	0	434	778,146	0	0	0	0
Singapore	170,588	0	0	0	0	3	0	3	112,132	2,810,482	0	0	0	0
KL	35,828	0	0	0	0	0	0	0	19,290	133,557	0	0	0	0
Bangkok ¹	160,000	0	0	0	0	2	2	0	0	0	0	0	0	0
Sydney	494,720	0	0	0	0	21	4	17	463,774	4,865,876	0	0	0	0
Melbourne	75,272	0	0	0	0	18	0	18	Note 2	Note 2	0	0	0	0
Netherlands ¹	32,520,323	0	504,961	5,000	8,950,000	79	79	0	0	0	0	0	0	0
Ireland	35,648,271	0	144,832	15,000	0	378	290	88	0	0	0	0	0	0
Belgium	7,340,710	0	1,292,039	11,690	9,496,000	622,691	622,691	0	977,284	861,872	0	9,622,500	9200	0
Italy	50,310,696	18,574,411	261,381	0	13,489,000	31	4	27	1800000 ¹	650000 ¹	0	52,405,418	84400	0
Hungary	325,817	0	0	0	0	0	0	0	215000 ¹	0	534,560	46,530	5000	600
Czech	40,546	0	0	0	483,000	0	0	0	893,010	0	89,276	61,484	0	0
France	1,591,348	0	0	0	0	0	0	0	1,222,812	403,357	1,386,000	36,000	0	0
TOTALS	261,769,460	18,574,411	2,347,561	40,231	34,160,487	623,907	623,672	235	19,018,666	33,474,183	3,103,898	76,839,432	100,713	600
Note 1 - Estimated (based on last year)														
Note 2 - Included in Sydney figure														
Note 3 - Fuel used														
Note 4 - Sample of country returns checked against table entries by LRQA but data not verified														

Climate change

Climate change is one of the biggest challenges of our age. Governments, businesses and citizens all need to play their part in tackling it.

We set our first carbon reduction target in 1992 and have already reduced our own UK carbon dioxide (CO₂) emissions by 60% on 1996 levels. This year we developed a new strategy to further reduce our carbon footprint and involve our stakeholders in our efforts.

There is a strong business case behind our strategy. Our energy costs are going up due to rising fuel prices, taxation and market mechanisms in Europe and increased energy demand from our new network equipment.

Our technology will be part of the solution to climate change because it can help economies grow while emitting less carbon. For example, by enabling easier remote working and video-conferencing that reduce the need to travel.

We expect our operations to be affected by the changing climate. For example, increases in extreme weather conditions could potentially damage our network infrastructure. That is why climate change is one of our key [CSR risks](#).

Climate change strategy

We plan to help tackle climate change through the innovative use of communications products. We aim to lower the carbon intensity of our networks and to help our customers reduce their footprint.

We launched our new climate change strategy in December 2006 which has four elements:

- Reducing our own footprint
- Influencing our customers
- Influencing our suppliers
- Engaging our employees

We use over 0.7% of the UK's entire electricity consumption so we can make a significant contribution to reducing carbon emissions. Our target is to reduce our footprint by 80% on 1996 levels by 2016. This will require concerted action across our business.

We seek to influence global efforts on climate change. In 2005 Ben Verwaayen, our CEO, and CEO's from 23 other multinational companies signed a statement calling for action by world leaders on climate change. In October 2005 our Chairman, Sir Christopher Bland, spoke at the launch of the 3rd Climate Disclosure Report. In January 2007 the Confederation of British Industry (CBI) launched a climate change task force which is chaired by Ben Verwaayen.

For more detailed information go to our climate change [website](#).

Action on climate change

This section summarises the action we have taken on the four areas of our climate change strategy. Up to now most of our efforts have been focused on reducing our own footprint but we expect this to change as we implement our new strategy.

Reducing our own footprint

Our carbon emissions come from two sources: directly from the fuel we burn to heat our buildings, run our vehicles and power standby generators; and indirectly from the electricity we buy and from business travel. Our efforts to improve energy efficiency include:

- Monitoring electricity use through online reports updated every half-hour.
- Surveys carried out by specialist consultants which identify opportunities to save energy in our network buildings.
- Selecting energy efficient equipment and installing building management systems that integrate heating and cooling, reducing waste
- Since 2004 we have sourced nearly all our UK electricity from low-carbon sources, including renewable energy and combined heat and power.
- Encouraging teleconferencing, home- and flexi-working that reduce employee business travel. See [Environmental benefits](#).

In financial year 2007, BT extended its UK Green Energy contract until 2010. By purchasing green energy we are preventing annual CO₂ emissions equivalent to those resulting from the electricity consumption of over 300,000 households - roughly the number of those in Liverpool and Cardiff combined.

In financial year 2007, we conducted a complete review of our energy sourcing and explored the potential for increasing our use of wind-generated electricity.

We now provide data management services for many of our large customers. Data centres are high-energy consumers. This year we audited energy consumption at 10 of our data centres to assess opportunities to increase energy efficiency. Additionally, we identified unused and underused equipment at our data centres in the UK and have decommissioned or consolidated around 3,000 servers, equating to approximately 800 2kW equivalent racks of equipment. We expect this to save 23GWhrs of electricity per year resulting in significant cost savings and reducing CO₂ emissions by 3,300 tonnes.

Influencing our customers

We have started to identify ways that our products and services can help customers reduce their impact on climate change. For example, we are developing a Carbon Audit service to help business customers understand the carbon footprint of their ICT systems and use technology to reduce their overall emissions.

We are reviewing the energy consumption of the hardware products that we sell and investigating new carbon saving ICT applications.

Influencing our suppliers

We have established procurement principles that support our climate change strategy. We will use these to encourage suppliers to offer products and services with a reduced environmental impact. Energy consumption will be one of the mandatory criteria used in all tender processes. See [Suppliers](#).

For example, in a recent tendering exercise for broadband products energy consumption was one of the tender criteria and suppliers were assessed against their compliance with 'The EU Code of Conduct on Efficiency of External Power Supplies'. This is a voluntary code designed to reduce the power consumption of electrical and electronic appliances when in stand-by mode.

Engaging our employees

We have launched a series of employee road shows across the UK, Europe and the USA. These will update employees on our plans and tell them how they can get involved.

We are recruiting a network of employee volunteers, known as Carbon Busters, from across the business to champion our climate change efforts. We also have a taskforce of senior executives who meet on a monthly basis to drive progress.

We have launched a [climate change website](#) for employees and other stakeholders which includes a carbon calculator and ideas on how to reduce your carbon footprint.

Climate change pledges

We have made the following pledges to help us achieve our climate change strategy:

To reduce our own footprint we will:

- Reduce our carbon emissions by 80% on 1996 levels by 2016
- Conduct a complete review of our energy supply and explore the further potential for wind powered generation
- Conduct a complete audit of energy consumption at our data centres

To influence our suppliers we will:

- Include energy consumption as a contract adjudication criterion in all tender processes
- On contract renewal, we will require a product's energy consumption to be lower than its predecessor

To influence our customers we will:

- Provide hardware that uses less energy
- Offer specific ICT applications that will help create a low carbon economy

We will engage our 106,000 employees by:

- Helping them reduce their personal carbon footprints
- Empowering them to influence their local communities

Performance on climate change

We have reduced our total UK CO₂ emissions by 60% on 1996 levels. This is equivalent to an annual saving of 0.97 million tonnes of CO₂. We are on track to meet our 80% reduction target by 2016.

Our emissions reductions already exceed the UK Government's target to reduce greenhouse gases emissions by 20%, by 2010 (from a 1990 baseline) and the UK's Kyoto Protocol target of a 12.5% reduction by 2010.

We report our emissions according to the inventory guidelines detailed in the Greenhouse Gas (GHG) Protocol. This initiative, hosted by the World Business Council for Sustainable Development, brings together leading experts on greenhouse gas emissions to develop internationally-accepted accounting and reporting standards.

Click on the icons below for more information on our CO₂ and CO₂ equivalent emissions.

Climate change - Key Performance Indicators

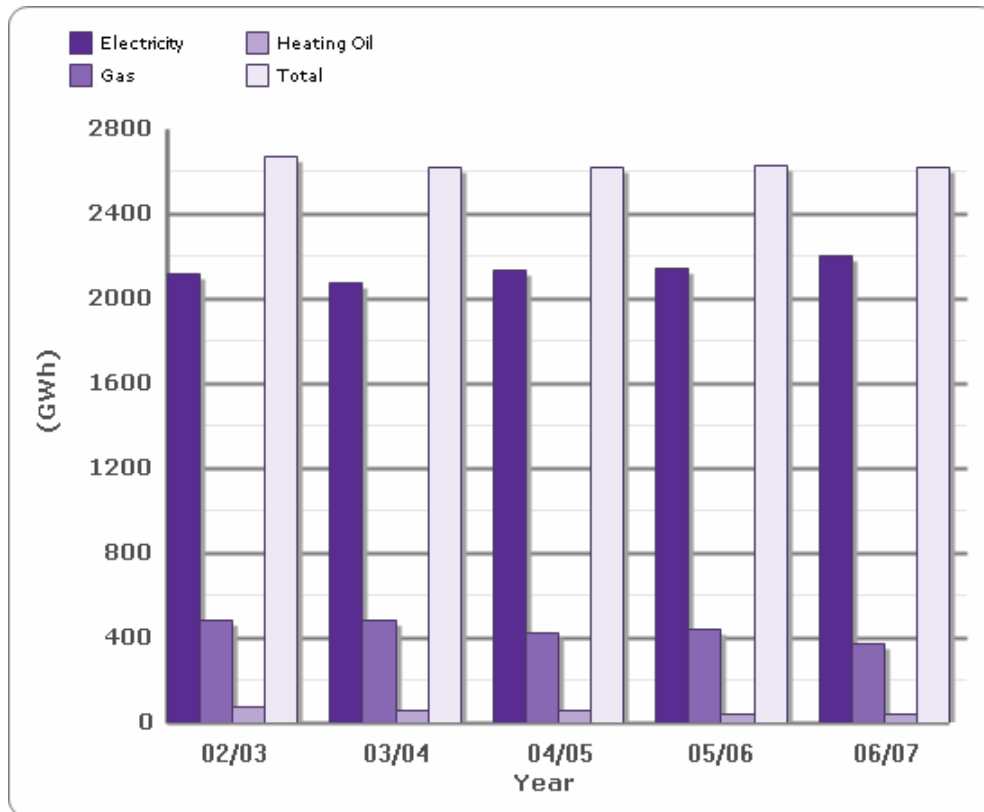
Indicator	Description	Measure	Target
Global Warming CO2 emissions	A measure of BT's climate change impact	2007 financial year UK CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	2016 CO2 emissions to be 80% below 1996 levels.

Climate change Targets

Start Date	End Date	Description	Update	Target Status
April 2007	December 2016	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.		New
April 2007	December 2012	20% of BT's employees will be actively engaged in reducing carbon footprint at work and at home.		New
April 2007	March 2009	BT will complete the design for BT's Data Centre of the future and start rolling out to the estate.		New
April 2007	December 2008	BT will inform BT employees of the impacts of climate change and what they can do to help mitigate these impacts (this will form part of the engagement plan.)		New
April 2007	March 2008	BT will execute both internal and external Climate Change communications plans.		New
April 2007	March 2008	BT will produce a report on energy efficiency options, possible targets and labelling for key consumer products.		New
April 2007	March 2008	BT will produce a study of energy efficiency options, possible targets and labelling for key business products.		New
April 2007	March 2008	BT will implement energy savings measures to deliver energy reduction of 5GWh across the UK data centre estate.		New
April 2007	March 2008	BT will assess the fuel saving benefit from 50 commercial vehicles used by drivers trained on fuel-efficient driving techniques.		New
April 2007	March 2008	BT will order all new light commercial vehicles that will limit speed to a maximum speed set of 70mph.		New
April 2007	March 2008	BT will hold an event with its Suppliers to engage them on Procurement's CSR goals including Climate Change, the Procurement Principles and drive progress towards the Vision "harness communications to tackle climate change"		New
April 2007	March 2008	BT will implement the following Climate Change Procurement Principles to incorporate energy consumption and environmental factors into our procurement processes over the coming year: • We will harness the capability, diversity and innovation of our supply base to add value to our business and encourage suppliers to offer solutions which have a reduced environmental impact. • That the energy consumption and environmental impact of a product or service (from manufacture, through usage, to disposal) is a mandatory criterion in all tender adjudication. • That the energy consumption and environmental impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.		New
April	December	BT will begin a trial on hybrid vehicles in		New

2007	2007	collaboration with a manufacturer.		
April 2007	September 2007	BT will define a roadmap for establishing an EMS in all countries.		New
April 2007	August 2007	BT will roll out a Climate Change road-show.		New
April 2006	March 2007	As part of the roll out of BT's 21CN next generation network, BT will implement a sub metering strategy at 30 of its 'pathfinder' sites.	Sub metering is included in the scope of the Infrastructure design for Pathfinder sites. Metering has been installed at some sites in preparation for equipment installation.	Delayed
April 2003	March 2010	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 25% below 1996 levels.	We are currently on target to meet this objective. However, we have now superseded this with a more challenging target of an 80% reduction by 2016.	Superseded

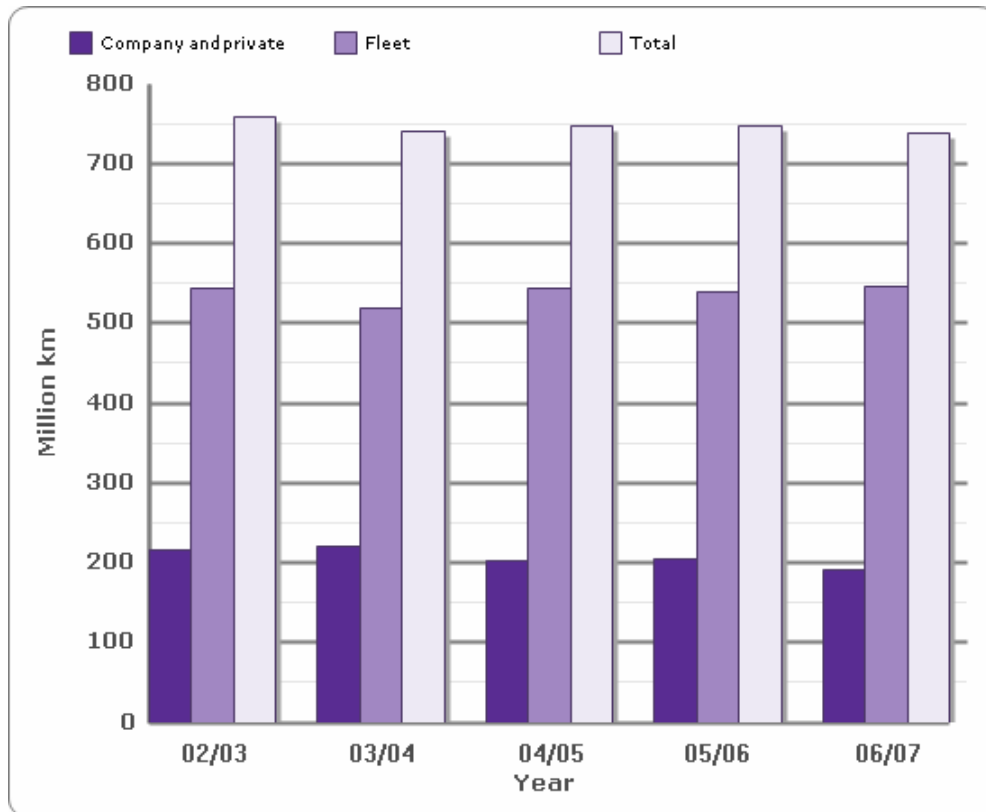
Energy consumption



Excludes BT Global Services outside the UK.

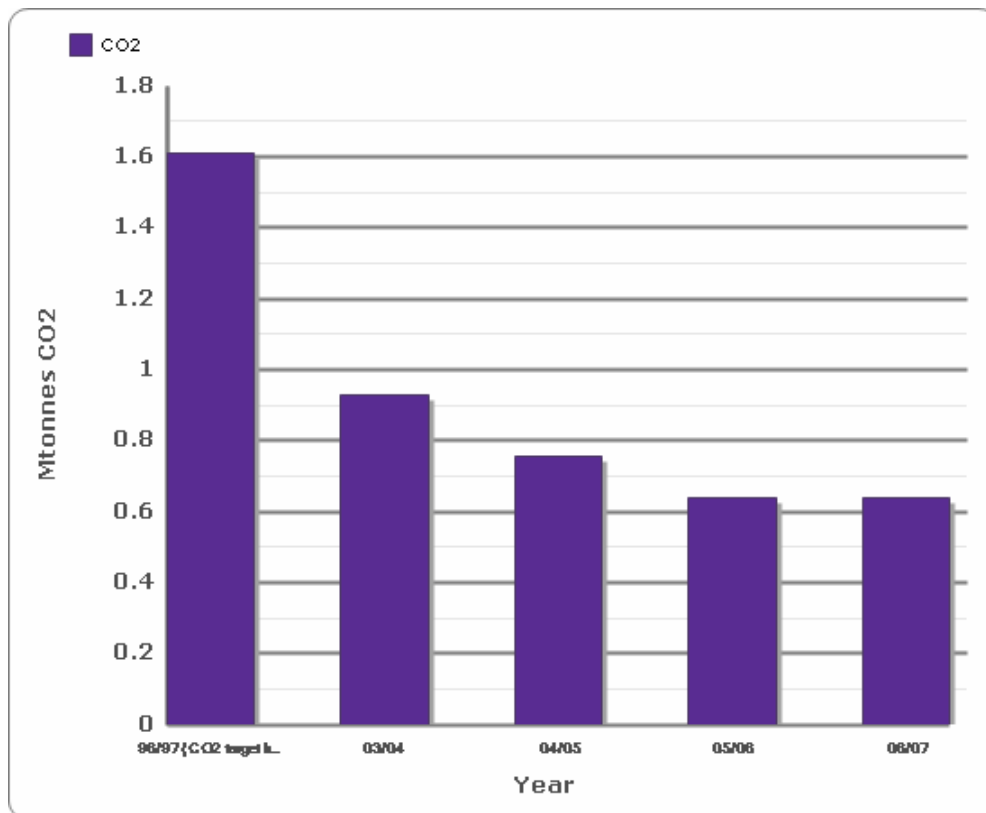
Source: Invoices (not weather corrected). Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants

Distance travelled by vehicles on BT Business



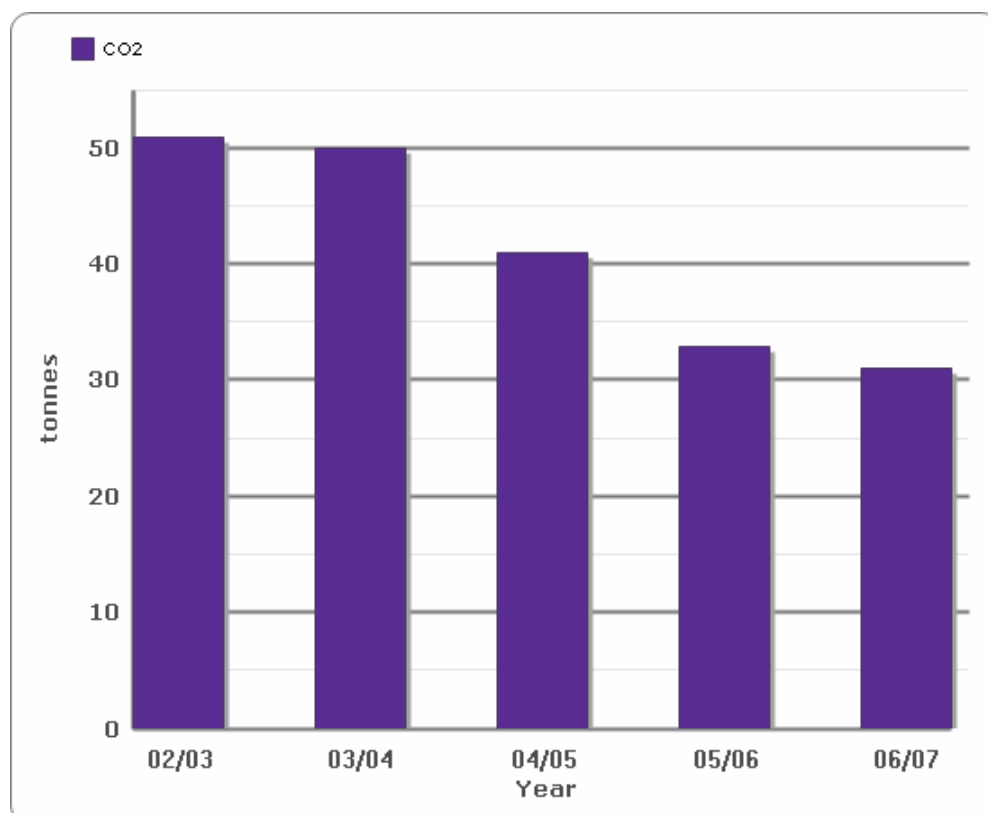
Excludes BT Global Services outside the UK.
Source: BT's Vehicle Database & Business Expense Claims

CO2 equivalent emissions



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CO2 emissions per £m Turnover



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2007 UK CO2 Model

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	CHP (low CO2) Electricity	0	411,252,000	307,424,890	310,791,276	328,835,505
	Total Scope 2 Emissions	1,202,340,000	594,150,288	440,251,967	328,797,414	341,529,510
Combined Scope 1 & 2 Emissions		1,605,639,000	887,273,428	709,418,178	590,779,495	584,033,836
SCOPE 3	Cars on BT Business (Diesel)	Note 1	600,521	600,826	1,805,450	1,642,309

Cars/Motorcycles on BT Business (petrol)		3,584,361	3,785,867	1,420,477	1,033,503
Refrigeration Gases (CFCs and HCFCs only)	Note 2	6,727,767	7,763,662	4,375,817	6,388,124
Rail travel	Note 2	12,168,782	13,484,611	14,594,061	13,826,495
Air Travel (short haul)	Note 2	4,711,583	6,006,193	7,553,833	7,328,436
Air Travel (long haul)	Note 2	7,000,831	6,029,284	7,864,527	8,802,487
Hire Cars (Diesel)	Note 2	1,163,209	2,670,362	2,085,571	2,896,157
Hire Cars (Petrol)	Note 2	12,316,408	12,777,391	5,409,009	9,340,850
Total Scope 3 Emissions	0	48,273,461	53,118,196	45,108,745	51,258,362

Total CO2 emissions (kgs) 1,605,639,000 935,546,889 762,536,374 635,888,240 635,292,197

Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR,

AEAT NETCEN

Notes: 1. Included in company car data

2. Data not available

Community

BT is committed to make a positive difference in society by conducting our everyday business responsibly and by making specific investments in the communities in which we operate worldwide.

Our community investment (including charity donations, volunteering and in-kind support) is focused on activities that inspire people to make a better world through the power of communication skills and technology. The majority of these activities focus on helping young people and supporting arts and culture.

In the 2007 financial year we invested £21.8 million.

Following an analysis completed in March 2006, BT concluded that there is no current accepted best practice in assessing the effectiveness of community investment.

BT therefore undertook to run a pilot for a new independent audit of its community investment programmes. BT discussed the methodology with peer companies, issued an invitation to tender to four organisations and then invited The Corporate Citizenship Company (TCCC) to undertake the work using a proposed framework for measuring effectiveness.

BT identified fifteen projects to be included in the audit that represented approximately 80% of BT's community investment budget.

An 'evidence pack' was provided to the assessors for each of the projects. TCCC then scored each project against a set of questions looking at four broad areas:

Are we investing in the right projects?

Are we managing those projects effectively?

Are the projects effective?

Are we learning and continuously improving?

There were multiple questions under each of these headings and each project received two scores for each question – one for evidence available and the other for robustness of the evidence. The individual question scores were totalled to give a single average percentage score for each project. The individual project scores were then amalgamated using a weighting system based on the financial input into each project. This resulted in an overall score of **70%**.

Based on the findings and learning from this year, our target for improvement for 2007/8 is **75%**.

Campaigns and partnerships

We use our community investment to help build sustainable, educated and socially inclusive communities.

Our campaigns and partnerships aim to inspire people and communities to make a better world through the power of communication skills and technology. Many of our activities are particularly focused on helping young people.

The Better World Campaign

Good communication skills are essential to help young people make friends, pass exams, get a job and achieve their goals in life. The BT Better World Campaign aims to give every young person a voice.

Developing communication skills

We provide free educational resources for schools including videos, comics, lesson plans, classroom activities and guides to using the latest digital equipment. These are developed with teachers and tested in the classroom. They link to UK curriculum requirements and have been endorsed by Government, teaching authorities and the teachers who use them.

We work with IK Software to provide UK schools, charities and community groups with free, simple to build websites. Pupils and teachers at more than 5000 schools have developed their own websites.

Our Communication Skills Roadshows are free for primary and secondary schools. They use drama and workshops to bring to life the importance of effective speaking and listening skills. In the 2006/07 financial year, our roadshows visited 623 schools.

We also reward teachers and schools that make a difference to young people. Our Speaking and Listening Awards made grants worth £85,500 in the 2006/07 financial year, to schools that demonstrate a commitment to excellence in communication. We also sponsor the UK's annual Teaching Awards, which recognise the nation's most inspiring teachers.

Campaigning for change

We aim to give young people the skills to campaign for social change and access to influential adults and public platforms.

We established Schools Question Time in partnership with the BBC and the Institute for Citizenship. It provides funding and advice for schools to host their own debates. Pupils also have the chance to co-produce an episode of the BBC's Question Time programme.

Circles of Influence are BT-sponsored events created and organised by the UK Youth Parliament. The aim is to provide an exciting format in which young people, Government officials and other influential adults can hold meaningful debates.

Helping Young People in Need

We want to make sure that the young people most in need are heard and helped.

ChildLine is the UK's free, 24-hour helpline for children in distress or danger. Our support has helped their volunteer counsellors increase the number of calls answered each day by 700 since 2002.

Our employees have raised more than £800,000 to date for ChildLine. An initiative to encourage customers to donate savings made through paying their bill by direct debit has raised more than £500,000.

We are working with ChildLine and the NSPCC to offer young people more ways to access counselling. Since April 2006, we have raised £2 million for ChildLine and £150,000 to support There4Me, a website that complements the telephone helpline.

We are working with communication charity I CAN to train early years professionals to help pre-school children develop the skills they need to make a strong start at school. We also support The Place2Be, a charity that helps children in primary schools to share emotions and fears and develop self-esteem and coping skills.

UNICEF

In April 2007 we launched our global development partnership with UNICEF to bring education, ICT and communication skills to thousands of disadvantaged children around the world.

We are investing £1.5 million over three years to help young people in three countries where BT is expanding its global business: South Africa in 2007/08, Brazil in 2008/09 and China in 2009/10.

BT employees will be encouraged to get involved through sponsorship, fundraising and volunteering.

Starting out in South Africa

In 2007/08, we will focus on projects in rural and semi-rural communities in South Africa to enhance the quality of basic education for all of the children in the programme.

The South African Government has invested heavily in education in recent years. However, poor infrastructure, high crime, historical inequalities and the prevalence of HIV/AIDS are all impeding progress.

Many schools are in very poor condition, with no water and inadequate sanitation, no electricity, no library and no computers. As many as 30,000 teachers have no qualifications.

Poor, black children living in more rural areas often don't get the education needed to lift them out of poverty. Two million children under the age of 15 have been orphaned by AIDS, and hundreds of affected teachers and children are too ill to work or learn.

Girls are especially vulnerable, with an alarming degree of violence against women in schools. Many girls are denied a safe school environment in which to learn.

Our partnership with UNICEF will support the South African Government's education strategy. Together with UNICEF we expect to:

- Help 25 schools directly, for example by building and refurbishing classrooms and creating a safe working environment. These schools will become hubs of excellence for 5 surrounding schools benefiting 18,750 children.
- Train 150 principals and teachers, benefiting 160,000 children
- Provide 250 computers, plus software and ICT educational materials
- Mentor 1,250 girls in ICT skills.

Fundraising Partnerships

BT helps charities coordinate major telephone and online appeals that raise millions of pounds. We manage the telephone network for these events and our call centres and volunteers take donations.

BBC Children in Need

The BBC Children in Need appeal helps children who have experienced disadvantage. On the 2006 appeal night, we provided network support to 50 call centres across the UK. These handled 222,000 calls during the evening and raised more than £18.3 million.

Comic Relief

Comic Relief is a UK charity that aims to reduce poverty by using comedy to raise money and increase awareness.

Comic Relief runs Red Nose Day - a UK-wide fundraising event. Red Nose Day 2007 took place on March 16th and over £40 million was raised on the evening.

The Disasters Emergency Committee

BT helps the Disasters Emergency Committee (DEC) to respond immediately to international disasters.

Our call centre handles telephone pledges to DEC, and our employees volunteer to take calls. Our eDonate platform allows people to make donations through a website. It cost £100,000 to set this platform up. We also provide technical and strategic advice to help appeals run more efficiently. We provide these services free of charge.

DEC is an alliance of UK aid agencies that runs fundraising campaigns to respond rapidly to major disasters overseas.

Global charity partnerships

We concentrate our community investment on countries where BT has a presence and can make a difference, especially in communities with little access to modern communications.

St Crispin's Home

In 2006, BT supported St Crispin's children's home in Pune, India, to open an IT training centre with a state of the art computer lab, classroom and equipment. The centre trained 587 young people during 2006/07. IT skills will help young people from St Crispin's compete for jobs in the global marketplace. The computer lab will be extended in 2007.

Project Renewal

BT supports a range of community organisations in North America, including Project Renewal, a homelessness charity in New York City. BT's support helps the organization and its clients with communication and ICT skills.

Supporting English teaching in Spain

We support English teaching in schools in Spain, in partnership with the Spanish Department of Education and the British Council. We host a web-community that connects 44 Spanish schools with schools in the UK, and have donated computer equipment.

Katha Information Technology and E-commerce School (KITES)

In 2001, we began working with Katha, an education charity that helps children from Delhi's poorest communities.

Katha creates an active and interesting learning environment to encourage the children back into education, as many have never attended school or have dropped out.

BT and Katha established KITES in Govindpuri - Delhi's largest slum. The school helps children from the area to learn ICT skills. BT provided the computer labs, equipment and software for students to access the latest technology. So far, more than 9890 children have acquired skills from basic computing to complex software programming.

Employees in the community

We encourage our employees to volunteer their time to good causes in their local community and to raise money for charity.

BT Volunteers

We have over 2900 BT Volunteers and Governors in the UK who work mainly in schools supporting the educational initiatives in our Better World Campaign. In the 2006/07 financial year, they delivered our resources and programmes to over 150,000 school children. BT recognises the importance of volunteering for personal development and gives employees up to two hours off each month to volunteer in schools subject to operational constraints.

Give As You Earn

This is our payroll giving scheme. Over 10,000 BT people donate to charity this way giving just under £2.3 million in the 2006/07 financial year. BT gave £1 million in match funding. Give As You Earn is also available to employees in the US and Spain. We will continue to extend the scheme to more employees worldwide during 2007/08.

BT Community Champions

This enables BT employees world-wide to apply for cash grants of up to £500 or sports kit (for an under 18s football team or a disabled adult team) for their local community group, charity or school, where they volunteer. During the 2006-07 financial year 844 grants were made worth over £197,000.

BT Chairman's Awards

BT Chairman's Awards recognise and reward BT people for their outstanding commitment to community groups and organisations outside working hours. The winner of each category receives £3,000 and the runners-up receive £1,000. There is also an outstanding achievement award worth £3,000. The winners for the 2006-07 financial year were Andrew Stroud for his work with Watford Hospitals Broadcasting Service, Damien McConville for Lamh Dhearg GAC Northern Ireland and Dave Wedlake for his work with the Rhoose Lifeguard Club, Wales.

Community Representatives

Community representatives are BT employees based in our key countries who volunteer their time to implement our global community investment strategy. They ensure we add a local perspective to our community, charity and volunteering activities.

Arts and Heritage

In today's digital age, communication is almost instantaneous and information is more plentiful and accessible than ever before. It can be easy to forget just how quickly technology has advanced and the impact this has had on our society. Responsible management of our telecommunications heritage is an important part of corporate responsibility for BT – the world's oldest communications company.

We also use our technology to help thousands of people access art online. This removes the obstacles of geography and travel which can otherwise prevent people from experiencing the richness of the UK's artistic heritage.

BT's Heritage Collection

Connected Earth

BT has a large collection of historic telecommunications artefacts, documents, images and films of acknowledged national significance. We are committed to preserving this collection, known as Connected Earth, and making it available to the widest possible audience through museums across the UK.

Connected Earth exhibitions are now on show at:

- Goonhilly Satellite Earth Station Experience, Cornwall
- Avoncroft Museum of Historic Buildings, West Midlands
- Amberley Working Museum, West Sussex
- The Royal Museum in the National Museums of Scotland, Edinburgh.

Objects from the collection can also be seen in Porthcurno Telegraph Museum in Cornwall, the Museum of London and the Science Museum. Connected Earth galleries are also planned at the Museum of Science and Industry in Manchester and Milton Keynes Museum.

Connected Earth - Online museum

The [Connected Earth online museum](#) has over 2,000 pages exploring the history of communications over the past 200 years. It charts the rapid improvements in our ability to transmit information, ideas, words, pictures and speech across the globe. The site had 593,626 visitors in 2006.

Free teaching resources on the history of communications are available from the [Connected Earth Education Centre](#).

BT Archives

The [BT Archive](#) documentary, image and film collections date back to 1846, reflecting our history as the world's oldest telecommunications company. Most of the collections are public records held on behalf of the nation. They are an internationally significant historical resource and can be viewed in our dedicated research facility in central London, see [BT Archives](#).

Arts for All

BT's Arts for All programme has helped make one of the world's largest modern and contemporary art collections easily accessible through sponsorship of [Tate Online](#), the UK's most visited visual arts website.

BT has been exclusive sponsor of [Tate Online](#), since 2001. This online gallery provides access to over 69,000 works from the Tate Collection, 400 hours of video and exclusive information on exhibitions and events at the four Tate Galleries. The site is powered by BT and we provide free technical support, hosting and online broadcasting. Over 11 million unique visitors visited Tate Online in the 2007 financial year.

Our in-house design team has worked with Tate to deliver exciting new projects exclusive to Tate Online:

- The [BT Series](#) lets visitors explore and ask questions about works by selected artists - including Tracey Emin, Antony Gormley & Rachel Whiteread.
- [Explore Tate Britain](#) and [Explore Tate Modern](#) offer an interactive way to explore the galleries' content online.
- [Tate Tracks](#) is an experiment where art inspires art. Musicians such as the Chemical Brothers are invited to walk around Tate Modern and find a work that inspires them to write a track. The tracks can be heard exclusively at Tate Modern for one month, and then are available online.

We are also working with the National Theatre, the British Film Institute and the Philharmonic Orchestra to make theatre, film and music more readily available online to schools and pupils.

Community - Key Performance Indicators

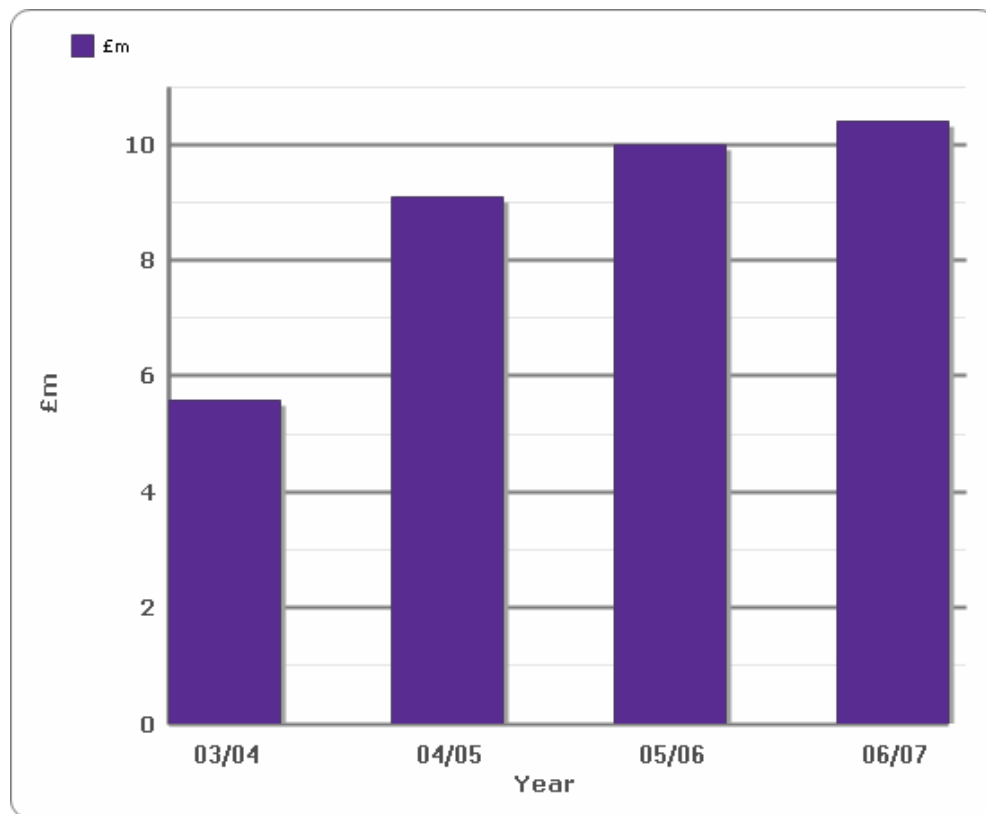
Indicator	Description	Measure	Target
Community contribution	A measure of our investment in society	During the 2007 financial year BT provided £21.8m in funding and support in kind.	Maintain a minimum investment of 1% of pre-tax profits.
Community Effectiveness Measure	An independent evaluation of our community programme	The community effectiveness score for the 2007 financial year was 70%.	To improve our Community Effectiveness Measure score to 75%

Community Targets

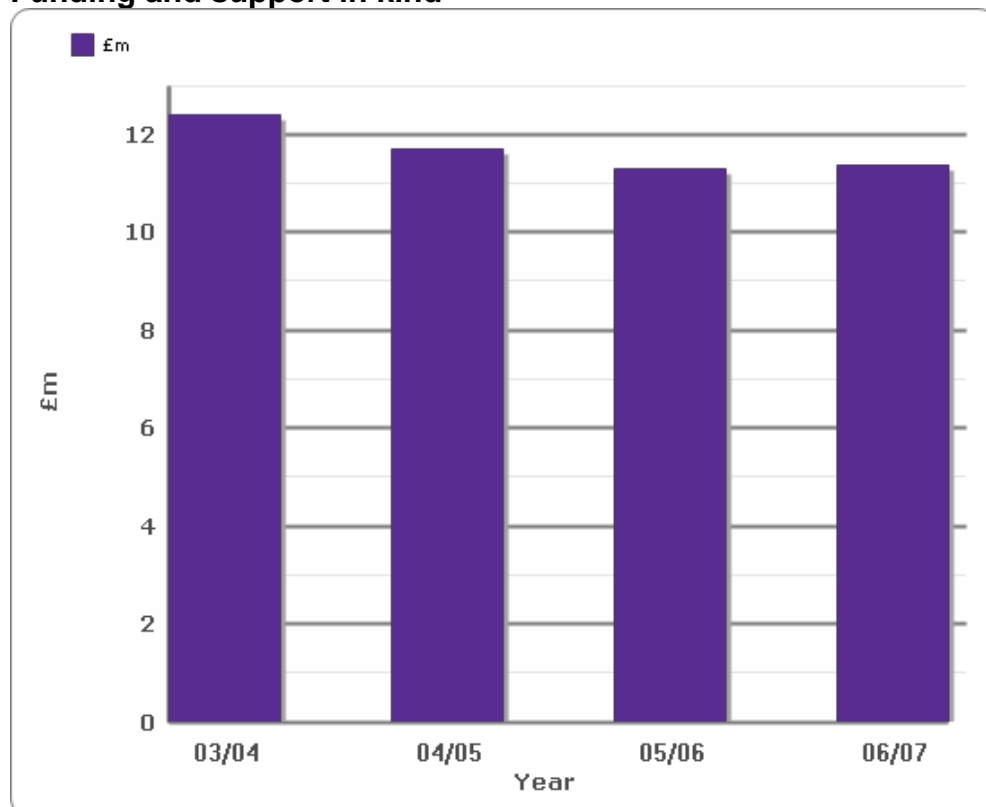
Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will improve its Community Effectiveness Measure score to 75%		New
April 2007	March 2008	We will provide a minimum of 1% of our 2005 financial year UK pre-tax profits to activities in support of society, either through direct funding or through support in kind.		New
April 2007	March 2008	We will ensure that 3 million young people benefit from BT's free speaking and listening resources.		New
April 2007	March 2008	250,000 children will receive lessons from BT volunteers and special BT teams in the class room		New
April 2007	March 2008	Through BT's fundraising initiatives, we will raise over £2million for our selected charity partners.		New
April 2007	March 2008	BT will increase the number of BT employees who join the payroll giving scheme by 10%.		New
April 2007	March 2008	BT will build on the success of the LifeLines India initiative by exploring options for further expansion of the service, including a proposal for funding from the BT Community Support Committee (CSC): either within India or in another developing country.		New
April 2007	March 2007	Through BT's fundraising initiatives, we will raise over £1million for our selected charity partners.	This financial year BT raised £2.0 million for ChildLine and £150,000 for There4Me.	Completed
April 2007	March 2007	BT will extend its existing employee volunteering options to enable employees around the globe to volunteer for the Inspiring Young Minds programme, the partnership with Red Cross / Red Crescent or other relevant programmes.		New
March 2007	April 2008	BT will launch a partnership with the Red Cross / Red Crescent as our global disaster relief partner to increase the ICT capability of the Red Cross, enabling them to respond more effectively to global disasters.		New
April 2006	March 2007	BT will increase the number of BT employees who join the "Give as you Earn" scheme by 10%.	During the year we added a total of 1356 new donors. This is an increase of 13.3%.	Completed

April 2006	March 2007	BT will provide a minimum of 1% of our 2005 financial year UK pre-tax profits to activities in support of society, either through direct funding or through support in kind.	The target was achieved with a total figure of £21.84 million representing 1.05% of pre tax profits for the 2005 financial year.	Completed
April 2006	March 2007	BT will ensure that 3 million young people benefit from BT's free speaking and listening resources.	Over 3 million young people benefited from BT's free speaking and Listening resources with around 2,900,000 derived from product orders and downloads and 480,000 from other sources e.g. NSET, Teacher training and School Governors.	Completed
April 2006	March 2007	250,000 children will receive lessons from BT volunteers and special BT teams in the class room.	265,000 young people received lessons from BT Volunteers and special BT teams in the classroom.	Completed
April 2005	March 2006	BT will launch the LifeLines India community investment programme (in support of the UN Millennium Development Goal, aimed at bridging the digital divide in a developing country).	LifeLines India was launched in October 2006. Around 400,000 farmers from 400 villages in regions of northern India have access and the service is taking more than 2,500 calls per month.	Completed
April 2005	March 2006	We will extend our volunteering and charity matching activities to employees based internationally to give something back to the key communities in which we are present around the globe. Following research on local fit, a programme of country implementation with appropriate volunteering and charity matching activities, funding and measures will be agreed with the Global Services Executive.	Following an assessment process, we selected UNICEF as our lead global charity partner and have launched Inspiring Young Minds. Within these programmes employees have both fundraising and volunteering opportunities. In-country lead Country and Business Unit Reps have been appointed.	Completed

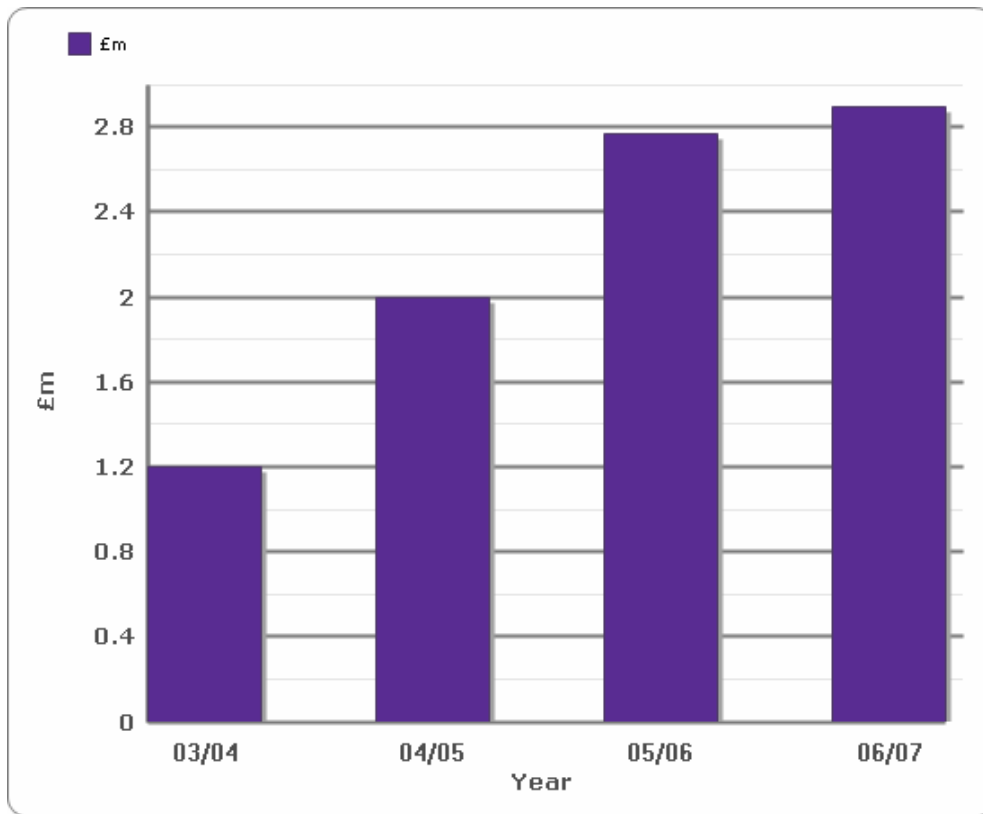
Financial contribution



Funding and support in kind



Direct contribution to charity



Digital inclusion

Technological change and globalisation are stimulating economic growth and increasing global prosperity on an unprecedented scale. But the benefits of these changes are unevenly distributed. Many people are excluded by factors such as poverty, lack of education, or prejudice.

Creating an inclusive society is a key part of our CSR strategy, and increasing access to technology is a key part of this. This section describes [our approach](#) to increasing digital inclusion, which has three elements:

- [Connectivity](#) – giving more people access to communications technology
- [Content](#) – working with partners to develop online content that benefits communities and small businesses
- [Capability](#) – helping groups and individuals use technology.

Our approach to digital inclusion

There is a large gap in access to ICT between developed and developing countries –known as the digital divide. BT's digital inclusion strategy is to encourage residential customers and small businesses in the UK to better understand the benefits of ICT to their lives and workplaces.

In the highly competitive UK market, access to ICT is less of a problem than elsewhere. But the most recent data from the Office of National Statistics (August 2006) confirms that factors such as age and income still prevent some people from using it.

Lacking the opportunity or skills to use ICT can reduce access to employment and information. In consultation with the UK government, we have set a target to reduce the number of digitally excluded people in the UK by 10% over three years (See KPI link below).

BT is a founding member of the Alliance for Digital Inclusion (ADI), an industry body for companies committed to increasing digital inclusion. In November 2006, BT hosted an [ADI event](#) where industry, government and the voluntary sector discussed how to work together to use ICT to promote social inclusion and community regeneration.

We do support a small number of projects in developing countries, such as the [Lifelines India service](#).

Our partnership with [UNICEF](#) is also helping bring ICT skills to young people around the world.

Connectivity (ICT Access)

We provide a range of different connections, at home, in the office or on the move. The most significant is high-speed broadband, which provides a fast, always available connection to the internet via a conventional telephone line. We believe that use of broadband enabled services helps to reduce social exclusion.

More than 99% of UK homes and businesses are connected to broadband-enabled exchanges. By 2015, the productivity benefits of broadband could result in UK Gross Domestic Product being up to £21.9 billion higher than it would otherwise have been, according to the Centre for Economic and Business Research.

But the wider benefits will only be realised if people use the technology more. We promote broadband by encouraging its use, offering services that depend on it and through [BT Community Connections](#).

BT Community Connections

[BT Community Connections](#) is an award scheme for voluntary and community groups that could benefit from internet access but don't have the resources to pay for it. It provides equipment and a contribution towards a year's broadband access.

So far Community Connections has:

- Enabled over 4,500 groups to get online, from older 'silver surfers' to playgroups, cultural groups, environmental initiatives and youth sports organisations
- Benefited an estimated five million people
- Won a prestigious Business in the Community Award for Excellence 'BIG TICK', and been highly commended in the Healthy Communities category at BITC's National Awards.

Citizens Online, a digital inclusion charity, interviewed more than 1,000 people who have taken part in Community Connections. They found overwhelming support for the scheme:

- 96% of interviewees rated it good or very good

"It was great, we had nothing, but nothing – just running on goodwill really – and now we are really starting to have some effect in the area." Award recipient – Scotland

- 95% of successful applicants rated the application process as very easy or easy

“It was very refreshing not to have to write a novel.” Award recipient – Northern Ireland

- 94% felt the scheme met their expectations

“At the time of the award we had very limited funding, we would not be nearly so successful now if we hadn't such a good spec PC and broadband access.” Award recipient – Yorkshire

Online content

There is a vast amount of information available via the internet, but there is still a need for content that benefits communities, small businesses and individuals. We provide useful content on our own websites, and help other organisations to do the same. Some examples are:

- **Charities** – We work with Recipero Limited (formerly IK Software), to provide free, simple-to-build websites to UK schools, charities and community groups. See our [leaflet](#) or [case study](#) for more information.
- **Netmums** – [Netmums](#) websites, supported by BT, provide local and general information for mothers looking after children, including contacts for new friends, where to find a toddlers' group and help on returning to work.
- **British Sign Language** – We asked British Sign Language (BSL) experts to produce a simple sign language guide to broadband and the benefits it offers. We are the first major UK company to provide a [BSL section](#) on our website.
- **Plain language guides** – We believe that using technology can improve people's lives. Using the internet, people can shop online, apply for jobs and keep in touch with friends and family. We understand that some people find this difficult, perhaps because of worries about learning something new, the cost or because they have a disability. We have provided some [information](#) on computers and accessories to help people to overcome these problems.

See [Arts for All](#) and [BT's Heritage Collection](#) for more examples.

Case studies

'Click' on the links below to view the following case studies:

- [Lifelines India](#)
- [City Gardeners](#)

Lifeline for India's farmers

A new phone-based information service is providing vital information to rural farmers in India. Until recently, the farmers were only able to access important veterinary and agricultural information at community meetings.

[Lifelines India](#) was set up by BT, Cisco, and charity OneWorld, and is designed to promote digital inclusion in the developing world. Thanks to Lifelines, farmers can now get accurate and up to date information 365 days a year, via a new telephone system.

Farmers dial the Lifelines number, often using a community telephone, and record their question on an automated message system. Dedicated staff at OneWorld pick up the messages and source the required information from a panel of experts, using sophisticated communications technology. The OneWorld staff then leave answers to the questions as a recording on the phone, which the farmer can pick up after 24 hours.

After design and pilot phases, the service was launched in October 2006. Around 400,000 farmers from 400 villages in regions of northern India have access and the service is taking more than 2,500 calls per month. Plans are in place to extend the service to more villages in the neighbouring Madhya Pradesh region. We are also exploring opportunities to use the same technology to provide knowledge and advice in other sectors, such as education.

Web success for city gardeners

A free [website](#) from BT has helped a Birmingham allotment site become a thriving and productive community facility.

Several of the 97 plots at Perry Barr were vacant and neglected until committee members heard about our free website programme.

Now every plot is filled and there's a waiting list for the first time in 25 years. What's more, the success story has caught the attention of the media – with TV, film and radio production teams becoming regular visitors.

Committee member Betty Farruggia, who built and runs the website, said: “We read about the website in a newsletter from the Allotments Regeneration Initiative and we thought we would give it a go. That was about a year ago and we've become much more popular. It's brilliant – I don't think we would have had as much success without it.”

Through the website, the allotments have become nationally recognised. They've featured on BBC Online, on BBC Radio Four's Gardeners' Question Time several times, and on BBC2's Gardeners' World programme. Film companies have also used the site as a backdrop.

The website initiative is part of BT's corporate social responsibility programme and aims to increase digital inclusion as part of our Inclusive Society strategy. Community groups, schools and charities are able to build and maintain their own websites for free, all without the need for technical expertise.

Mike Hughes, BT head of digital inclusion, said: "So far around 2,000 free websites have been built under the scheme. This group took the time to tell us how much it appreciated it and what a difference it has made to it, and we're delighted to receive that kind of feedback."

ICT capability

Despite widespread availability, many people in the UK still do not use the internet and other new communications technology. Research such as the July 2006 Ofcom consumer panel report, [Older people and communications technology](#), shows that the barriers to use of ICT are increasingly lack of skills, mobility and motivation, rather than access or affordability.

Through our digital inclusion projects we try to demonstrate, with partners, how communications can help improve society by reducing social exclusion. Our projects focus on [helping older people](#) and [disadvantaged communities and individuals](#) to gain the ICT skills that can help improve their lives.

We also support other organisations doing similar work through the [eWell-Being awards](#).

Community projects

BT has supported the [EverybodyOnline](#) project since 2002. Run by the charity Citizens Online, this programme is designed to help disadvantaged communities and individuals across the UK use digital technology.

Project officers in local communities work full-time to promote digital inclusion. They develop a network of local access points, learning programmes, partner organisations and volunteers.

The last [annual review](#) shows the project has:

- Enabled 4,300 people to attend sessions to try out new technology in locations where they feel comfortable
- Helped over 1,000 of these to significantly improve their skills
- Developed local networks of 150 active volunteers
- Helped 16 people into employment in a single project, saving an estimated £143,000 in state benefits
- Developed projects in art, music and multimedia to engage people in ICT using the things that matter to them.

Helping older people

The charity [Age Concern](#)'s 2004 LifeForce survey identified that internet usage decreases in the UK the older people get.

Helping older people get online and learn about new technologies is at the heart of a three-year partnership between Age Concern and BT, which began in 2005.

The overall objective of the project is "to create and maximise the opportunities for older people to both realise the benefits, and engage with Information Computer Technology (ICT) in order to live more fulfilling and productive lives."

The project set out to transform Age Concern's 150 nationwide computer drop-in centres and access points into a network of Silver Surfer Clubs. It includes an award scheme to enable the clubs to grow and provide ICT training for staff and volunteers.

Following lessons learned in the first year of the project, the network will re-launch in spring 2007 as part of the Digital Inclusion Network. In the first year:

- A total of 1,356 older people used a pilot Silver Surfer Club within six months of becoming a member
- 918 were new users
- 68% of new users continued learning
- 46% of all people who attended a Silver Surfer Club went more than once.

In the 2007 financial year, BT also supported [Silver Surfer Week](#), a week-long event to promote ICT to older people, and the Silver Surfer of the Year Awards.

Bridging generations

Young people often have excellent internet skills. Our [BT Internet Rangers website](#) was designed with the help of young people, to pass on their knowledge to adults. The site contains various guides, support materials and activities that make being an internet teacher fun for children of all ages.

We also organise Internet Ranger Days, where relatives visit schools to learn from children how to use the internet. For example, in November 2006 more than 100 schoolchildren in the Crosby area of Scunthorpe took part in an Internet Ranger Day organised by BT and North Lincolnshire Council's digital inclusion unit.

Promoting well-being online

BT sponsors the [eWell-Being awards](#), which are run by the sustainable development charity SustainIT. Now in their fifth year, these are the UK's only national awards to celebrate the social, economic and environmental benefits of ICT. They aim to identify and reward the most innovative uses of ICT by local authorities, businesses, voluntary organisations and academic institutions.

The 2006/07 Awards received 130 entries in six categories. The winners in the two BT-sponsored categories were:

- Age and Disability – [AbilityNet](#), for its remote assessment service for helping people to overcome physical barriers to using a computer
- Digital Inclusion – the [e-learning Foundation](#), for its work to make sure all schoolchildren have access to learning resources through ICT.

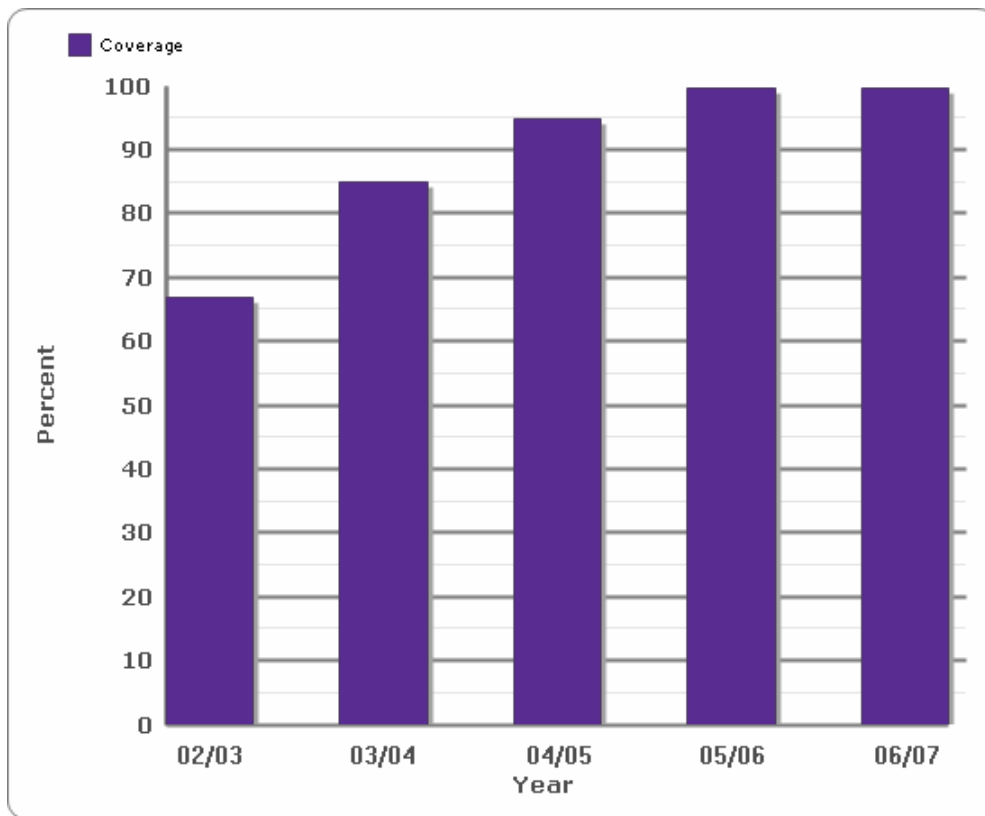
Digital inclusion - Key Performance Indicators

Indicator	Description	Measure	Target
UK Addressable Broadband Market	A measure of the geographical reach of broadband	99.8% of UK homes and businesses have access to broadband.	Replaced by new digital exclusion target.
UK Internet Usage	% of UK population who have not used the internet in the past three months.	36% of UK people digitally excluded.	To reduce the percentage of people who are digitally excluded by 10% (i.e. to 32.4%) by 31 March 2010

Digital inclusion Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2010	BT will work with relevant organisations in the public, private and charity sector to reduce the percentage of people who are digitally excluded by 10% over a three year period, commencing in 2007.		New
April 2006	March 2007	BT will maintain its Broadband coverage at 99.7% and actively look for economic opportunities to extend.	As of 31st March, 99.8% of all UK households were enabled.	Completed
April 2006	March 2007	BT will work in partnership with Citizens Online and others to develop up to Six Everybodyonline projects in Northern Ireland.	Six everybody online projects have been implemented.	Completed
April 2006	March 2007	BT will develop a new digital inclusion target for use in the 2008 financial year.	The new target is to 'reduce the number of people who are digitally excluded by 10% (i.e. from 36% to 32.4%) by 31 March 2010'.	Completed

Broadband coverage



Human rights

We base all relevant BT policies and procedures on the principles of the United Nations Universal Declaration of Human Rights.

Our Business Principles include a commitment to protect and enhance the human dignity of every BT employee, and everyone who has dealings with us.

BT has the potential to affect human rights through:

- Our employment practices
- Working conditions in our supply chain.
- The countries where we operate
- The way our products and services are used by others (including issues around freedom of expression, privacy and content standards).

This section describes our approach to human rights and provides links to information in other sections of our report.

Human rights principles

We use the [Universal Declaration of Human Rights](#) to ensure all our policies enhance human dignity.

All our employees have access to the Universal Declaration on our intranet. An outline of our approach to human rights is included in the guidance document accompanying our statement of business practice – The Way We Work. Within our global operations a briefing on this statement is included in the induction programme for all new employees, including those from our recently acquired businesses.

We are in contact with expert groups and information sources that can help us implement our commitment to human dignity and improve our procedures. For example, we are a signatory to the UN's Global Compact, an initiative that strives to motivate business and industry around ten principles on corruption, environment, labour and human rights. We report on our progress and performance against the Global Compact principles - see [Global Compact Index](#).

Implementing human rights

Human rights is a broad subject that is relevant to BT in our dealings with employees, suppliers, communities, governments and customers.

Employees

We protect the human rights of our employees by having strong policies, management systems and training on issues such as equal opportunities and diversity, freedom of association and health and safety. Our policies apply to all BT employees in all countries where we operate. See [Employees](#) for more information.

Supply chain

We want working conditions in our supply chain to meet the standards of the [Universal Declaration of Human Rights](#) and the [International Labour Organisation \(ILO\) Conventions](#). Find out about our Sourcing with Human Dignity initiative in [Suppliers](#).

Through the [Global e-Sustainability Initiative \(GeSI\)](#) we engage with ICT service providers and suppliers, and alliances focused on improving supply-chain working conditions, such as the Electronic Industry Code of Conduct (EICC).

Communities

We are expanding our business globally sometimes into countries where the government does not respect human rights. We need to identify potential human rights risks and put the right processes in place to ensure we maintain our standards wherever we operate. Information on how BT is integrating human rights into our due diligence process is available in the [Business Principles](#) section of this report.

We are working with UNICEF to improve access to education and ICT technology in disadvantaged communities in Brazil, China and South Africa. We share their belief that every child has the right to a decent education in a safe environment that is free from discrimination, violence and exploitation. See more in [Community](#).

Customers and wider society

Freedom of expression

Access to information and communications technology (ICT) can help to promote freedom of expression and be a source of openness in otherwise closed societies. New technology also creates new challenges relating to free expression – for example misuse of the internet and protection for children. See more in [Customers](#).

Privacy

Advances in ICT technology mean personal data is captured, stored and transferred more frequently than ever before. BT holds customers' personal and financial data. Our servers and networks are a conduit for information

controlled by others. We manage data for many of our public and private sector customers. This makes privacy particularly relevant for us. We have robust standards on data protection but we need to keep these under continual review as new challenges emerge. See more in [Customers](#).

Human rights - Key Performance Indicators

Indicator	Description	Measure	Target
Ethical Trading	A measure of the application of BT's supply chain human rights standard. Δ	During the 2006 financial year there were 413 risk assessments with 100% follow up.	To achieve 100% follow up within three months for all suppliers identified as high or medium risk during the 2008 financial year.

Δ risk assessments are based on completed questionnaires

Human rights Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	There will be evidence of follow up action taken within 3 months relating to all suppliers who have been identified as requiring continuous improvement as a result of completing our CSR questionnaires		New
April 2007	March 2008	BT will develop a coach approach on labour standards and engage with 2 global suppliers and their supply chains.		New
April 2007	March 2008	BT will achieve 100% follow up within 3 months for all suppliers identified as high or medium risk.		New
April 2006	March 2007	Following analysis of the CSR best practice event, BT will initiate follow through with 5 participating suppliers.	The analysis has been completed. No further action has been identified at present.	Completed
April 2006	March 2007	BT will develop a coach approach on labour standards and engage with 2 suppliers.	2 joint assessments completed.	Completed
April 2006	March 2007	BT will take follow-up action within 3 months for all suppliers who have been identified as requiring continuous improvement as a result of completing our CSR questionnaires.	All questionnaires received had follow up action taken within the specified timescales.	Completed
April 2006	March 2007	BT will take 100% follow-up within 3 months for all suppliers identified as high or medium risk following a GS18 Sourcing with Human Dignity risk assessment.	All questionnaires received had follow up action taken within the specified timescales.	Completed