



Bringing it all together

BT's Sustainability Report

2008

About our report



let's make a **better** world

About our report

In this report, we identify and quantify our social, economic and environmental impacts for the 2008 financial year and set 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 or sustainability. 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](#).

This is our second Sustainability Report. Our 2008 report includes:

- Our social, economic and environmental performance from 1 April 2007 – 31 March 2008. 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.

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 to 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. We used the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines, and the GRI Pilot Telecommunications Sector Supplement when preparing this report.

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 and the GRI Sustainability Reporting Guidelines. LRQA's statement explains the assurance process and provides their conclusions.

The GRI G3 Guidelines include a requirement to self-declare an application level, ranging from the highest level, 'A+', to the lowest 'C'. We see ourselves positioned at the A+ level; see the GRI Index in this report for information against each GRI indicator.

LRQA Assurance Statement



Terms of Engagement

Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by BT Group plc (BT) to assure both its *Changing World: Sustained Values 2008* printed report and its web-based *Sustainability Report 2008*^[1] (the reports) for the financial year ending 31 March 2008. Ultimately, 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 G3), 2006
- GRI Telecommunications Sector Supplement, July 2003.

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 from a second party, LRQA corroborated only that data and information was transcribed accurately or the correct reference was provided.

Our Approach

The objectives^[2] of this assurance were to review the materiality, completeness and responsiveness of BT's sustainability performance data and information.

In order to form our conclusions we have obtained sufficient evidence that we consider necessary for us to give reasonable assurance. Our assurance approach is risk-based, samples data and information disclosed in the reports, interviews BT personnel and reviews BT's:

- stakeholder engagement process
- understanding, response and reporting on material issues
- output on materiality against our own independent analysis of stakeholder issues
- use of sustainability performance data within their business decision-making processes
- processes for setting performance indicators and for monitoring progress
- data and information management systems
- self-declaration in 'about our report' that BT has applied the GRI G3 guidelines at level A+.

We also use BT's Internal Audit & Regulatory Compliance Division (IARCD)'s audit work to review the validity of data and information reported in Employees, Community, Digital Inclusion and Economics.

Our Conclusions^[3] and Findings

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 web-based Sustainability Report 2008 is in accordance with the requirements of GRI G3 and the Telecommunications Sector Supplement.

BT's self declaration of A+ application level is fairly stated.

Improvements identified by LRQA

In our 2007 Assurance Statement we recommended that BT improves on the collection of data from countries outside the UK. Whilst some progress has been made, BT needs to develop further its guidance and processes that control the measurement and reporting of non-UK data.

BT has yet to introduce, for non-UK data, a programme of verification audits on its data management and reporting systems.

BT should ensure that it has appropriate performance metrics for all those issues identified as material through their materiality review to enable improved benchmarking and comparability with sector peers.

S M Fletcher G Farmer

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 has 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.

[1]

This excludes BT's Regulatory Compliance Report for 2007/8 and the Equality of Access Board Summary Report 2008.

[2]

The assurance was based upon the requirements of ISO 19011:2002 the international standard relating to 'Guidelines for quality and / or environmental management systems auditing'.

[3]

Conclusions given are based upon full disclosure by BT of all relevant data and information

Statement by BT's CSR Leadership Panel 2008

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 2008 Sustainability Report, we comment on the level of progress made during the 2007/2008 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 2008.

Previous statements of the Panel are available in the [archive](#) section of this site.

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

Governance

Since its inception, the Panel has encouraged BT to increase the level of plc Board engagement beyond community investment. We therefore fully support the introduction of the Board level Committee for Responsible and Sustainable Business, chaired by BT's Chairman, Sir Michael Rake. We will be particularly interested to see the outcome of the Committee's current review of BT's CSR Strategy.

Sustainable Economic Growth

Last year we welcomed this new avenue of work by BT. We accept that companies can help drive change towards a more sustainable society through the provision of appropriate products and services. We also acknowledge that this requires considerable innovation and an embedding of sustainability principles within many parts of the business. It also needs a positive response from the marketplace if it is to succeed.

BT has not rushed at this, and we have been involved in discussions covering a number of important aspects of the Sustainable Economic Growth programme: base of the pyramid business models; embedding key sustainable development themes in BT's product development processes; the creation of an 'opportunities map'; and the evolution of appropriate performance measures.

Climate Change

Climate change continues to dominate the sustainability agenda and with good reason. Over the past year, the Panel has been closely involved in the creation of BT's new Climate Stabilisation Intensity Target. We not only support BT in taking this forward, but also encourage other companies to consider adopting a similar approach.

Adastral Park

The plans to develop BT's research campus at Adastral Park in Suffolk into a sustainable community caught our imagination when we first heard of them in 2007. We are pleased to learn that these have now been made public and we will continue to track this project as it moves forward.

Social Inclusion

The Panel supports a wide range of social inclusion measures as an important element of the BT's CR strategy. We have discussed the wide range of activities covered by BT's inclusion programme, all the way through from community investments, to operational activities undertaken either on a voluntary basis, or delivered as part of BT's regulatory requirements.

Sustainability Reporting

We continue to take an interest in BT's Sustainability Report, and this year have been directly involved in contributing to the stakeholder input on materiality. We also support BT's experimental adoption of The Prince of Wales's Accounting for Sustainability guidelines.

Challenges for the future

As in previous years, the Panel has been very impressed with the way in which BT has not just maintained its excellent track record across the breadth of this agenda, but has continued to innovate on key aspects of it.

This year will almost certainly raise additional challenges for BT. If history provides any guidance here, the downturn in the economy, both globally and in the UK, will mean that some companies will downgrade or delay their SD/CSR commitments. Part of BT's leadership in this area will be to go on advocating the powerful business case for change which it has worked up over the last few years – indeed suggesting that now is the time for acceleration.

Last year, the Panel focussed on two particular challenges: on climate change and on innovation for sustainable growth. On climate change, BT's emissions have actually plateaued over the last three years, so we have warmly welcomed a number of new initiatives from BT during the course of this year, including BT's commitment to generating much more of its own energy from wind power, and its ground-breaking Climate Stabilisation Intensity Target.

On Sustainable Economic Growth, we are very pleased to see the steady progress BT has made on this front, particularly through new methodologies such as its Opportunities Map.

At the moment, the principal focus in the Sustainable Economic Growth work is on the developed world markets in which BT has a major presence. During the last year, the Panel has therefore emphasised the importance of what are called 'Base of the Pyramid initiatives' – bringing the influencing and resources of large multi-nationals to bear on key challenges for the billions of people currently excluded from the kind of benefits we enjoy in the developed world. In future, as BT becomes more global, the embedding of its values and practices in different markets will become increasingly important.

Finally, even with a company like BT, certain ongoing programmes do tend to 'get a bit stuck', so we were pleased to hear that the Chairman had reconstituted the Board Committee as the Committee for Responsible and Sustainable Business, and that it will be reviewing BT's CSR Strategy. We are hoping this will reinforce the discipline of seeing CSR and sustainable wealth creation as a fundamental expression of the company's values and strategy.

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.

Jonathon Porritt

Mark Goyder

Elisabeth Lavelle

Jorgen Randers

Nick Robins

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 Founder 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 Founder director of [Tomorrow's Company](#) a business 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 Synapsis 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. He currently chairs the Norwegian Government Commission on Climate Gas Reduction 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 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 the Climate Change Centre of Excellence at HSBC in London. Prior to joining HSBC in October 2007, Nick was Head of SRI Funds at Henderson Global Investors, designing the strategy for its Industries of the Future portfolio fund and launching the world's first carbon audit of an investment fund. Nick has extensive experience of the financial, business and policy dimensions of corporate responsibility and sustainable development, working for the Business Council for Sustainable Development, the European Commission and the International Institute for Environment and Development. He is author of numerous reports and articles, including a recent history of the East India Company, *The Corporation that Changed the World – How the East India Company Shaped the Modern Multinational* (2006) as well as co-editor of *Sustainable Investing – The Financial Challenge of the 21st Century* (2008).

Materiality

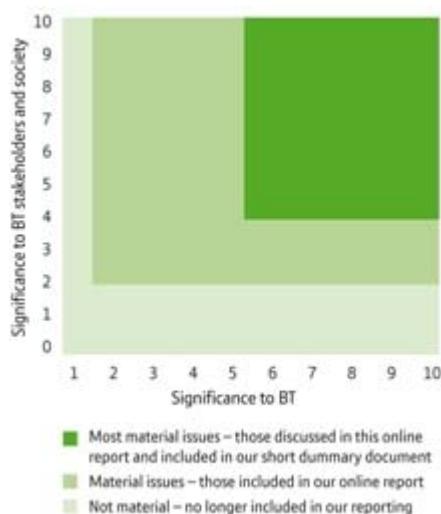
This report covers BT's most material issues – those that we have identified as relevant and significant for our business.

This is the third 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:

Identifying our material issues



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 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 [Sponsors](#) on these issues and in some cases we have included them in our reporting.

The materiality process has led us to exclude some issues 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). We have committed to a new target for CO₂e (CO₂ equivalent – including all greenhouse gases) emission reductions - an 80% reduction by 2020 (from 1996 levels), normalised against earnings.

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) G3 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

This report covers all BT's main operating divisions. We have assessed all our principal operating subsidiaries (listed in our 2008 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 engagement](#) describes our approach.

Chairman's statement

Continuing the CSR Journey

Joining BT as Chairman this year has been hugely exciting. BT is a great brand involved in an incredibly important industry, with an inspiring track record of leadership in corporate social responsibility (CSR).

We operate in a highly competitive industry and a fast changing world. Our business has already undergone rapid transformation and global expansion, and we need to continue and even accelerate this process.

Our CSR strategy provides a clear vision for how we can continue this transformation in a way that benefits BT, our customers, society and the environment.

I'm delighted that our progress and commitment continues to be recognised. This year we were ranked sector leader in the Dow Jones Sustainability Index for the seventh consecutive year and were named Company of the Year in the Business in the Community Awards for Excellence. But even more pleasing for me is the genuine commitment to our values I've seen from people across BT. There is real passion to apply communications to help create a better, more sustainable world.

We have made good progress against our goals. In our own operations we have reduced energy use, increased recycling and announced our intention to develop our own wind-farms to generate up to 25% of our UK energy needs.

We are committed to putting our customers first. Excellent customer service is our number one priority. The launch of our Sustainability Practice will help customers reduce their environmental footprint. Our inclusive society programme is spreading the benefits of enhanced communications more widely and our new Inclusive Design toolkit will encourage more accessible design across the industry. Through our sustainable economic growth programme we have started to embed sustainability into our business thinking and product development processes.

We are delighted that Dame Ellen MacArthur has agreed to be ambassador for our worldwide CSR programme. Our three-year sponsorship of the Offshore Challenges Sailing Team, led by Dame Ellen, will raise awareness of our commitment to CSR among a wider global audience.

Of course we have much more to do. Extending our programmes and successes across our global business remains a priority and a challenge. Key to our success will be our ability to attract the most talented people from around the world. Our CSR strategy creates the right work environment to help our employees flourish and build their skills for the 21st century.

We recognise the importance of transparency and accountability. As well as detailing our progress in our Sustainability Report, we are signatories to the UN Global Compact and publish BT's performance against its principles, which are listed at www.unglobalcompact.org.

This report is a taster of the activity going on around BT. Each section includes a Q&A with BT leaders to explain how we deal with some of the tensions and synergies that can arise between our business strategy and our sustainability goals.

We have applied the principles of the Accounting for Sustainability Project established by HRH the Prince of Wales to our KPI table this year. This combines financial and non-financial information for the first time which illustrates the close relationship between the two.

We are trying to get it right in all areas, but have more to learn in some, and a lot of work to do. I welcome your ideas and feedback.

Sir Michael Rake

CEO statement

Opportunities and challenges

At BT, we know that responsible behaviour and sustainable development matter to our business and we are determined to make a positive contribution to society.

In this context, there is no doubt that climate change is one of the most pressing issues now facing the world. This has become abundantly clear to me while chairing the Confederation of British Industry's taskforce on climate change.

At BT we've long recognised this global environmental threat, setting our first reduction target for CO₂ emissions in 1992. Since then the problem has become ever more urgent and decisive action is needed.

I am convinced that business has a key role to play, alongside governments and individuals. We have the resources, the talent and the creativity to find the solutions. And if we get it right and invest now, we have everything to gain – new markets, lower operating costs and stable prosperous societies.

BT and the other Taskforce members have agreed challenging targets to help transform the UK into a low-carbon economy. We will step outside our comfort zone and accept greater regulation and costs in some areas. Translating our commitments into reality with the urgency required will be a real test – and we can't afford to restrict our efforts to the UK, we must tackle climate change globally.

As this report shows, BT is already well on the way. We have reduced our own footprint in the UK by 58% since 1996 and have set a stretching new target for our global business. We are finding new ways to involve our employees and suppliers in our efforts and offering solutions that empower our customers to make a difference too.

We must continue to deal with climate change in the same way we tackle all business challenges. We need a clear vision of what we want to achieve and a road map for how to get there.

I am truly proud of the progress we have made on this and other CSR issues since I joined BT in 2002. It's particularly rewarding that this has taken place alongside our business transformation – in particular our successful entry into the broadband market and the implementation of our 21st century network. This reflects the hard work and commitment of people throughout BT, and I thank them for all their efforts.

When I step down as Chief Executive on 31 May 2008 I have every confidence that BT will continue to lead the way as a sustainable business, putting customers at the heart of what we do. My successor, Ian Livingston, has already played a key part in BT's transformation in his previous roles as Finance Director and head of BT Retail. I leave the business, our customers and our commitment to society in very capable hands.

Ben Verwaayen

Scope of our report

This report covers our performance on our relevant and significant social, economic and environmental issues during the financial year ending 31st March 2008. Our previous report covered the year to 31st March 2007.

Geographical coverage

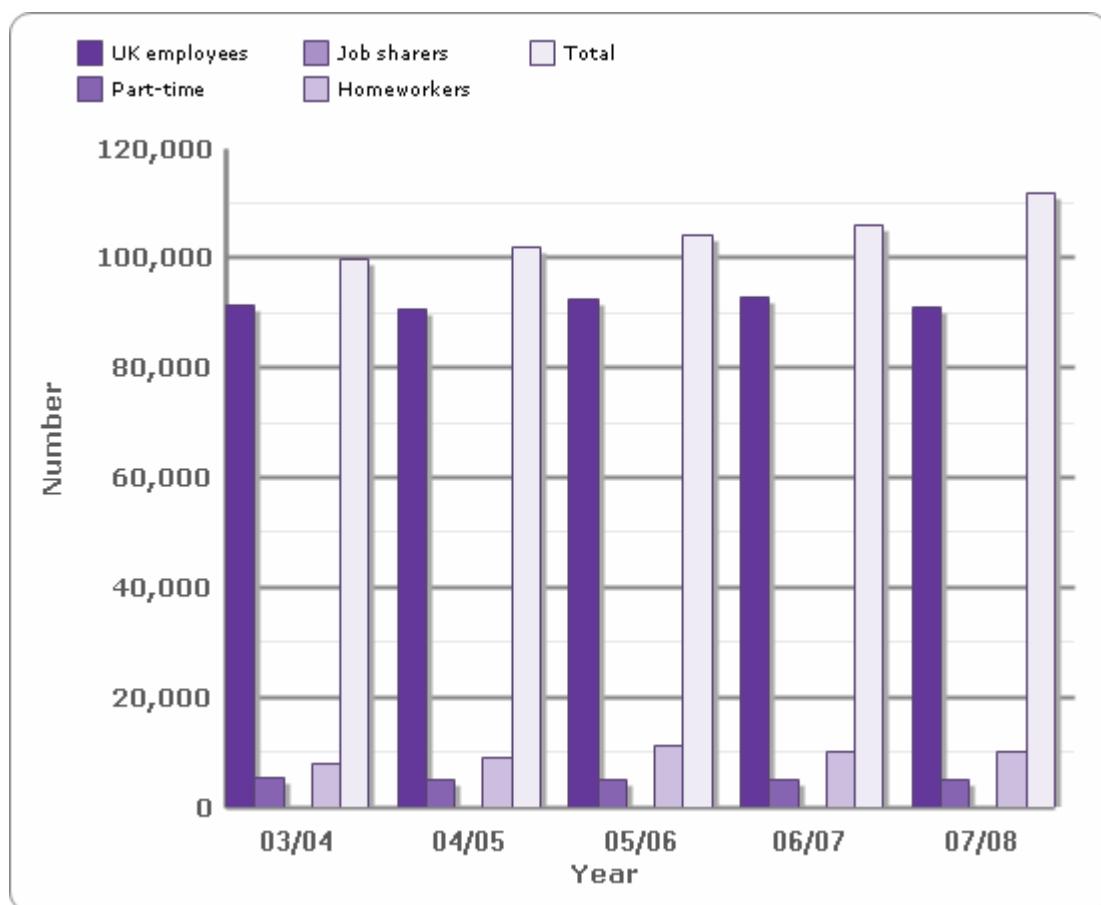
In the 2008 financial year, BT's UK operations accounted for approximately 83% of our turnover and 91,342 of our 111,858 employees. Data covers all BT's wholly-owned activities in the UK and internationally unless otherwise stated.

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 is country specific.

Quantitative data

Number of employees



Indexes

We provide four separate indexes:

- [Alphabetical](#)
- [Global Reporting Initiative \(GRI\)](#) – to read the report in line with the G3 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](#)

We also link to the relevant parts of the GRI, The Way We Work and the UN Global Compact throughout the report. Look for the relevant icons in the Index Links box to the right of your screen.

Encouraging debate

We encourage debate around the issues that matter most to our business.

This year we launched www.biggerthinking.com, where we discuss, and invite comment on key sustainability issues. The site features interviews with business and sustainability experts, case studies of innovation in action and tips on making your business more sustainable. It addresses key challenges, such as dealing with corruption in emerging markets and convincing your CEO to invest in sustainability. Visitors can contribute to the debate by posting their own ideas.

In previous years we have commissioned independent reports into key issues, known as Hot Topics. You can read these papers [here](#).



Bringing it all together

BT's Sustainability Report

2008

Responsible business practice



let's make a **better** world

Responsible Business Practice

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, including our approach to Human Rights
- 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 third 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 approach to public policy, political donations and lobbying
- Our vision and values
- Our approach to embedding our values in [mergers and acquisitions](#).

Statement of Business Practice

Our Statement of Business Practice, [The Way We Work](#), defines our 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 2008 financial year survey we found that 79% of employees were aware of the statement.

The Statement is translated into nine languages – Chinese (Mandarin), English, French, German, Hungarian, 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.

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 2008 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 Risk website', gives BT employees information on the risks associated with doing business in over 150 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?"

Our EPM score was 85% this year

We act against anyone abusing our business principles. During the 2008 financial year, 59 employees were dismissed for unethical behaviour. The following are examples are illustrative:

- A BT employee was dismissed for theft from Payphones
- A contractor has been removed from the BT contract following arrest on suspicion of arson attacks on BT premises

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.

The regulatory environment

We produced our fifth regulatory compliance report in the 2008 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 annual 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 report is available [here](#).

All areas of our approach to regulations and regulatory compliance can be found on our [Group Regulatory Information](#) pages.

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 2008 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,

individuals aligned with political parties and trade associations involved in politics or government. We do not operate any Political Action Committees.

The Company's continuing policy is that no company in the group shall make contributions in cash or kind (including loans) to any political party. Arrangements are in place to implement this policy. However, the definition of political donations used in the Companies Act 2006 is very much broader than the sense in which these words are ordinarily used. It covers activities such as making MPs and others in the political world aware of key industry issues and matters affecting the Company, which make an important contribution to their understanding of BT. These activities are carried out on an even-handed basis related broadly to the major political parties' electoral strength. During the 2008 financial year this expenditure amounted to £18,392

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 the Group. Positions on key public policy issues are referred to the Operating Committee for sign off.

We are members of trade associations and industry bodies around the world (listed below), who conduct public policy work on our behalf. We work to ensure that lobbying conducted through trade associations reflects our values. We work with other members to set policies, and we may attend lobbying meetings with governments and other stakeholders.

If a trade association adopts a policy position that we do not agree with, we will raise our concerns and dissociate ourselves from the position

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

Public policy activity during 2007 and 2008

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 and Next Generation Access – 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. BT has innovative new products – Fusion (the world's first phone service to offer the flexibility of a mobile and the quality and price of a landline) and Vision (our next generation television service). 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.
- Security and privacy on the internet. We continue to offer state of the art protection to our customers and are working with industry and Government on a number of initiatives in this area.
- Climate change and the role BT can play as a major user of energy.
- 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 in the 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](#), the Internet Service Providers Association (ISPA) and [Intellect](#). In the 2008 financial year our CEO, Ben Verwaayen has led the [CBI task force on Climate Change](#) culminating in a [report](#) in November 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

Our vision is to be dedicated to helping our customers thrive in a changing world. Dedication to our customers is vital in a competitive market. By designing everything we do around our customers, we can help them succeed on their terms.

Our Values

The BT values capture the way we get things done. They are at the heart of every compelling customer experience.

Our values are:

Trustworthy: we do what we say we will

Helpful: we work as one team

Inspiring: we create new possibilities

Straightforward: we make things clear

Heart: we believe in what we do

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

Human Rights

This year is the 60th anniversary of the Universal Declaration of Human Rights. We base all relevant BT policies and procedures on the principles of the Declaration.

Our [Business Principles](#) include commitments to:

- treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form and to

- Contribute to the well being of the societies in which we operate through our business activities and the skills of our people.

We are also a signatory to the UN Global Compact, which commits us to:

- supporting the protection of human rights within our sphere of influence
- ensuring that we are not complicit in human rights abuses.

We report on our progress and performance against the Global Compact principles - see [Global Compact Index](#).

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 privacy and content standards for example).

This section describes our approach to human rights and provides links to information in other sections of our report.

Implementing human rights

Human rights is a broad subject that is relevant to BT in our dealings with employees, suppliers, communities, governments and customers.

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.

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, and health and safety. Our policies apply to all BT employees in all countries where we operate.

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.

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 want to make a positive difference to society and use communications technology to benefit communities around the world. The BT Better World Campaign helps young people develop the communications skills they need to succeed in life. For example, we are working with UNICEF to improve access to education and ICT technology in disadvantaged communities in South Africa (since 2007), Brazil (since 2008) and China (starting in 2009). 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 of 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](#).

Statement of Business Practice - Key Performance Indicators

Indicator	Description	Measure	Target
Ethical Performance Measure	A measure of our progress in acting with integrity	85%	To increase to 86%.

Statement of Business Practice Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will increase its Ethical Performance Measure score to 86%		New

Human Rights - Key Performance Indicators

Indicator	Description	Measure	Target
Ethical Trading	A measure of the application of BT's supply chain human rights standard (See Note 6)	During the 2008 financial year there were 213 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.

Note 6: Risk assessments are based on completed questionnaires

Human Rights Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will increase its Ethical Performance Measure score to 86%		New
April 2008	March 2009	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a Global diversity benchmark		New
April 2008	March 2009	BT will incorporate the Sourcing with Human Dignity (SWHD) action plan into the BT sustainability plan		New
April 2008	March 2009	BT will develop a coach approach on labour standards and engage with 3 global suppliers and their supply chains		New
April 2007	March 2008	We will have no successful health and safety prosecutions or prohibition notices served against the company.	There were no successful prosecutions or notices during the year.	Completed
April 2007	March 2008	BT will achieve 100% follow up within 3 months for all suppliers identified as high or medium risk.	100% follow up was achieved with 213 risk assessments completed.	Completed

Implementing human rights - 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 5.04 during the 2008 financial year (see Note 3)	BT will maintain the 2007/08 level of employee engagement, 5.04, as measured by its annual employee attitude survey.
Diversity	A measure of the diversity of the BT workforce	BT is in the top 10 placement in 4 out of the 5 major diversity benchmarks (See Note 5).	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a global diversity benchmark.
Ethical Trading	A measure of the application of BT's supply chain human rights standard (See Note 6)	During the 2008 financial year there were 213 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.
Ethical Performance Measure	A measure of our progress in acting with integrity	85%	To increase to 86%.

Note 3: In 2007/08 the Employee Engagement Index was based on an average of the mean results across a reduced number (4) of key questions so a comparison with the 2007 score of 65 is not possible. Using the same calculation method the 2007 EEI was 5.07.

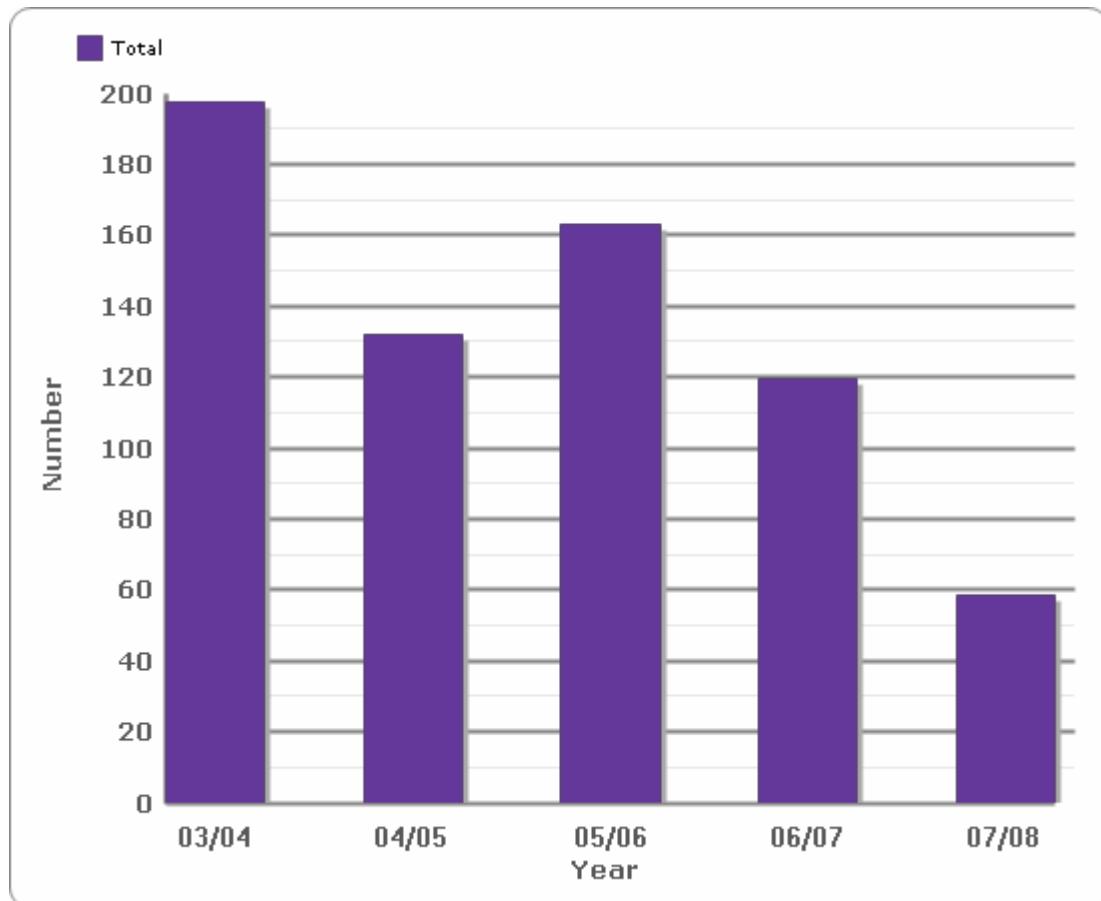
Note 5: This includes the Schneider Ross Global Diversity Network in fulfilment of the 2007 target.

Note 6: Risk assessments are based on completed questionnaires

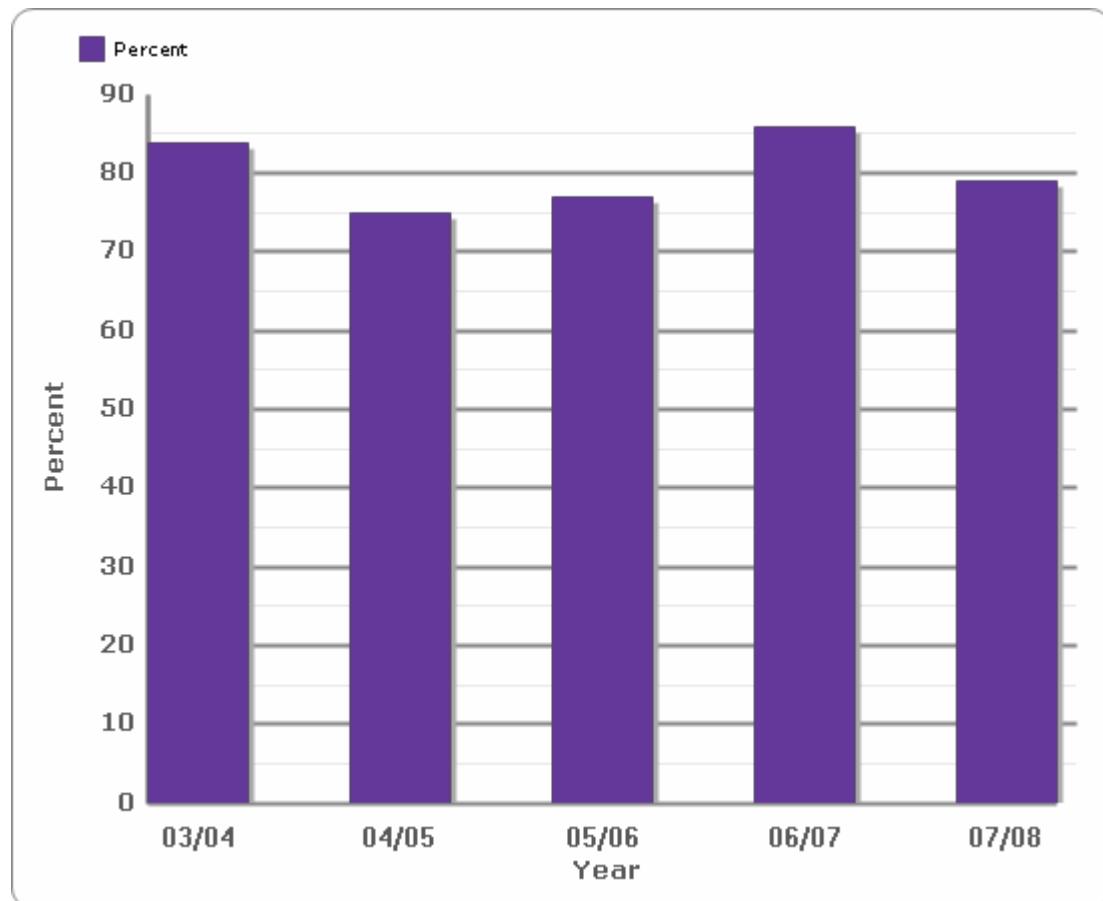
Implementing human rights Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will increase its Ethical Performance Measure score to 86%		New
April 2008	March 2009	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a Global diversity benchmark		New
April 2008	March 2009	BT will have no successful health and safety prosecutions or prohibition notices served against the company worldwide		New

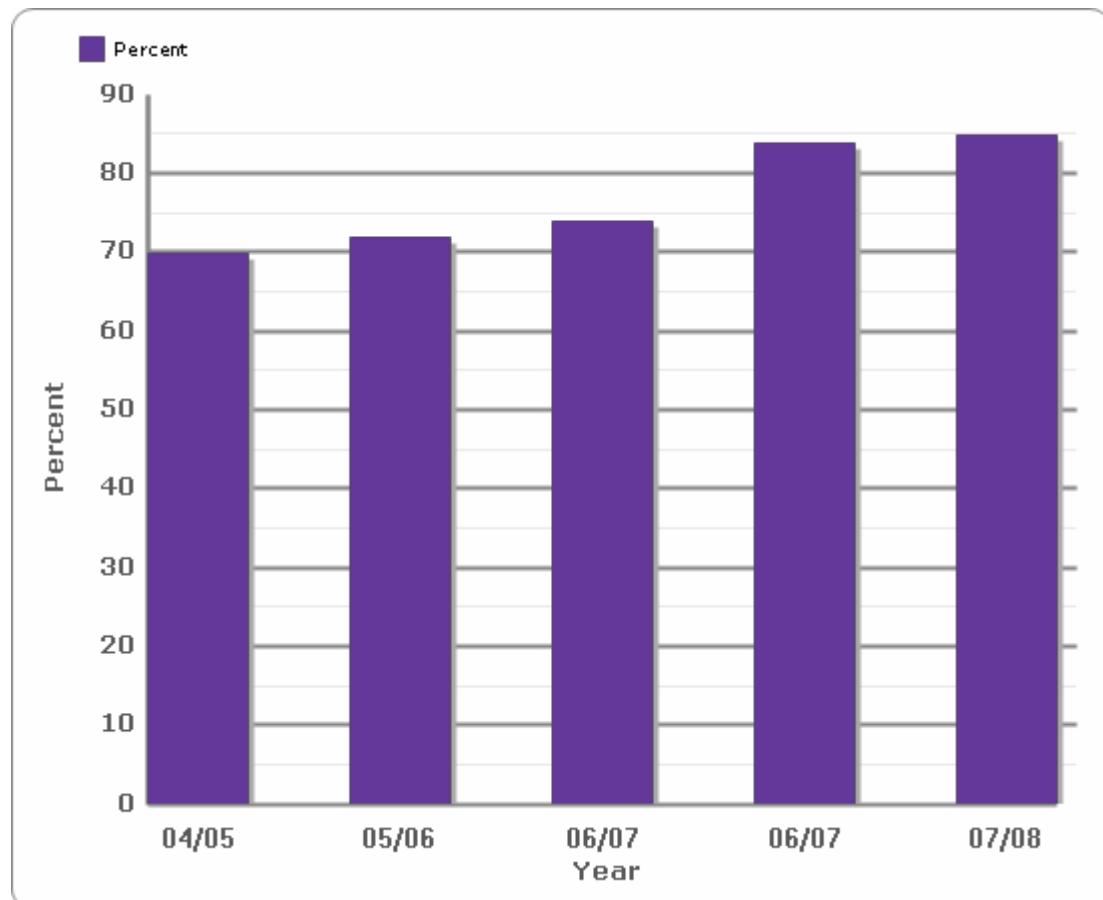
Dismissals for unethical practice



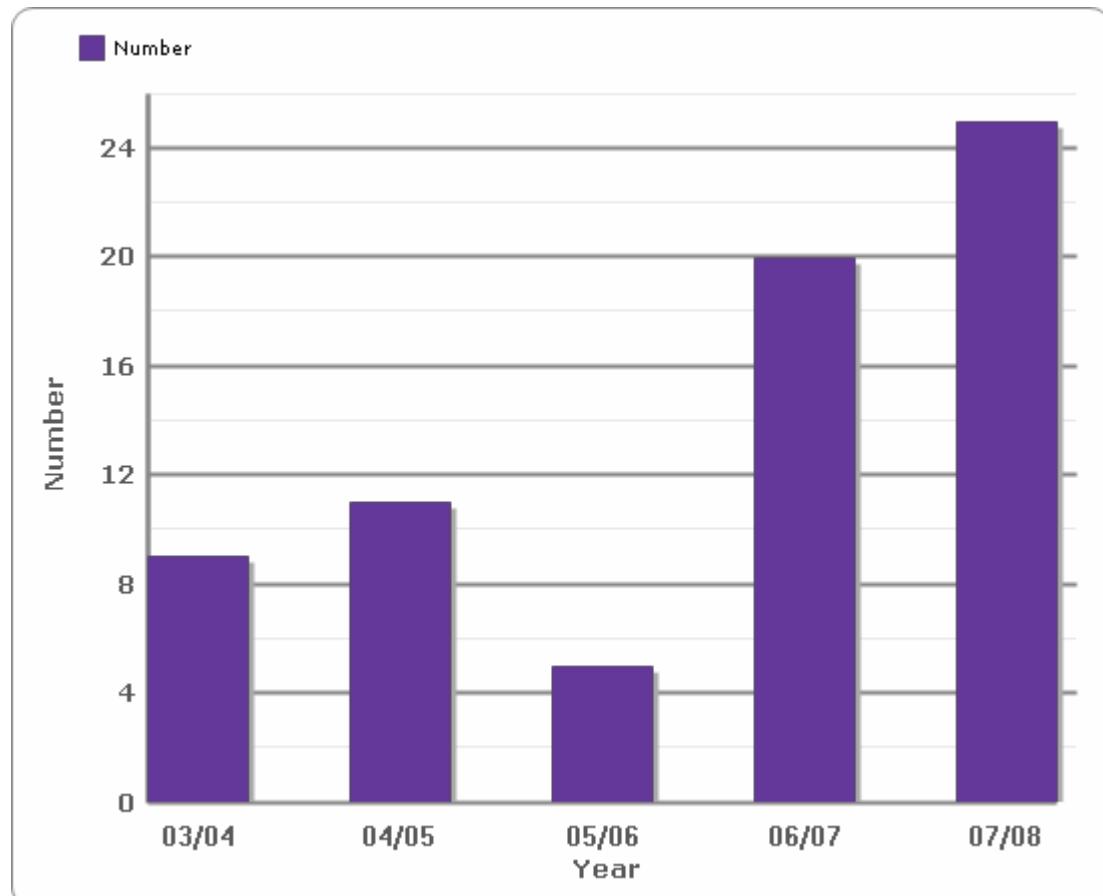
Awareness of Statement of Business Practice



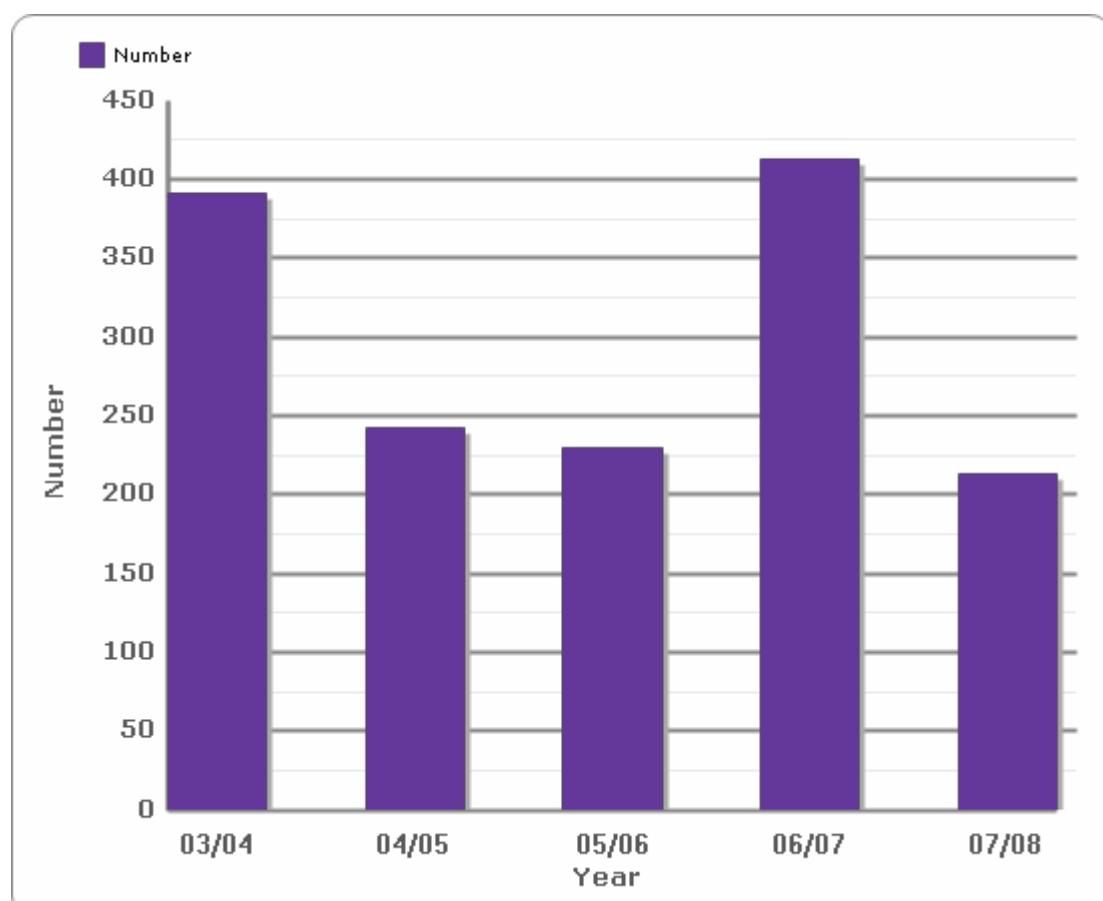
Ethical Performance Measure



Number of SWHD on-site assessments



Number of SWHD risk assessment questionnaires (GS18) completed



BT's Sustainability Report

2008

Economics



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Economics

BT is one of the largest companies in the world and makes a considerable contribution to the global economy.

We have direct economic impacts through the jobs we provide and the products and services we buy. In addition the ICT industry supports economic growth by improving efficiency and productivity.

We want to make sure that ICT contributes to growth that benefits society and respects the environment. Achieving sustainable economic growth is a key strand of our CSR strategy. Our work in this area includes finding innovative products and services that meet customer sustainability needs and integrating sustainability into our business processes.

Direct economic impacts

We make a direct economic contribution through our payments to employees, suppliers, investors and governments. These are the key financial figures for the 2008 financial year:

BT sales

BT revenue of £20,704 million, distributed as follows:

BT Retail	£8,477 million
BT Wholesale	£4,959 million
BT Global Services	£7,889 million
Openreach	£5,266 million
Other	£28 million

Find more details in the BT Group plc consolidated income statement on page 96 of the [2008 Annual Report](#) and Form 20-F.

Employees

Total spend on employees:

Wages and salaries	£4,242 million
Social security costs	£417 million
Pension costs	£626 million
Share-based payments	£73 million
TOTAL	£5,358 million

Our economic impact is most significant in the UK, where most (82%) of our employees are based. But as we expand internationally, our economic impacts are becoming more pronounced in other regions, mainly Europe and India.

In the 2007 financial year we commissioned Accountability to help us understand our economic impacts. The [report](#) found that;

- 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 1.5% of sector employment.
- Worldwide in 2003, around 32 million people worked in ICT. BT's share of global ICT sector is approximately 0.3%.

Suppliers

- Total spend with suppliers: £8.64 billion.
- Total capital expenditure: £3.3 billion.

See more detail on page 103 and 104 of the 2008 Annual Report and Form 20-F.

Shareholders and creditors

- Total dividend paid in the year to shareholders: £1,236 million.
- Net debt increased from £7.9 million to £9.5 million.
- Net finance expense payable £378 million.
- Total amount falling due to creditors within one year: £7,591 million.

Revenue breakdown by geography and market share

- UK £17,186 million (83%)
- Europe (excluding UK) £2,510 million (12%)
- Americas £847 million (4%)
- Asia and Pacific £161 million (1%)

See the 2008 Annual Report and Form 20-F for more detail.

Tax

The tax charge for the 2008 financial year was a net charge of £238 million and comprised a charge of £581 million on the profit before taxation and specific items, offset by tax relief of £343 million on certain specific items.

More details of our total taxes paid and group tax strategy are available on page 49 of the 2008 Annual Report and Form 20-F.

BT's wider impacts

Our business has a wider (indirect) impact on the economy when employees, contractors and suppliers spend the money we pay them.

We asked [Accountability](#) to look at our indirect economic impacts in a [paper](#) produced in 2006. They concluded that: "BT is an important player in the dynamic ICT market in the UK and across the world. Along with other ICT providers, BT's converging services are changing the way learning is provided, products are devised, people are governed, teams are managed, services are consumed and entertainment is delivered. By managing its indirect economic impacts, BT can help build the responsible competitiveness of the host economies of the countries in which it operates, from UK PLC to the global village and from Brussels to Bangalore."

Our indirect economic impacts in the UK

A [study](#) produced for BT during the 2007 financial year demonstrates the importance of our contribution to the UK's regional economies. The figures below show the value added directly through BT's services and additional value generated through our suppliers across the regions.

The value BT added to the UK's economy was over £10 billion in the 2006 financial year and supported the employment of almost 173,000 people.

Total economic impact of BT in the UK in 2006 financial year

	Impact financial (£million)	Impact Employment (000,s)
Direct	9,529	94.3
GVA(Gross Value Added)	10,096	
All taxes on production	1,130	
Employment Impact		172.6
Total	20,924	266.9

BT's UK impact by region

	Impact financial (£million)	Impact Employment (000s)
Scotland	607.7	21.0
North East	203.8	7.1
North West	1,670.7	25.1
Yorkshire & the Humber region	564.0	20.6
East Midlands	253.7	7.2
West Midlands	1,368.3	20.9
East of England	1,238.1	37.7
South East region	7,772.7	40.2
South West region	1,416.1	19.9
London region	5,348.9	44.5
Wales	237.7	10.8
Northern Ireland	242.6	12.0

The ICT sector

Information and communications technology facilitates globalisation, helps businesses and governments become more productive and boosts economies.

According to the European Union's [i2010 mid-term review 2008](#), ICT industries (manufacturing and services) represent around 5-6% of total GDP in the three main world economic areas (EU, US and Japan), but account for a much larger share of overall productivity growth thanks to rapid technological progress. In the EU, the ICT sector prompted a 0.3% productivity growth over the period 2000-2004, driving about one fifth of the whole productivity increase.

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
- Faster, more effective communication and information transfer between businesses, customers and suppliers
- Automating routine tasks
- Encouraging new types of enterprise, such as online businesses.

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. For every additional 10% of employees using computers at UK manufacturing firms, productivity rose by 2.2%. ICT provides particularly strong economic benefits for the retail sector (including internet shopping). But all companies can benefit when investment in ICT is supported by training and a flexible organisational structure.

Improving the public sector

The UK Government now provides extensive online public services, and is one of BT's largest customers. The range of services provided to UK citizens includes passport applications, TV licences, vehicle tax, online consultation and tax and health advice. A report in 1995 from UK think tank [The Work Foundation](#) claims that 96% of public services are now available on the internet, more than those offered by telephone.

When effectively applied, the use of ICT frees up resources for alternative public investments. While some early public sector ICT projects have disappointed, the technology clearly has enormous potential to improve the provision of public services and the role of local government.

Sustainable economic growth

Information Communications Technology (ICT) has the potential to benefit society and the environment and to stimulate economic growth. We want to make sure these benefits are realised.

Our sustainable economic growth programme is intended to help BT and our customers achieve socially beneficial growth within environmental limits. This is one of the four key strands of our [CSR strategy](#).

The programme focuses on marketplace innovation and embedding sustainability into our key business processes. We are seeking out new commercial opportunities that generate revenue for BT and meet our customers' need for sustainable products and services.

Our work in this area has four key objectives:

- To deliver projects that have a positive individual, organisational and systemic impact
- To create business models that make a difference and inspire people to find new answers
- To deliver commercial value to BT
- To be relevant in both the developed and developing world and support BT's increasing global presence

Clive Ansell, President of Strategy, Marketing and Propositions for BT Global Services is the champion for sustainable economic growth. A taskforce meets regularly to agree objectives and drive progress. Members include senior representatives from our major lines of business, BT Design, BT Operate and our R&D and procurement functions.

Plans and targets

We will develop a key performance indicator to help us track our progress across the whole programme. We expect this to be ready in time for our 2009 Sustainability Report.

We have also developed future plans and targets for market innovation that will help us gain access to new markets, help our customers become more sustainable and reduce the impact of our products.

Reaching the base of the pyramid

Many companies operating in less developed countries are adopting 'base of the pyramid' business models: commercial products and services designed specifically for poorer customers.

We are expanding rapidly in less developed countries and exploring our potential to help meet social needs profitably. This is a challenge because we do not directly serve consumers in these regions.

We believe that the most promising opportunities for BT lie in using our capabilities and the benefits of ICT to help our customers gain access to markets at the base of the pyramid.

Radical energy efficiency

We are developing products and services to help our consumer customers reduce their energy consumption. This is in line with our CBI Climate Change Task Force pledge to help UK households halve their energy consumption by 2020. See [Climate Change](#).

Tackling obsolescence

The relatively short lifespan of much ICT equipment can contribute to wasted resources. During the 2008 financial year, we sponsored a three-month research project at University College London to identify ways of reducing obsolescence. We are in the process of working out how we can take this forward.

Activity and progress

We have achieved our three targets in 2008:

1. BT will embed sustainability into the product and proposition development processes within BT.
2. BT will construct an opportunities map of BT's CSR related opportunities.
3. BT will investigate the development of a key performance indicator for sustainable economic growth.

Embedding sustainability into product and proposition development

Anticipating sustainable development trends

We are tracking global sustainability trends and will use this analysis to better understand how ICT can help solve environmental, social and economic issues. This knowledge will help us create new products and solutions with a positive sustainability impact.

Product and service development criteria

Sustainability factors need to become central to our product development process and integral to the thinking of our product teams when they devise new services.

We have developed a set of sustainability criteria for assessing potential new products and services. These use qualitative and quantitative measures in five areas:

1. Medium- to long-term economic viability of our customers
2. Contribution to wellbeing
3. Materials use and waste
4. Energy use and CO₂ emissions
5. Community impacts from use of a product or service

From the next financial year, new products and propositions will be assessed against the new criteria. We are running a series of master classes to familiarise the product development community in all our lines of business with the new criteria.

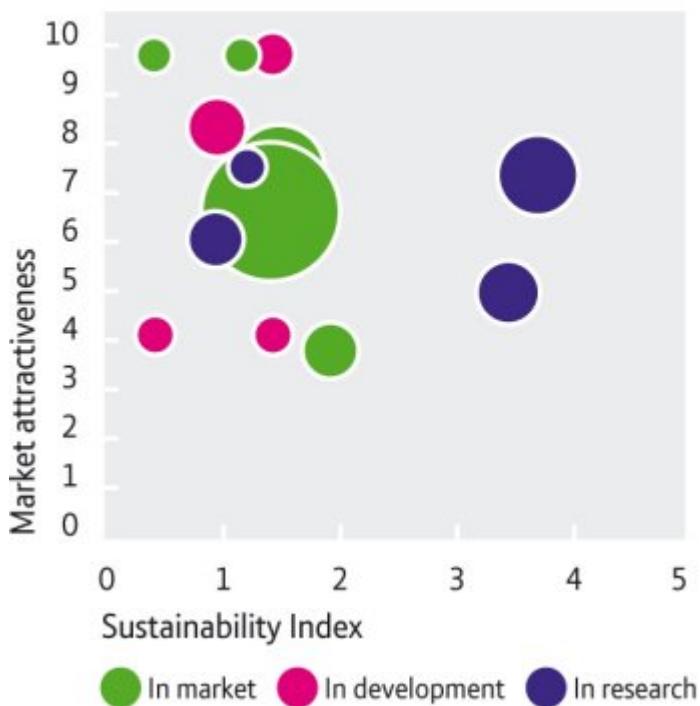
Product stewardship

Product stewardship is a key part of our sustainable economic growth programme. Read about our approach and performance [here](#)

Creating an opportunities map

We have created an opportunities map to help us communicate the commercial prospects we are identifying throughout our business. The map shows existing and potential products and services with sustainability benefits, alongside their market attractiveness. We will use this to raise awareness within BT and with investors and other stakeholders.

CSR opportunity map



There are some restrictions on what we can disclose on the opportunity map because of commercial sensitivity. Examples of products and services on the opportunity map include teleconferencing, our new energy efficient range of cordless phones and data centre virtualisation, which reduces storage space and energy requirements.

Several of our lines of business are pursuing sustainability opportunities. For example, we have launched a Carbon Impact Assessment for corporate and government customers through our Sustainability Practice.

Sustainable Economic Growth Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	Quantify the business and sustainability potential for BT in helping customers access the base of the pyramid through ICT		New
April 2008	March 2009	Establish a key performance indicator for BT's sustainable economic growth programme		New

Activity and progress Targets

Start Date	End Date	Description	Update	Target Status
April 2007	March 2008	BT will integrate sustainability into the product and proposition development processes within BT.	We have integrated sustainability into the product and proposition development process.	Completed
April 2007	March 2008	BT will construct an opportunities map of BT's CSR related opportunities.	We have completed our opportunities map.	Completed



Bringing it all together

BT's Sustainability Report

2008

CSR strategy and governance



let's make a **better** world

CSR strategy and governance

We see corporate social responsibility (CSR) as BT's voluntary contribution to sustainable development.

CSR requires a company-wide, coordinated approach to managing social, economic and environmental issues. We continue to develop our CSR strategy in four areas. The first is to ensure that the building blocks of a responsible business are in place. We then focus on three key issues facing BT and society: climate change, sustainable economic growth and a more inclusive society.

In this section we discuss:

- The business case for CSR at BT.
- How we engage with our stakeholders.
- How we are implementing our CSR strategy.
- The structures in place for governing CSR.

Our CSR business case

Good management of CSR issues doesn't just benefit our stakeholders and the planet, it is good for business. Our CSR strategy is integral to BT's business and affects our performance in five ways:

- Marketplace opportunities
- Reputation and CSR ratings
- Risk management
- Employee motivation
- Cost reduction.

Marketplace opportunities

The challenges that sustainability issues present can also create commercial opportunities. ICT products and services can help organisations and individuals to live and work more sustainably.

We have created an opportunities map as part of our [Sustainable Economic Growth programme](#) to help us communicate and prioritise sustainability opportunities throughout our business.

Several of our business lines are already pursuing sustainability-related commercial opportunities. For example, we have launched a [Sustainability Practice](#) to help our large corporate and public sector customers use ICT to reduce their carbon footprint .

The Practice also helps customers to quantify possible savings through using ICT in the following areas:

- Operational efficiency
- 21st century data centres
- Contact centre efficiency
- Flexible working
- Field force automation
- Unified communications and collaboration.

More information is available on our [Bigger Thinking](#) website.

The quality of our sustainability 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 £2.2 billion to BT in the 2008 financial year, compared with £1.8 billion the previous year.

CSR risks

Our Board takes regular account of significant social, environmental and ethical risks to BT's business. We quantify the most significant CSR risks in a risk register, which we update twice a year and the Board reviews annually.

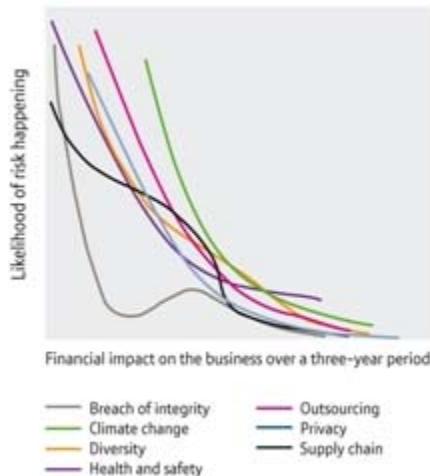
In the 2008 financial year we identified no new social, environmental or ethical risks that would have a material financial impact on our business.

Our key CSR risks did not change in the 2008 financial year. They are:

- Breach of integrity
- Climate change (mitigation and adaption)
- Diversity
- Health and safety
- Outsourcing

- Privacy
- Supply chain working conditions.

CSR key risks



We also have procedures in place to identify commercial opportunities relating to CSR and sustainability.

Reputation and CSR ratings

Reputation

When people trust a company, they are in effect giving it a 'licence to operate' in society. 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. There is an explanation of the research [here](#).

BT's CSR ratings

BT was judged a sector leader in the area of carbon disclosure in the [Carbon Disclosure Project's](#) (CDP) fifth report, published in 2007. The CDP is a coalition of over 315 global investors with more than \$41 trillion of assets.

For the seventh consecutive year, BT was recognised as the world's top telecoms company in the Dow Jones Sustainability Index (DJSI).

BT was named Company of the Year in the 2007 annual Business in the Community (BiTC) Awards for Excellence. In the 2008 financial year BT retained its Platinum banding for companies scoring over 95% in the BiTC Corporate Responsibility Index and were top of the sector in all except 2 of the 79 individual impact area. Our feedback report can be found [here](#).

BT won an award for 'Best Customer Care' at the ninth World Communication Awards in London in 2007. The [World Communication Awards](#) is widely recognised as the leading global industry event of its kind. The Awards celebrates excellence within the communications industry and rewards companies and individuals that are helping to build tomorrow's industry.

Cost reduction – business case

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.

		Total Savings (£'m) - Five year				
		2004	2005	2006	2007	2008
Transport Savings	Commercial	26.4	36.3	50.0	66.9	47.4

	Company Car	17.4	26.4	41.9	42.1	24.3
Energy Savings		(0.9)	(4.6)	(7.8)	(9.2)	(7.9)
Benefits Savings	Conferencing	157.9	104.6	142.3	319.6	280.0
	Home-working	45.4	48.8	64.9	26.1	17.2
Waste Savings		(2.7)	(6.7)	(0.9)	3.8	4.4
TOTAL		243.4	204.8	290.4	449.4	365.3

	Total Savings (£'m) - Five year rolling total					
	2004	2005	2006	2007	2008	
Total	243.4	204.8	290.4	449.4	365.3	
P&L	39.6	40.4	49.1	39.2	29.3	
Opportunity	189.9	140.2	189.8	345.3	301.5	
Capital	13.9	24.3	51.5	64.9	34.5	

We also identify environmental benefits in terms of carbon emission reductions.

		Total CO2 Reduction (000 t) - Five year				
		2004	2005	2006	2007	2008
Transport Savings	Commercial	29.9	33.3	27.2	30.3	20
	Company Car	7.2	17.3	13.3	37.4	36.2
Energy Savings		311.4	457.2	569.3	332.6	312.8
Benefits Savings	Conferencing	10.2	6.4	8.4	18.3	15.9
	Home-working	2.2	2.4	3	1.6	1.4
Waste Savings		3.8	-0.1	4	1.6	3.6
TOTAL		364.7	516.5	625.2	421.7	389.7
CO2 reduction attributable to a shift to greener energy sources.		266.9	423.5	534.9	301.8	275.2

Employee motivation

Employee motivation is critical to the success of our business. We believe that a strong CSR strategy helps to engage employees with BT and their work.

We carry out an annual employee survey to help us assess employee perceptions of our CSR performance. This year, we found that 66% of employees felt proud to work for BT as a result of our CSR activities – up from 62% last year and 49% in 2004, the first year we measured this.

For the second time this year we asked our employees if they thought we were doing enough to help tackle climate change. 50% thought we were, down from 56% last year, perhaps reflecting a greater awareness of the scale of the issue.

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

Stakeholder engagement

Engaging with our stakeholders is a vital part of managing corporate social responsibility. It increases our understanding of stakeholders' views and expectations, helping us to improve our strategy, processes and products. Six groups are particularly important:

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

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

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. In this section, we discuss:

- How we engage with different groups
- Engaging 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.

How we engage

We engage with our stakeholders in many ways and learn from them all the time. Some of this engagement is scheduled. Other dialogue takes place as required, from ad-hoc online discussion forums to phone calls several times a month to one-off meetings. Here are some examples:

Customers

- Customer surveys on quality of service and future expectations
- Blogs, web forums and panels to learn from retail customers and test new concepts in real time
- Dialogue with consumer advocacy groups and disability organisations
- [Consult 21](#), a programme of dialogue with business customers and industry stakeholders about BT's 21st Century Network
- Meetings between the Equality of Access Board (EAB) and 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
- BT maintains regular dialogue with regulators including Ofcom about matters of mutual interest in the markets BT operates in

See our case study on responding to customer and employee feedback for more detailed examples.

Employees

- Our [annual employee survey](#)
- Relationships with [trade unions](#)
- Dialogue with minority groups through our People Networks
- BT Your Views – a lively, moderated online discussion forum that covers many CSR issues
- Carbon clubs, which bring colleagues together to take action on many different climate change issues
- Various Employers Forums, made up of a number of leading UK organisations. BT currently chairs a Forum on Belief, which shares good practice and helps to ensure businesses understand the benefits of catering showing flexibility to people's beliefs in the workplace

Suppliers

- Supplier satisfaction survey

- Questionnaires regarding BT's [Procurement Standards](#)
- Dialogue with key suppliers to determine their views on social and environmental priorities
- Face-to-face interaction at conferences and meetings with key suppliers and industry colleagues

Investors

- [Presentations](#) to industry analysts on a range of subjects. In June 2007 we hosted a CSR Roundtable
- Rating agency rankings, which act as an indicator of our progress compared with others and of where improvements can be made

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.

Examples of other partners with whom we regularly engage include:

- The BT HP Alliance, which aims to generate new business opportunities and to support each other's businesses. This extends to a CSR team alliance which focuses on sustainability issues
- BT's involvement with the CBI Climate Change Task Force, which has led to significant commitments to tackle climate change

Community

- Regular engagement with charity partners such as Childline, UNICEF and Forum for the Future
- An annual survey of the general public (carried out by Globescan), which gives us feedback on our community activities.

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.

Leadership Panel

The [Leadership Panel](#) is an external advisory group of experts renowned for excelling in their field. The panel encourages innovation and leadership on sustainability and corporate social responsibility in BT.

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](#).

We were represented on the [GeSI](#) Materiality Working Group. The final report produced by [BSR](#) 'How the ICT Industry Can Support Sustainability :A Materiality Assessment by the Global eSustainability Initiative (GeSI)' is now available to GeSI members. A summary report is available on the GeSI web site.

Feedback from opinion formers

In September 2007, we invited nine opinion formers from industry bodies, NGOs, regulators and other CSR reporting organisations to a round table discussion to give feedback on our 2007 sustainability report. They rated aspects such as how well the report covers the most important issues, its usability, its credibility, and the reporting of future plans and targets.

Participants generally regarded BT's report highly, and think that our format of a short printed report and more detailed online report is the right one. However, they would like the relationship between the two documents to be clearer. Participants also found our focus on process to be not very engaging. They suggested including more on-the-ground examples, which will also show results of the processes described.

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. This 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 2008 financial year, we discussed the new Prince of Wales Accounting for Sustainability standard, which we have tested on our KPIs this year. The Leadership panel were also consulted on the development of our new [carbon stabilising intensity](#) target.

Reporting standards

This year, we have followed the Global Reporting Initiative (GRI) G3 Guidelines for the first time. We continue to report against the 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.

There are more details of how we have applied AA1000 Assurance Standard 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.

Independent research company, RSM 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.

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. Recent examples include sessions with MPs and other opinion formers on mental health at work; women in the work place; and flexible working.

Our Global Advisory Boards are made up of independent, high-profile industry and market specialists. They give us advice and support to help strengthen our global strategy and international operations. Building on the success of these boards in the Americas, Asia and Europe, we recently set up Advisory Boards in Belgium, France, Germany, Italy, the Netherlands and Spain.

We also have advisory boards focused on the growth and success of regional economies within the UK. These boards liaise with regional and national agencies, businesses and community organisations, such as Work Wise UK, a not-for-profit initiative of which we are a member.

Feedback from opinion formers on our CSR strategy

In September 2007, we invited nine opinion formers from industry bodies, NGOs, regulators and other CSR reporting organisations to a round table discussion to give feedback on our 2007 CSR strategy.

Their recommendations for improvement were for BT to:

- Embed CSR in BT products
- Create new partnerships to address issues in emerging markets
- Think and act global
- Challenge itself more
- Let others challenge BT too
- Be action not process focused
- Talk to customers – make CSR part of the BT brand.

Participants also gave feedback on BT's sustainability report

Implementing our strategy

We made significant strides in implementing our corporate social responsibility (CSR) strategy in the 2008 financial year.

Our [climate change](#) target is to reduce our global carbon emissions intensity by 80% by 2020. Progress this year included:

- We announced plans to develop our own wind farms in the UK
- Our office complex in southern California in the USA is being fitted with photovoltaic solar panels.

Through our [sustainable economic growth](#) programme, we have:

- Created an opportunities map for new sustainable products and services
- Introduced new sustainability criteria for assessing new products and services
- Launched our [Sustainability Practice](#) for business and government customers worldwide.

Progress in our [inclusive society](#) strategy included:

- Supporting the design and launch of an [Inclusive Design Toolkit](#)
- The second year of our Inspiring Young Minds project with UNICEF launched in Brazil.

The responsible business element of our strategy aims to maintain momentum in all areas of CSR. In the 2008 financial year:

- We launched a global disaster relief programme in partnership with the British Red Cross

Dame Ellen MacArthur became an [ambassador](#) for BT's worldwide CSR programme, helping to raise awareness of how communications and technology can help create a better world.

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
- Committee for Responsible and Sustainable Business
- Environmental Policy Implementation Committee
- Task Forces to support our CSR strategy
- CSR Forum.

CSR Sponsors lead the implementation of our CSR programmes across BT.

Our Leadership Panel, composed of external experts, challenges our thinking and provides advice on our CSR strategy.

The Leadership Panel

BT's Leadership Panel is an advisory group of external experts renowned for excellence in their field. The panel had the following members during the 2008 financial year:

- Jonathon Porritt, Chair of the Panel and Director of Forum for the Future, a UK sustainable development think tank
- Mark Goyder, Founding Director, Centre for Tomorrow's Company, a business think tank
- Elisabeth Laville, Director of Utopies, a Paris-based sustainability consultancy
- Jorgen Randers, Professor at the Norwegian School of Management, Oslo and Chair, Norwegian Government Commission on Climate Gas Reduction
- Nick Robins, Head of Climate Change Centre of Excellence at HSBC in London.

The panel encourages innovation and leadership on CSR and sustainability in BT. It meets four times a year and provides independent guidance and expert advice on key areas of CSR strategy and performance. These include policy, performance measures, targets, future objectives, governance, stakeholder relationships and external communications.

During the year, panel discussions covered the following topics:

- Our approach to [Hot Topics](#)
- Our key CSR programmes - sustainable economic growth, climate change and a more inclusive society
- CSR governance changes
- Development plans for our Adastral Park Research and Development site
- Our materiality review and key performance indicators
- Reporting our CO₂e performance

The panel provides an annual [comment](#) on our performance and sustainability report.

Committee for Responsible and Sustainable Business

This board committee's remit is to optimise BT's positive impact on society and the environment, allied with ensuring maximum long-term business success and serving the interests of stakeholders.

Our Chairman chairs this committee. The membership includes our CSR sponsor as well as two external members.

The committee is responsible for, with input and recommendations from executive management, setting the 'responsible and sustainable business' strategy for the BT Group globally (including wholly owned subsidiaries) for approval by the Board and to:

- Review and agree implementation plans and targets
- Evaluate performance
- Help establish a culture of continual improvement
- Embed responsible activity into standard business practice
- Oversee a culture of transparency and stakeholder accountability

Distribute funding to support the strategy, within the approved budget.

Operating Committee

BT's Operating Committee is made up of our chief executive, the chief executive of each line of business and the Company Secretary. The Operating Committee is responsible for running the BT Group business. This includes agreeing on issues not reserved for the Board, and determining group policy on CSR, environment, compliance, brand, values, and employment, health and safety standards.

This year the OC discussed the recommended actions arising from our commitments to the CBI Climate Change Task Force Report

Environmental Policy Implementation Committee

Our 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 Environment and Climate Change Task Force
- Maintain the register of BT's environmental risks.

BT's chief executive takes overall responsibility for BT's environmental performance.

During the year the key items the committee discussed were;

- Climate Change programme
- Extension of ISO14001 certification overseas
- Further development of our Environmental Management System

Corporate responsibility team

BT's corporate responsibility centre of excellence is made up of experts who coordinate and maintain our CSR strategy and management systems

The team raises awareness of our CSR policies among employees and other stakeholders and investigates future sustainability trends that may affect BT. Its work also supports BT's commercial activities, by providing information on the company's sustainability credentials when BT is bidding for new work, for example.

The team provides support to the Committee for Responsible and Sustainable Business, the CSR sponsors and task forces, BT's Leadership Panel and business operations.

CSR Forum

Following a review of our CSR governance this year, we plan to merge the existing executive CSR Steering Group and Practitioners Forum to create the BT CSR Forum.

The BT CSR Forum will provide opportunities for everyone involved in the wider aspects of CSR to receive updates on our progress and share CSR expertise across the business. We plan to invite external experts to help develop our skill base.

CSR Task Forces

We have set up Task Forces to help us implement our CSR strategy.

Each Task Force meets regularly and is chaired by one of our [CSR sponsors](#). Members include the CSR team and expert representatives from around BT, including the Legal and Public Policy functions.

The Task Forces' roles include prioritising and promoting CSR issues across BT, leading the business to set and develop relevant and stretching CSR targets and resolving any issues that arise as each programme develops.

CSR Sponsors

Our CSR sponsors are senior executives from each of our major divisions. They lead the implementation of CSR programmes across BT.

Being a CSR sponsor involves:

- Being a spokesperson and advocate for CSR within and outside BT
- Championing innovation around potential products and services relating to sustainability
- Ensuring strategies are in place to manage BT's most significant CSR risks and to take advantage of BT's best CSR opportunities.

CSR Sponsor

Gavin Patterson BT Retail CEO sponsors our overall CSR strategy. Gavin also sits on the Committee for Responsible and Sustainable Business and Leadership Panel

Gavin joined BT in 2004 as Managing Director of BT Retail's consumer division. In this role he was responsible for all services to BT's 15 million residential customers. Under his leadership BT has become the UK's number one broadband provider with more than 4.3 million customers. He has launched innovative new products including BT Total Broadband and BT Vision, while transforming the division's financial performance.

Prior to joining BT, Gavin was Managing Director for Telewest's consumer division. Before Telewest, Gavin was at Procter and Gamble where he was European Marketing Director for the company's third largest brand, Pantene.

Gavin is a fellow of the Marketing Society and a member of The Marketing Group of Great Britain and The Thirty Club. He went to school in Warrington and Yeovil before graduating from Emmanuel College, Cambridge with an engineering degree. He is 40 years old and married with four young children. His other passion in life is Liverpool FC.

Environment and Climate Change

Bruce Stanford, BT Wholesale Managing Director, Major Programmes, is BT's environment and climate change sponsor.

Bruce was appointed in July 2007 to lead the implementation of Major Programmes in BT Wholesale. These include the delivery of the Undertakings BT committed to in response to the Telecom Strategic Review, the implementation of major deals (white label and managed networks), and the transformation programmes.

Bruce has been responsible for the Undertakings in Wholesale since 2005. He was previously Director of Products in BT Wholesale, during the era of high growth in broadband take-up and increased competition in this area. In 2000, Bruce was responsible for the launch of BT's Wholesale Broadband products.

Bruce joined BT in 1982 and has held positions in marketing, product management, operations and customer service

Sustainable Economic Growth

Clive Ansell, President of Strategy, Marketing and Propositions for BT Global Services, is CSR sponsor for sustainable economic growth.

Clive has been in this role since July 1st 2007. He leads a series of functions and business units covering global strategy, marketing, mergers and acquisitions, product development and management, professional practices, and new business incubation across the 170 countries where BT operates.

Clive was formerly Group Strategy Director for BT Group plc, as well as BT's Regional Director for London and company champion for equality and diversity, a role in which he continues. As Group Strategy Director, Clive also led BT's regulatory activities at group level. He played a major role in agreeing the New Regulatory Settlement in the UK Telecoms Strategic Review and in the launch of Openreach.

Clive is a long-term BT employee, but returned to the UK in 2002 after three years in Japan as an executive Board Director of Japan Telecom and several years in the US before that. He has also worked for IBM in production control, in UK health service administration, and once started a small engineering business.

Clive has a Masters Degree in psychology from Oxford University and is a Sloan Fellow of the London Business School. He is Chairman of London Crimestoppers, an independent charity focused on the anonymous reporting of crime, and a Board member of a number of business representative groups.

A more Inclusive Society

Jane Hobbs, Human Resources Director for Openreach, sponsors our More Inclusive Society programme.

Jane is responsible for the enormous cultural change demanded by the creation of Openreach, against a backdrop of continued transformation in the UK telecommunications industry.

Jane was previously Director of HR for BT Wholesale Operations, with responsibility for HR strategy development and execution. Before joining BT, Jane was HR Director, Europe, for internet start-up eSkye solutions and, prior to this, Senior HR manager for Walt Disney Internet Group.

CSR Strategy and Governance - Key Performance Indicators

Indicator	Description	Measure	Target
Customer Service (See Note 1)	A measure of satisfaction across BT's entire customer base	Increase in right first time performance of 9% for the 2008 financial year.	To improve customer service in line with the corporate scorecard and to achieve an even greater year on year improvement in Right First Time (RFT) (See note 2)
Employee Engagement Index	A measure of the overall success of BT's relationship with its employees	The Employee Engagement Index was 5.04 during the 2008 financial year (see Note 3)	BT will maintain the 2007/08 level of employee engagement, 5.04, as measured by its annual employee attitude survey.
Diversity	A measure of the diversity of the BT workforce	BT is in the top 10 placement in 4 out of the 5 major diversity benchmarks (See Note 5).	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a global diversity benchmark.
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	0.188 cases per 100,000 working hours.	Reduce to 0.186 cases per 100,000 hours.
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 2.2% calendar days lost due to sickness absence
Supplier Relationships	A measure of the overall success of BT's relationship with its suppliers.	78% achieved in 2008 (See Note 8).	To achieve a rating of 80% or more in 2009.
Ethical Trading	A measure of the application of BT's supply chain human rights standard (See Note 6)	During the 2008 financial year there were 213 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 1.02% of its profits 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 0.68 million tonnes, 58% below the 1996 level (See Note 7)	2016 CO2 emissions to be 80% below 1996 levels.
Waste to landfill and recycling	A measure of BT's use of resources	42,822 tonnes to landfill (54%) 36,937 tonnes recycled (46%).	To reduce the tonnage of waste sent to landfill by 6%.
Ethical Performance Measure	A measure of our progress in acting with integrity	85%	To increase to 86%.
Community Effectiveness Measure	An independent evaluation of our community programme	The community effectiveness score for the 2008 financial year was 79%.	To achieve a minimum of 82%
UK Internet Usage	% of UK population who have not used the internet in the past three months.	33% 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

Note 1: Revenue weighted.

Note 2: Customer service is defined as - 'Right First Time' (keeping our promises) and 'Cycle Time' (the speed at which we deliver service). In 08/09 The Group target will be focused on Right First Time.

Note 3: In 2007/08 the Employee Engagement Index was based on an average of the mean results across a reduced number (4) of key questions so a comparison with the 2007 score of 65 is not possible. Using the same calculation method the 2007 EEI was 5.07.

Note 5: This includes the Schneider Ross Global Diversity Network in fulfilment of the 2007 target.

Note 8: A new measure was introduced during 2008. The question asked in 2008 was: - How would you describe your company's relationship with BT in terms of overall quality of relationship? 78% said the relationship was excellent or good. See archived reports for earlier measures.

Note 6: Risk assessments are based on completed questionnaires

Note 7: 2008 figures recalculated to take account of updated Defra Company Reporting Guidelines (2007)

Employee motivation Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will maintain the 2007-8 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey		New
April 2007	March 2008	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%.	Target failed with a result of 82%.	Failed

How we engage Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will survey its suppliers to determine the percentage that agree with the statement 'BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner'		New
April 2008	March 2009	BT will maintain the 2007-8 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey		New
April 2008	March 2009	BT will achieve a rating of 80% or more next year on our annual supplier survey		New
April 2008	March 2009	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 improve from 56% to 58%		New
April 2008	March 2009	The percentage of BT employees agreeing with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will improve from 82% to 85%.		New

Case study

Meeting the expectations of corporate customers

Vodafone is one of our biggest global customers. Corporate responsibility (CR) is a key measure within its supplier performance management programme. Vodafone assesses many of its existing suppliers using a scorecard, with CR performance accounting for 10% of the overall score. The scorecard evaluates the supplier's CR management systems, CR reporting and approach to managing CR in its own supply chain.

We have worked closely with Vodafone to understand the programme in detail and share appropriate certification and best practice. As a result, BT's score for the scorecard's CR measure improved from 71% to 86% period April to September 2007. This contributed to a rise in our overall UK score from 71% to 81%.

"BT has proactively engaged in our Supplier Performance Management Programme in which we collaborate in understanding & developing our suppliers' corporate responsibility capabilities and activities. For BT to continue this positive trend in performance, it needs to remain focused on industry collaboration and information sharing across the CR space. Our programme drives focus on suppliers providing evidence such as risk management of suppliers, CR reporting and certification to demonstrated adherence to our Code of Ethical Purchasing."

Peter Stangl

Head of Supplier Performance Management

Global Supply Chain Management – Vodafone Group

Case study

Responding to customer and employee concerns

Customers and employees have repeatedly told us in surveys that recycling, carbon footprint reduction and community support are among their top five concerns.

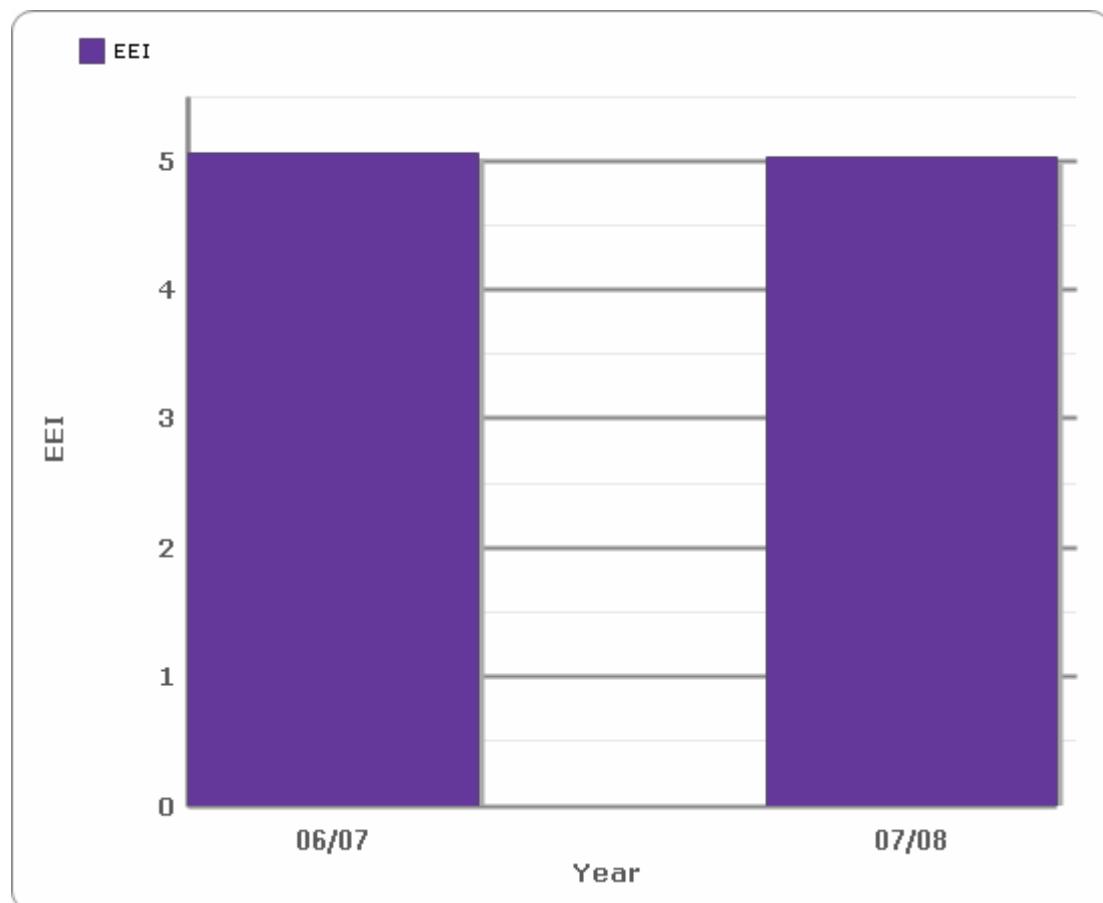
BT's My Customer programme is designed to engage employees in improving customer service. It includes the My Customer Challenge Cup, a tournament which encourages BT people to find ways of solving real customer problems.

In 2007, one of the projects that reached the tournament's semi final was a scheme to reuse and recycle unwanted and broken mobile phone handsets. The scheme is now up and running, enabling BT employees and customers to use a simple, postal scheme to return their unwanted and broken handsets, blackberries and chargers.

The scheme saves BT money, and we pass any net profit to our corporate charity in the UK, ChildLine. We are now assessing the scheme to see if it is a suitable service for small and medium enterprise (SME) customers.

To further address BT people's concerns around waste management and recycling, we have introduced a new recycling system in our main buildings. Employees can now recycle a wide range of wastes, including office paper, newspapers, card, cans and plastics.

Employee Engagement index



New Measure introduced in 2008 survey.



Bringing it all together

BT's Sustainability Report

2008

Customers



let's make a **better** world

Customers

Our customers are at the heart of what we do and improving customer service is a critical focus for us. Understanding our customers' needs and responding to them quickly and with insight helps to set us apart from our competitors.

We operate in some 170 countries and are dedicated to meeting the needs of our different customer groups:

- major corporate customers (global corporations, multi-site organisations in the UK and overseas, and government in the UK and overseas);
- consumer customers in the UK;
- small and medium-sized businesses (SME) in the UK (typically companies with up to 500 employees, although some of our customers in this market are significantly larger); and
- other communications providers in the UK (our wholesale customers)

In our consumer markets in the UK and Ireland we provide services which meet the needs of our low income and customers with disabilities. These services are discussed in our [Inclusive Society](#) section.

Customer experience

Our goal is to become number one for customer service. This is vital in all our markets to differentiate BT from our competitors. We have changed our customer service measures to more directly reflect our customers' experience throughout their dealings with BT.

Our new measures focus on getting things 'right first time', because this will improve customer experience and reduce 'cycle time':

- 'Right first time' measures the extent to which we keep our promises to our customers and meet or exceed their expectations
- 'Cycle time' is the time from the customer making contact to acceptance by the customer that the service is delivered or resolved, the bill has been issued (if required) and payment has been received.

Performance

Maintaining high levels of customer service is essential to maintain long-term, mutually-rewarding relationships with our customers in such a competitive industry.

BT's network proved resilient during the unusual stormy summer weather in the UK in 2007. Apart from premises in areas that experienced the most serious flood damage where we were unable to gain access, any repairs were quickly undertaken and there was no impact on customer satisfaction.

In late summer 2007, some customers experienced delays in the installation of their new phone line, due to teething problems with a new IT system. The time taken to resolve these issues led to delays for some customers getting through to BT. We quickly picked up these problems and brought in additional staff to successfully restore service levels.

We introduced two new measures of customer service this year: right first time (keeping our promises) and cycle time (the speed at which we deliver service). These form part of our corporate scorecard for measuring overall business performance, which is overseen by the Board Remuneration Committee. Scorecard performance is cascaded down to all levels within the business.

We set ourselves the group-wide target in the 2008 financial year of improving 'right first time' by 11%. In fact, we achieved an increase of around 9% and, for the 2009 financial year our target is to achieve an even greater year-on-year improvement.

Our efforts have enabled us to better understand the service we deliver from a customer perspective. Our new measures have led to wide-ranging improvements, as BT people are now more aware of and accountable for their actions.

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BT [won 'Best Customer Care'](#) at the 2007 [World Communication Awards](#), which celebrate excellence in our industry.

Complaints

We are committed to providing the best service to our customers. However, sometimes things go wrong, and when they do, we want to put them right as quickly as possible. When a customer calls BT, an adviser will try to resolve the query there and then. If this is not possible, we will agree a course of action.

Many of our customers needed to contact us with enquiries and complaints in the 2008 financial year, and many had to wait too long for a resolution. This is unacceptable and we are taking steps to improve. We have developed intelligent systems that identify customers with problems so we can call them before they feel the need to complain. We are training all our customer service staff so they are better able to resolve customer queries first time every time.

We recognise that customers want to talk to as few people as possible and not repeat their problem. If we cannot resolve an issue straight away, a member of staff will own that issue until it is resolved, keeping the customer informed of progress.

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

More information on BT's complaints procedure is provided in the back of BT Phone Books and on our website at [Complaints about our Service](#). [Ofcom](#), the regulator for the UK communications industry, publishes advice about how to make a complaint to a telecoms company.

We have a number of [Codes of Practice](#) covering various elements of our business.

How to contact BT:

- [UK Customers](#)
- [BT Global Services Customers](#)
- [BT Wholesale Customers](#)
- [Openreach customers](#)

Offshoring and customer service

We constantly seek to improve the way we handle the millions of customer calls we receive each month. We look for suppliers around the world with the capability to provide our customers with a good service, and ensure this is delivered consistently, irrespective of location, by having the same processes, systems, monitoring and performance measures. Our research shows that in certain areas, such as consumer broadband technical support, the helpdesk being offshore is steadily falling as a reason for dissatisfaction, and satisfaction is increasing thanks to the quality of service provided.

Challenges naturally arise when people from different cultures and backgrounds interact. We help our employees who are based overseas to better understand the culture and expectations in the UK, beyond being able to communicate effectively in English. For example, very few of our people in India pay bills by direct debit – culturally it's not the norm - so learning about the customer benefits of direct debit in the UK helps advisors in our Indian call centres to help our customers. We are also providing examples of our products and services for advisors to see and use, so they better understand their relevance.

See [Attracting and assigning our people](#) for more on our global sourcing strategy.

Wireless communications and health

Some people are concerned that radio frequency emissions from mobile phones, the base stations that connect them and wireless networks may have an impact on health.

BT offers our customers mobile and wireless services. These include:

- Cordless home phones
- Our mobile phone for consumers and our mobile phone, voice and data products for the business market.
- An extensive Public Wireless Local Area Network ([LAN](#)) and Private Wireless Local Area Networks (WLANs) in our buildings. We install Private WLANs for business customers and sell the components such as the BT Home Hub for customers to install their own WLANs at home or in their offices.

All wireless networks and the base stations hosted on our infrastructure operate well within the guidelines for public exposure to radio frequency emissions set by the International Commission for Non-Ionising Radiation Protection (ICNIRP). In fact, the results of [Ofcom audits](#) show that exposure levels are many hundreds or thousands of times lower than the ICNIRP guidelines.

There is no scientific evidence that mobile and wireless technologies are harmful to health, although research continues into the potential effects of longer-term use, for example the 2007 UK report from the UK Mobile Telecommunications and Health Research ([MTHR](#)) programme. See the [World Health Organisation factsheet on mobile telephones and their base stations](#) for more information.

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Mobile base stations and health

Some BT exchanges, buildings and telegraph poles are used to house mobile phone base stations on behalf of mobile network operators. The locations of BT infrastructure that hosts base stations are published by [Ofcom](#).

We require all mobile equipment installed on BT sites to meet the guidelines set by the International Commission on Non-Ionising Radiation Protection ([ICNIRP](#)).

We are also a signatory to the mobile industry code of practice, known as the Ten Commitments, and comply with its principles. There are further details on the [Mobile Operators Association](#) website.

The World Health Organisation (WHO) advises that "Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects ". For more information on WHO guidance and fact sheets, see [WHO](#).

Handsets and health

There is a standard method for measuring the level of radiofrequency emissions your body absorbs from each model of mobile phone. The maximum value is defined in the International Commission on Non-Ionising Radiation Protection ([ICNIRP](#)) exposure guidelines. BT offers a range of mobile and cordless phones from several manufacturers, which all comply with this standard.

We monitor scientific research on mobile phone health issues and follow the advice of the [World Health Organisation](#) (WHO) and other leading health organisations. The WHO acknowledges that there are gaps in knowledge that require further research to better assess health risks

In September 2007, the Mobile Telecommunications and Health Research Programme (MTHR), published its findings. This research is part of a larger programme overseen by an independent committee set up by the UK Government.

The report concludes that "*none of the research supported by the programme and published so far demonstrates that biological or adverse health effects are produced by radiofrequency exposure from mobile phones*" but recommends further research into the longer term exposure and the exposure on children. The research also found that radiofrequency emissions from base stations are well below international guidelines. Visit the [MTHR website](#) for the full report and more information on the next phase of research.

Wireless LAN and health

BT owns and operates one of the largest Public Wireless Local Area (WLAN) Networks in the UK – BT Openzone.

Public WLANs establish connections between a fixed access point and a computer with a wireless card. The signals transmitted via radio waves are very low power, and public exposure to these radio waves is many times below the internationally accepted limits.

The World Health Organisation issued a [factsheet](#) in May 2006 on mobile phone base stations and wireless technologies. This concludes that: "Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak RF signals from base stations and wireless networks cause adverse health effects."

BT is committed to ensuring that the technology it supplies is safe. We take these issues very seriously and ensure our in-house medical and technical experts are familiar with the latest research available on these topics. We understand the public concern about wireless technologies and are taking steps to address this.

Products and Services

Our customers are increasingly seeking ways to improve their sustainability & CSR performance whether at work or at home.

At work (Worldwide)

BT's Global Services group, serving large government and multi-site corporate customers, launched their 'Sustainability Practice' to help meet the growing sustainability needs of BT clients. The Sustainability Practice's first offering, the [Carbon Impact Assessment](#), helps organisations to identify their CO₂ emission "hotspots" by taking a holistic view, looking not only at IT equipment but also at staff travel patterns and buildings/shared services. Our first customers include local governments, large consumer goods manufacturers, and retail firms. The Carbon Impact Assessment is available in the UK and US, and will be launched elsewhere in Europe in 2008.

In autumn 2007, we launched our first sustainability campaign, ['Bigger Thinking'](#) targeting large corporate and government customers. The campaign focused on a number of our propositions to global customers including Operational Efficiency, Datacentres, Flexible Working and Field Force Automation as well as launching our carbon

impact assessment service. During the campaign we announced a three year sponsorship deal with Dame Ellen MacArthur, '[BT Team Ellen](#)', becoming our global Corporate Social Responsibility ambassador.

Specific customer activity focused on sustainability included regional events, thought leadership dinners and media roundtables. We also published a number of thought leadership papers during the campaign on topics such as planning for a sustainable future and the link between CSR and the strategic direction of a business. Our bigger thinking website contains a variety of information for our customers on sustainability including company case studies.

At home (UK)

In January 2008 we launched a new range of more energy efficient phones. More than 90% of our home phone range will be more energy efficient by July 2008. There will be no additional cost to the end consumer.

On average, power consumption has been reduced by approximately 50%. This has been achieved by using very efficient power supplies which meet the "EU Code of Conduct on Energy Efficiency of External Power Supplies".

Teams from across BT were involved including devices, product management, procurement, corporate responsibility and marketing.

We discuss our approach to sustainability and products and services on our sustainable economic growth [pages](#) and our own homeworking experience and use of conferencing services [here](#).

Protection

Our products and services enable customers to communicate quickly and easily at home and at work, to access a wealth of information on the internet and to keep in touch.

However, new technology can also create new risks. For example, some websites and television programmes aren't appropriate for children. Some of the new services that technology makes possible collect and store information about individuals, which some people see as an invasion of privacy.

This section explains the tools and policies we have in place to help our customers protect themselves. It covers:

- Privacy and data protection
- Child protection
- Telephone scams and nuisance calls.
- Our privacy services

We keep our standards under review and update them as we introduce new services, such as BT Vision, our broadband television service.

BT complies with ISO27001 – the internationally recognised standard for information security management – and has over 20 certificates covering our key sites and services.

Our mandatory security policies are designed to align with and fulfil all the requirements of ISO27002 – the International Code of Practice for Information Security Management.

Child protection

We provide technology and information to help our customers use the internet safely. BT Broadband and Internet services all come with [security features](#) including parental controls.

[BT Vision](#) is our broadband television service which enables our customers to watch programmes from a wide range of TV channels, download movies and record their favourite programmes.

As well as mainstream entertainment channels, BT Vision can offer customers access to gambling and adult content. These services are profitable, legal and many of our customers want them.

BT Vision has a parental locking system that allows parents to control what their children can watch. Parents can decide which channels are unsuitable for their children, and make them accessible only with a PIN.

BT CleanFeed software

Our CleanFeed software filtering system has been blocking access to child abuse websites blacklisted by the [Internet Watch Foundation](#) since 2004.

We are committed to sharing this technology and our experience freely with other ISPs in the UK and around the globe. Cleanfeed is now being used in many other countries including Canada, the USA, Norway, Sweden and Denmark, as more ISPs recognise the importance of clamping down on illegal child abuse websites.

BT acts on complaints about content hosted on our servers. We sit on the funding council of the UK [Internet Watch Foundation](#), which notifies us of illegal content stored on our servers and web space.

Raising awareness

BT launched the Internet Green X Code in 2004 to help children stay safe on the internet. The code encourages children to 'Stop, Think and Stay Safe' when they are online through their computer or mobile phone. It contains advice for parents and teachers, such as keeping computers in a communal room and making internet surfing a joint experience for parents and kids.

The Internet Green X Code is the first guide to be endorsed by the Home Office, the Children's Charities Coalition on Internet Safety (CHIS), the Internet Watch Foundation and the Department for Education and Skills' Parents Online. The code can be downloaded [here](#) or you can e-mail greenxcode@bt.com to obtain a copy.

Privacy and data protection

Technological advances mean that people's personal data is collected, processed, stored and transferred more frequently than ever before. Innovative new services are increasingly tailored to the individual. These changes create significant privacy and data protection challenges. People have a fundamental right to privacy and to their personal information being handled securely and responsibly.

We have a responsibility to make our services as secure as possible, but technology alone cannot make networks and the internet totally secure. Legislators, customers and network, content and service providers like BT all need to work together.

In many countries where we operate, we are required to register with or notify the relevant Data Protection Authority that we process personal data, what we collect and why, where we transfer data to, and in some countries, list all the systems that we run that process personal data.

Our approach

We always aim to comply with data protection laws and take all reasonable care to prevent any unauthorised access to personal data. Our intent is that personal information is only collected with consent and that we collect no more than we need for the stated purpose. Everyone has the right to access information about them, to correct inaccurate information and to expect that the appropriate measures are in place to protect their data. Our [privacy policy](#) explains how we collect customer data, what we use it for and how we protect their privacy.

See section on [employee privacy](#) for our approach.

Cooperation with law enforcement agencies

We may provide information, in response to properly made requests, for the purposes of preventing and detecting crime, and apprehending or prosecuting offenders. We may also provide information for the purpose of safeguarding national security. In either case we comply with the Data Protection Act. We also provide information when required to do so by law, for example under a court order, or in response to properly made demands, under powers contained in legislation.

Nuisance calls

Nuisance Call Bureau

In the UK, we voluntarily operate a (NCB) to support customers receiving malicious or nuisance calls. Specially trained advisors answer initial enquiries and offer simple advice. The NCB is open 24 hours a day, 365 days a year and can be contacted on 0800 661 441

We pass on complex cases which may require police investigation or call tracing to NCB specialists who are trained in police liaison and may appear in court as prosecution witnesses if necessary.

Privacy services

In the UK, our [BT Privacy](#) service brings together a range of free and paid for privacy protection services. These include:

- Blocking unwanted sales calls through the [UK Telephone preference service](#) or by registering online in Eire
- Caller Display services which display the number of the person calling
- Advanced calling features including 'choose to refuse', which blocks calls from certain numbers

The security features we offer include:

- Security features in all BT Broadband packages, including BT Yahoo! Mail Protection with Anti-Phishing to protect against online fraud. Phishing is when criminals fraudulently acquire personal information by posing as a legitimate company on a website or in an email
- BT [Identity Protection](#), an insurance plan that helps protect customers from identity theft and resolve the consequences should they become a victim
- [Options](#) for our business customers, including PC Security Check and Internet Security Pack.

Consumer protection from internet dialler scams

Customers that still use a dial up internet connection are vulnerable to rogue internet diallers that cause higher than expected telephone bills. A dialler is a piece of software installed secretly via the internet or directly onto the computer that calls international or premium rate services using the modem. In many cases, the installation is perfectly legitimate but customers are unaware of the cost implications.

BT has been working closely with the industry and ICSTIS (the premium rate services regulator) to resolve this. [BT Privacy Online \(BT Modem Protect](#) in Eire) provides protection against rogue diallers. It provides:

- Protection software to help keep the modem safe from rogue diallers
- Text messages to alert customers to any unusual activity in their account

BT Webwise

In February, we announced that BT, along with other Internet Service Providers, had entered into agreements with Phorm to enable us to offer our consumer broadband customers a new free Internet feature, Webwise. Webwise will make web browsing more relevant to users by linking the advertising they see on participating websites to their interests. It will also warn users if they try to visit a known phishing website, automatically increasing protection.

Customer privacy is extremely important to us. The system is designed so that users remain anonymous and does not store any personal information that could be used to identify an individual. Webwise uses cookies that contain a randomly-generated number to identify each computer and match browsing activity to relevant adverts. Customers will be offered a clear choice as to whether they use the service. We plan to begin trials of Webwise service shortly.

Privacy is one of our seven key CSR risks. We address trade-offs between technological advances and the risks to personal privacy rights in our Hot Topic - [Privacy in the Digital Networked Economy](#).

Marketing practices

We aim to communicate with our customers honestly and sell our products fairly.

This section explains our approach to advertising and pricing our products and services.

Pricing

We offer tailored services to our large customers worldwide to ensure we meet their needs in a competitive marketplace. The price of these services therefore varies.

In the UK

We aim to make our prices clear so customers know what they will pay to use our services. Research shows that many customers prefer to know what their bill will be in advance and this is reflected in the development of our inclusive plans. We try to ensure that customers don't end up paying more or buying services they don't need.

For example, on 1 February 2008 we extended free [weekend calls](#) to all Option 1 customers in the UK. For the very first time, none of these customers will have to pay for weekend calls.

Simplifying prices for some services is more difficult. For example, calls to other networks such as international calls or calls to mobiles vary because each operator charges BT a different amount for different types of call.

Our [broadband](#) comparison site enables consumers to compare BT's prices with those of our competitors.

Our small and medium business customers can control their costs by capping the price of certain calls with the BT Business Plan.

Direct Debit

BT customers who choose not to pay their bill by Direct Debit pay an additional £1.50 per month. These charges were introduced last year for a number of reasons. Non-Direct Debit payments cost BT substantially more to process on average and there is a much higher risk that customers will either pay late or forget to pay a bill if they do not have a Direct Debit. BT's payment processing fee for non-Direct Debit customers is not applied to customers on special packages for those on low incomes.

We believe our approach to this issue supports our position as the operator which offers customers the widest choice of payment options. Our leading competitors either do not accept customers paying by non-Direct Debit or charge them a much heavier premium (up to £5 a month).

Contacting BT

We are the first major provider in the UK to make all customer helplines completely free, regardless of the landline from which they are being called.

From 1 April 2008, all our 0845 or 0870 helplines will become free 0800 or 0808 numbers.

Advertising

We are one of the UK's largest advertisers. We have a public duty to uphold the highest standards of advertising, and a great deal to gain from adopting such standards. By promoting such a culture, we can avoid adverse publicity and risk of prosecution, as well as attracting more customers.

Our values in this area are set out in the [BT Statement of Business Practice](#) and the [BT Code of Practice for sales and marketing activity](#).

The BT Statement of Business Practice states that we will be truthful and accurate in all our communications with customers, and be helpful and honest in all our dealings with them.

Our sales and marketing code of practice describes the standards of behaviour we will adhere to when marketing and selling our services to residential and small business customers. The code also describes some of our internal procedures for recruiting and training of BT salespeople, including agents who act on our behalf.

In the 2008 financial year, there were 31 complaints to the Advertising Standards Authority about BT and one of these was upheld. BT made 11 complaints to the ASA, of which one was upheld.

Online services

We want to make it easy for our customers to contact us and manage their BT accounts in ways that suit them. We increasingly offer online services (as well as phone and mail) for maximum freedom and convenience.

Our UK home and business customers can use the internet to:

- View and pay bills
- Organise calling features, such as voicemail and family and friends numbers
- Report and track faults
- Top-up and manage BT Mobile
- Access broadband
- Place and progress orders
- Order new services.

Anyone in the UK with access to the internet can:

- Access the BT Phone Book
- Buy from the BT Shop and DABS.com.

We have an online customer portal for our larger customers around the world to provide services 24 hours a day, 365 days a year. It provides a range of real-time information to improve communications and increase customers' control over network support operations.

Customers - Key Performance Indicators

Indicator	Description	Measure	Target
Customer Service (See Note 1)	A measure of satisfaction across BT's entire customer base	Increase in right first time performance of 9% for the 2008 financial year.	To improve customer service in line with the corporate scorecard and to achieve an even greater year on year improvement in Right First Time (RFT) (See note 2)

Note 1: Revenue weighted.

Note 2: Customer service is defined as - 'Right First Time' (keeping our promises) and 'Cycle Time' (the speed at which we deliver service). In 08/09 The Group target will be focused on Right First Time.

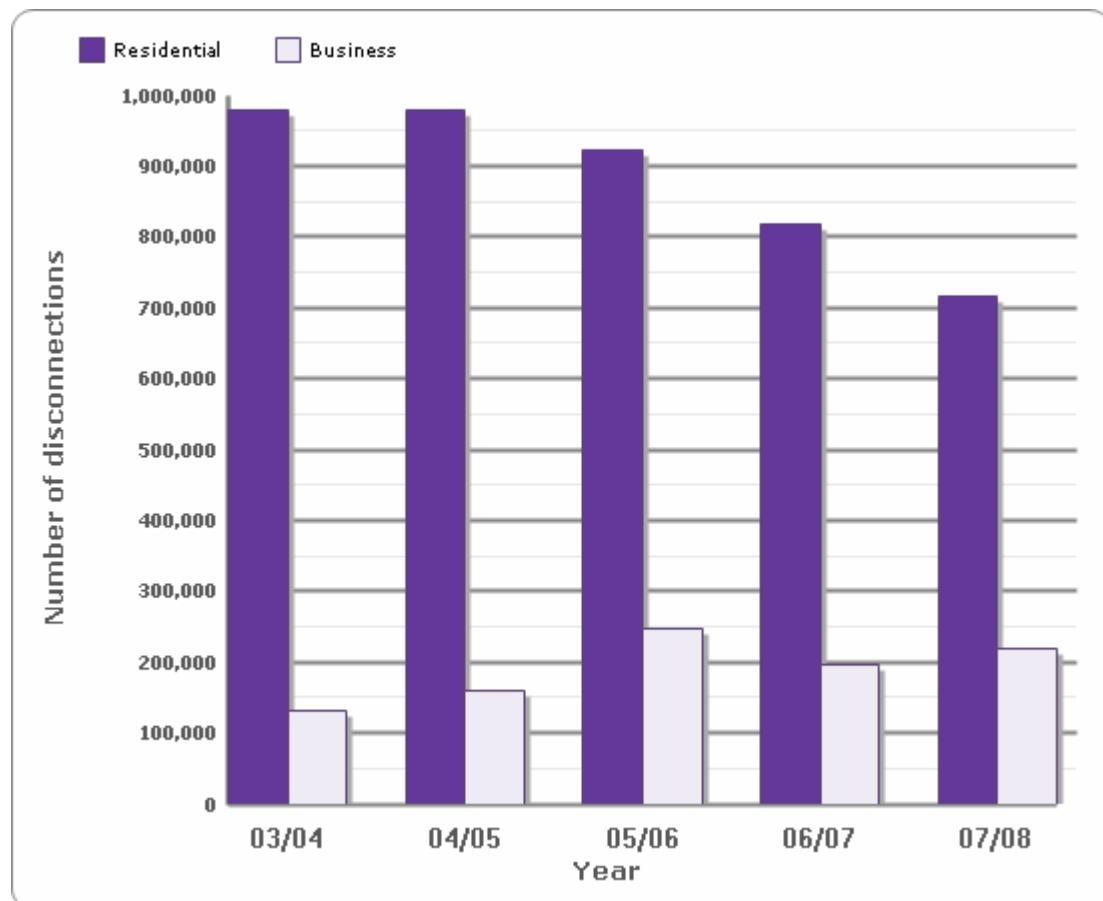
Customers Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will improve customer service in line with the corporate scorecard and to achieve an even greater year on year improvement in right first time (RFT) performance		New
April 2007	March 2008	BT will improve customer service in line with the corporate scorecard target as overseen by the Board remuneration committee.	This year we achieved an increase in our 'right first time' performance of 9% against a target of 11%. Looking forward to 08/09, our target is to achieve an even greater year on year improvement.	Failed

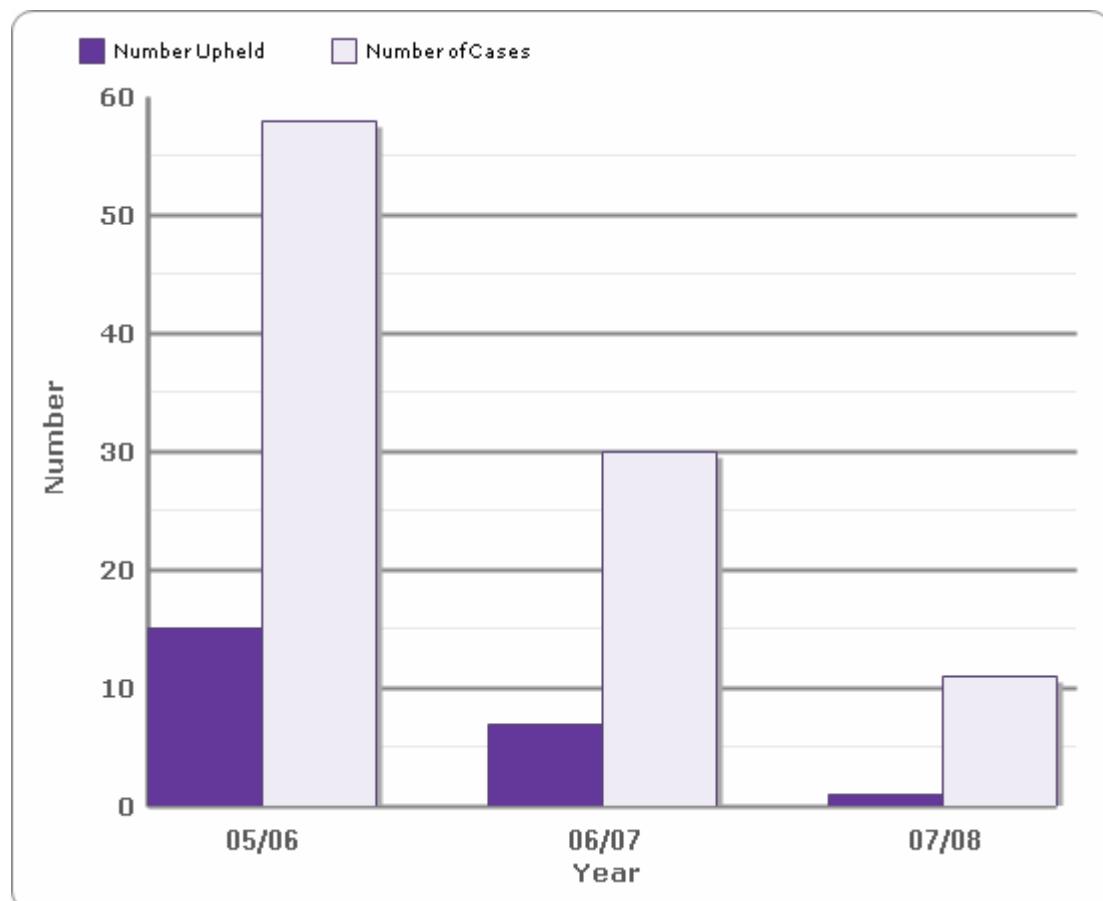
Products and services Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	30% of BT 'product or service replacement contracts' awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)		New

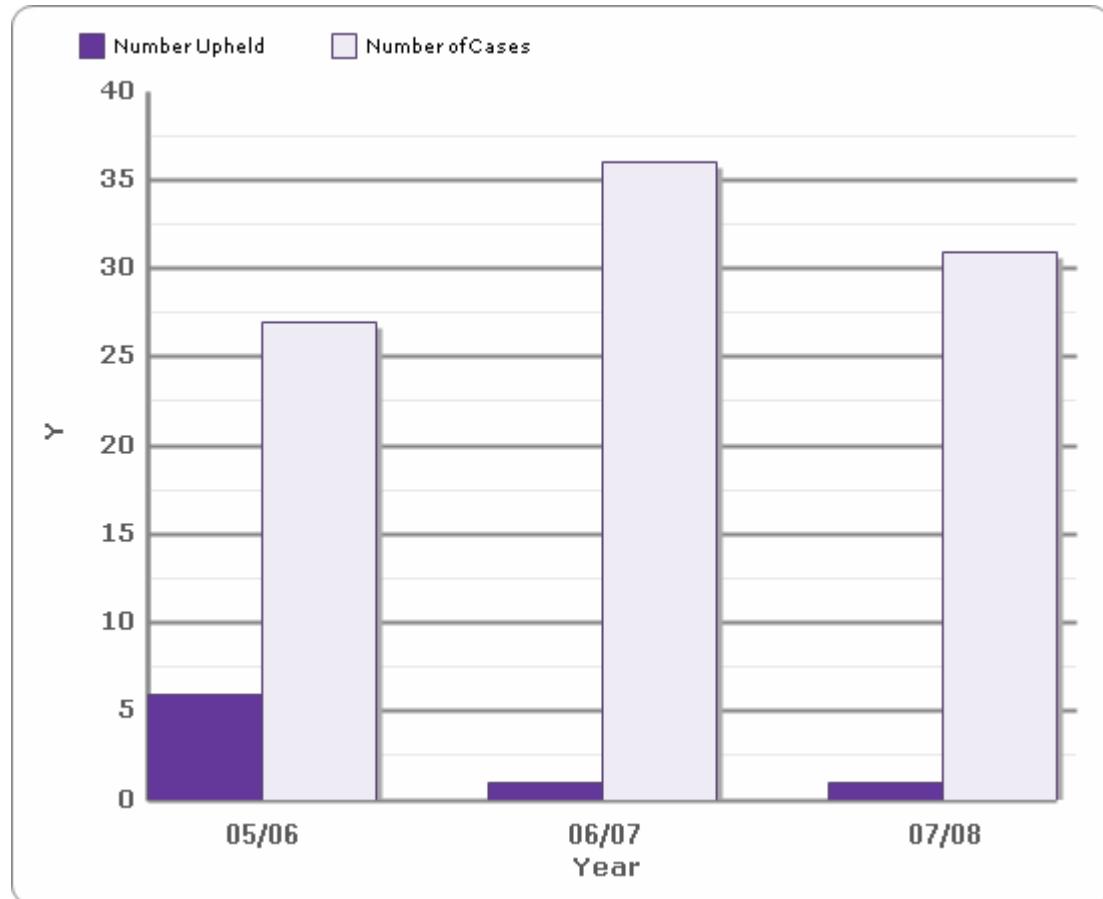
Disconnections (UK)



Formal Complaints to ASA by BT



Formal Complaints to ASA against BT





Bringing it all together

BT's Sustainability Report

2008

Suppliers



let's make a **better** world

Suppliers

We buy products and services - such as 21CN (Century Network) equipment, IT equipment, cable, marketing design and disposal services - from thousands of suppliers worldwide. In 2008, we spent over £8.64 billion on procurement. We have over 2,000 contracted suppliers.

Our supply chain is becoming increasingly global as we source skills, products and services from more countries worldwide. Known as global sourcing, this trend contributes to the economies of developing countries. However, environmental and labour regulations may be poorly enforced in these countries and there is a risk that standards are below acceptable norms.

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

Global sourcing also affects our workforce. For more information see [employees](#).

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
- Green initiatives – within our supply chain.

Fair Treatment of suppliers

We aim to operate a fair procurement process and administer 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. This is an integral part of our procurement process.

Only authorised procurement employees can form a contract with a supplier. They are trained to world-class standards and to apply our Purchasing Principles.

Supplier development

We work with our suppliers to develop their knowledge and expertise. We assess our suppliers in a number of ways, including through basic desktop evaluations, detailed supplier capability assessments and partnership evaluation processes (PEM).

A PEM evaluation is only undertaken when both parties agree that it will be mutually beneficial. The evaluation increases the supplier's understanding of how to work in partnership with BT and we share knowledge and expertise on quality, the environment, diversity and ethical trading with our suppliers.

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 standard purchase orders, the payment terms are specified on our [Selling 2 BT website](#) under [general conditions](#). The normal payment term is 60 calendar days from the date of receipt of a due and valid invoice for contracted suppliers, and 42 days for purchase orders. BT makes payment on the next weekly payment run following expiry of this term.

In 2008, the average number of days between the invoice date and the date of the payment run for the invoice was 47 (2007: 44).

We have produced a UK and US [Better Payment Practices document](#) that explains to suppliers how BT's Accounts Payable processes work.

We are looking at ways to improve our supplier payment process. This year we joined an electronic invoicing network and aim to move the majority of paper invoices to the new system. This will reduce costs and save time for our suppliers and for BT.

Assessing supplier satisfaction

In 2008, we asked 2,028 suppliers to complete a questionnaire on how they feel BT behaves as a customer. The findings have helped us assess the overall success of our relationships with suppliers – one of our key performance indicators. Of the suppliers who responded, 94% said they had an excellent, good or improving relationship with BT. We changed the wording of the question this year, which means that it is not possible to directly compare this to the figure of 89% when we last carried out the survey in 2006. Our next supplier survey will take place in the last quarter of 2009.

CSR and suppliers

We expect our suppliers to meet high standards regarding human rights, the environment and employment issues. 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. 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, including climate change: 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 2007, we agreed additional procurement principles that support BTs climate change strategy. This year we have developed a set of questions which is helping us understand what our suppliers are doing to tackle climate change.
- Supplier Diversity: We aim to develop a diverse supply base that provides BT with innovative ideas and products. Potential suppliers can view our standards at <http://www.selling2bt.bt.com/>.

Our Escalator plan

We have developed an "Escalator" plan of sustainability actions and goals showing how our procurement activities help deliver our CSR and sustainability agenda.

This year we focused on climate change and our supply chain, including working to implement our climate change procurement principles and developing a supplier questionnaire relating to climate change. We have raised the score that we expect our services suppliers to achieve in our environmental impact questionnaire.

We have also planned activities for the next three years.

Our standards

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

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 [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 and collective bargaining
- Health and 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

Governance

Our chief procurement officer, Neil Rogers, has overall responsibility for our CSR supply chain programmes and reports to a member of the Board. Our CSR strategy and policy manager for procurement oversees implementation of our strategy and provides advice and direction on CSR issues.

Our buyers implement the programmes supported by our procurement CSR managers and a virtual CSR team. This team is made up from individuals representing different procurement areas, who each have a responsibility for CSR within their teams, such as communicating key messages.

We have set up three procurement delivery centres outside the UK to help us manage our increasingly global supply chain: one in New Delhi, India, one in Shanghai in China and one in Budapest in Hungary. One person in Shanghai has joined the CSR team.

Risk based approach

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 it provides or its location. In some countries labour and environmental regulations may be poorly enforced and suppliers may well operate to standards below UK norms.

All new suppliers are required to complete our [GS13](#) (environmental) and [GS18](#) (Sourcing with human dignity, also known as labour standards) 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. These questionnaires also ask for information on companies' own suppliers which help us identify risks further down our supply chain.

We follow up with medium or high risk suppliers within three months. This ranges from a simple discussion with the supplier to clarify their responses to our questionnaires, to a full [on-site assessment](#).

All suppliers of electrical and electronic equipment are required to fill in our [GS19](#) questionnaire. This gives us vital information about the environmental impacts of products and helps us select environmentally preferable suppliers during the tender process.

Activity in 2008

In the past year we began requesting suppliers to fill in our questionnaires pre-contract to help us further integrate CSR into our procurement decisions.

We also raised the minimum score required by our services suppliers, recognising that they can have a big environmental impact, for example distributors, recruitment specialists or consultants

We used our climate change procurement principles, developed in 2007, during several tendering exercises; including BT own use corporate credit cards and electrical wholesalers. This gave us information on what these suppliers are doing to tackle climate change, from nothing to having fully embedded processes and measurable targets.

To date 1,935 suppliers have completed our self assessment questionnaires and we are currently working with 244 suppliers on environmental standards, and 235 suppliers on labour standards.

Training and awareness

We train our procurement teams using a number of channels to ensure they understand our CSR standards:

- 'Bite size' presentations covering specific topics. These are conducted via web-meeting to reduce the need for our employees to travel.
- Videoconferences
- Face to face sessions

- Bespoke induction training

In the 2008 financial year, we trained our India Procurement Delivery Centre team regarding the Climate Change Procurement Principles via two videoconferencing sessions.

Over 100 procurement people to date have been trained on our Climate Change Procurement Principles.

We also conduct initiatives to raise awareness of our standards among suppliers. For example, we launched our Climate Change Procurement Principles with 200 suppliers at our supplier conference in June 2007.

We engaged a third party to deliver some specialist Health and Safety training for BT and a Chinese supplier.

Our follow up calls with suppliers as a result of them filling in our questionnaires also helps raise awareness.

Assessments

We carry out detailed assessments of suppliers, which we identify as high or medium risk, through our CSR questionnaires. We also have an ongoing programme of on-site assessments for a number of high risk suppliers.

Assessments help us to identify areas for improvement. We take a collaborative approach and work with suppliers to resolve issues identified during assessments. We recognise that the most effective way to bring lasting improvements is to empower our suppliers to manage risks in their own operations and supply chains.

Assessments also raise awareness of our standards and emphasise the importance of CSR to BT.

To date, we have carried out assessments in-house. However, during the past year we have engaged a third party so we can increase the number of on-site assessments we can complete, this also gives us greater resource flexibility.

When we assess a subcontractor, we are accompanied by our tier one suppliers (the company that supplies us directly). This joint approach increases our influence with the subcontractor.

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
- worker interviews.

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

We discuss assessment findings with suppliers and agree appropriate improvement plans. These are then followed up through reports, review meetings, or return visits to assess developments.

Assessments in 2008 financial year

We completed 25 site assessments in India, China, Taiwan, the Philippines and Romania, compared to a total of 20 in the 2007 financial year. Suppliers assessed included:

- 20 existing or potential tier one suppliers
- Two existing tier two suppliers
- One potential tier three supplier

We visited the potential tier three supplier jointly with the tier one and tier two supplier in Taiwan. We stopped any consideration of the use of this particular tier three supplier in our supply chain because of concerns on labour standards and environmental impact.

The most common, significant issues found during assessments of medium and high CSR risk suppliers are around health and safety, and the welfare of employees.

We sponsored an external review of how we implement our Sourcing with Human Dignity standard. In the 2008 financial year, in line with our external target, we have reviewed the findings and developed an action plan. We will work on the action plan during the coming year.

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 2008 financial year we were involved in helping develop E-Tasc, a web based supply chain risk management tool developed under sponsorship of GeSI and EICC (Electronics Industry Code of Conduct).

Environmental Resources Management (ERM)

This year we contracted with a supplier called ERM to enable us to carry out more on-site CSR assessments. They helped us with assessments in the Philippines and Taiwan.

See more on our broader approach to stakeholder engagement [here](#).

Supplier diversity

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

We are committed to expanding procurement opportunities for minority businesses. This brings diverse ideas to our business and helps us create innovative new products and services.

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.

BT procurement employees work closely with our diversity team to increase the diversity of our supply chain.

Assessing the diversity of our supply chain

We use a questionnaire to help us understand the diversity of our global supply chain and to identify ways to help more small and minority owned businesses work with BT.

In 2008, 361 contracted suppliers completed the questionnaire (out of a total of 2,028 suppliers contacted). 9% of respondents identified themselves as 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.

Working in partnership

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 (MSDUK), an organisation that provides a link between UK businesses and diverse suppliers. The organisation hosts a website which lists diverse suppliers. BT hosted a workshop in 2007 where minority owned suppliers outlined the issues they face in growing their business and described their experiences of working with MSDUK. We also participate in the organisation's Supplier Development and Best Practice working groups.
- We became a member of the East London Business Place, an organisation that facilitates engagement between London corporates and local businesses in the east of the capital.
- We contributed to a Business in the Community – Business Action on Supplier Diversity Booklet, and hosted the launch in January 2007.
- We participated in two externally facilitated Meet the Buyer events for minority businesses. A number of diversity suppliers were introduced to BT procurement. We plan to take part in similar events during the 2009 financial year.

Other activities

In November 2007, during BT Diversity week, we held a supplier diversity event to launch our new strategy. The event was attended by representatives from business (including minority owned companies) and the public sector as well as BT sales and procurement employees.

We want to make it easier for our procurement teams to buy from diverse suppliers. We are developing diversity sourcing tools for our buyers to use as part of their sourcing activities.

Climate change

Our new climate strategy, launched in January 2007, includes a commitment to engage our suppliers to help us reduce the environmental impact of our products.

We have introduced three procurement principles, on how we engage with our suppliers on climate change:

1. 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.
2. 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.
3. That the energy consumption and environmental impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.

In June 2007 we held a strategy event to launch the principles to our top 200 suppliers. The reaction to the principles was very positive. Out of 130 entries to our Supplier Innovation Awards which ran over the summer, over a third involved innovation in energy efficiency and environmental improvements.

To date over 100 BT buyers around the world have participated in workshops on the principles.

How we implement these Climate Change Procurement Principles will depend on the product or service that we are buying. We have developed a set of supplier questions which help us understand what our suppliers are doing to tackle climate change. We have found to be particularly useful in differentiating our service suppliers at the tender adjudication stage as some suppliers are doing nothing, whilst others have had plans and targets in place for some time.

Encouraging innovation

Our suppliers are vital to the success of our business and our ability to meet our CSR objectives. In 2007, we launched the Supplier Innovation Awards, which challenges suppliers to come up with ideas that benefit BT, our customers and the environment.

We received 130 entries, over a third of which involved innovation in energy efficiency and environmental improvements. The six winning companies were:

- Computacenter won the Outstanding Innovation award for its efforts to solve data centre capacity problems, while reducing energy use and costs.
- Salmor received the award for an innovative idea to reduce costs, and speed up installation of their prefabricated joint box chamber which is made of recycled materials.
- Factair reduced fuel consumption of its lightweight compressor by 60% and exhaust emissions by over 50%.
- Motorola provided live encoding software to enable the delivery of football via BT Vision.
- StreamSheild received the award for their collaborative work with BT to develop a system that tackles internet spam.
- 3M helped us simplify our operations with an idea that makes engineers' work safer and simpler.

Suppliers - Key Performance Indicators

Indicator	Description	Measure	Target
Supplier Relationships	A measure of the overall success of BT's relationship with its suppliers.	78% achieved in 2008 (See Note 8).	To achieve a rating of 80% or more in 2009.
Ethical Trading	A measure of the application of BT's supply chain human rights standard (See Note 6)	During the 2008 financial year there were 213 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.

Note 8: A new measure was introduced during 2008. The question asked in 2008 was: - How would you describe your company's relationship with BT in terms of overall quality of relationship? 78% said the relationship was excellent or good. See archived reports for earlier measures.

Note 6: Risk assessments are based on completed questionnaires

Suppliers Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	80% of BT contracts placed will take energy consumption and / or environmental impact into consideration in the award of business		New
April 2008	March 2009	30% of BT 'product or service replacement contracts' awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)		New
April 2008	March 2009	BT will achieve 100% follow up within three months for all suppliers identified as high or medium risk as a result of assessment using supplier procurement standards		New
April 2008	March 2009	BT will incorporate the Sourcing with Human Dignity (SWHD) action plan into the BT sustainability plan		New
April 2008	March 2009	BT will develop a coach approach on labour standards and engage with 3 global suppliers and their supply chains		New

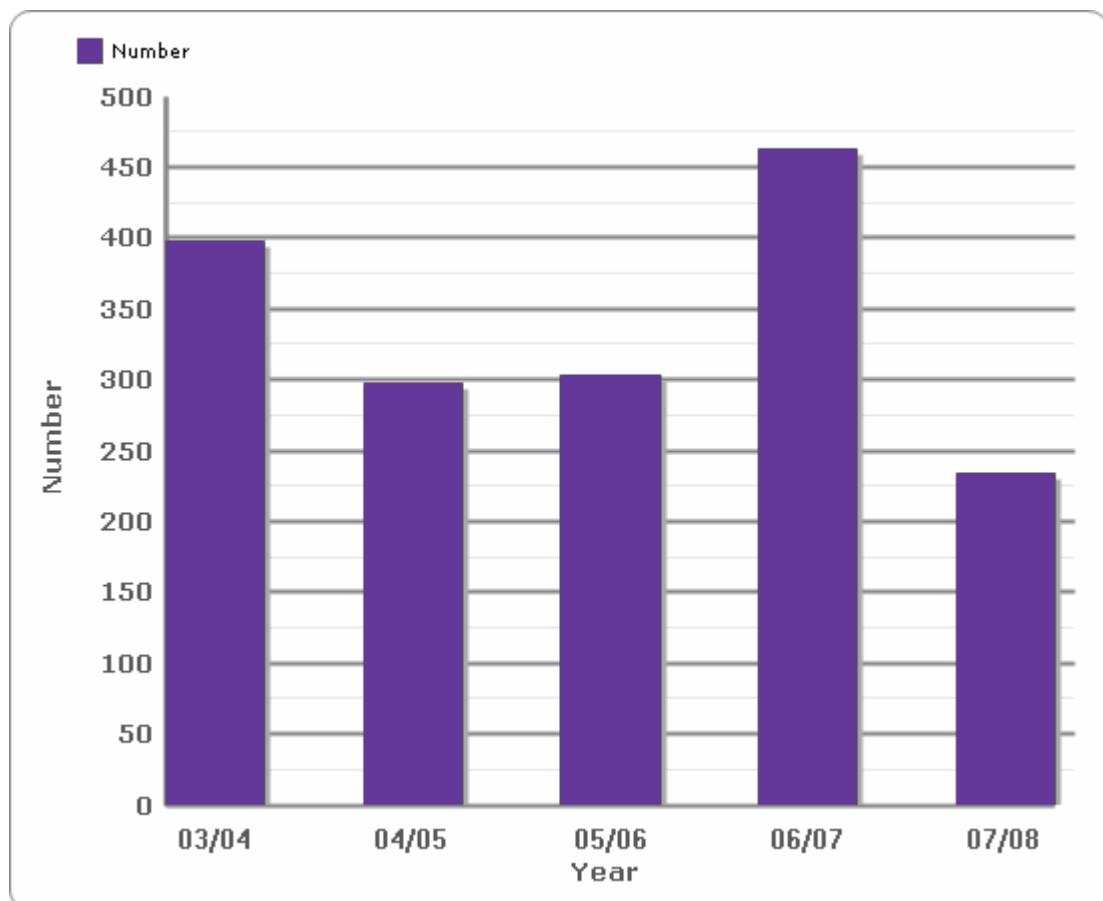
Fair treatment of suppliers Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will survey its suppliers to determine the percentage that agree with the statement 'BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner'		New

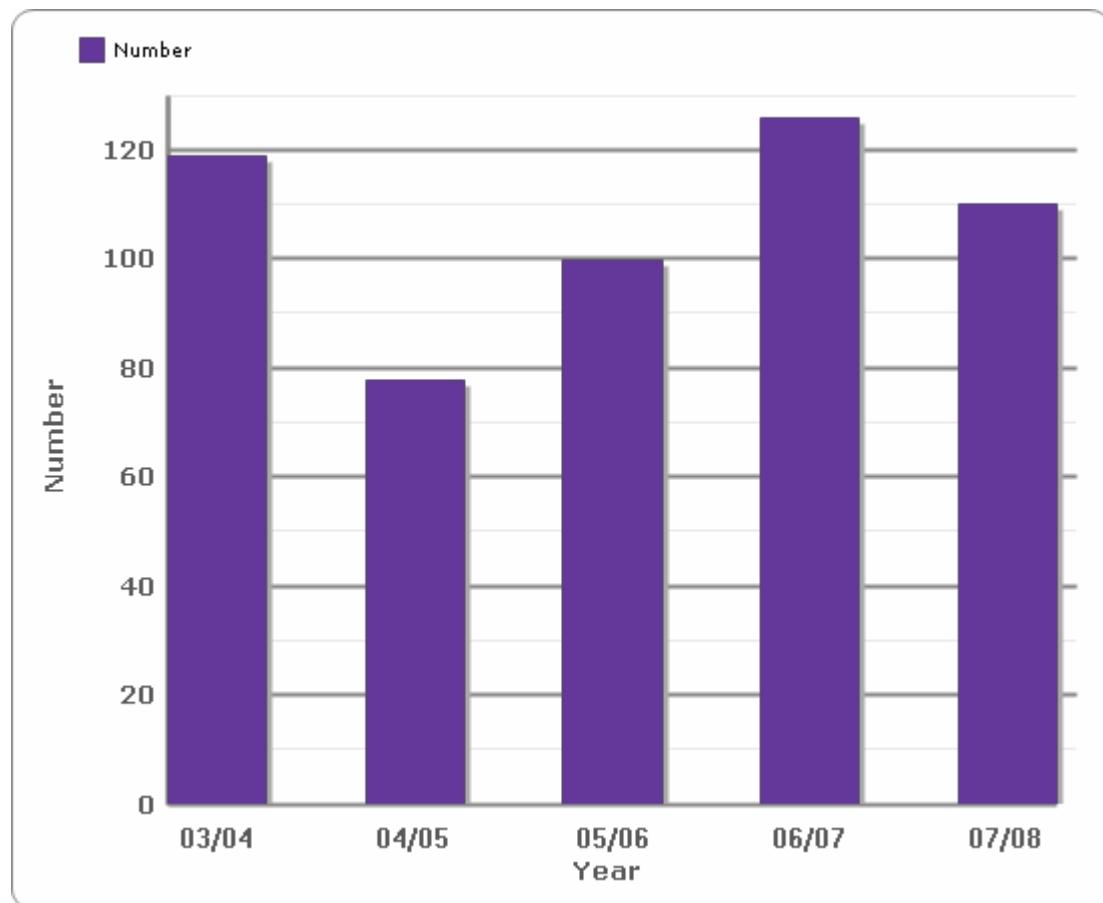
Supplier assessment Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will achieve 100% follow up within three months for all suppliers identified as high or medium risk as a result of assessment using supplier procurement standards		New
April 2008	March 2009	BT will develop a coach approach on labour standards and engage with 3 global suppliers and their supply chains		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	100% follow up was achieved with 234 assessments completed.	Completed

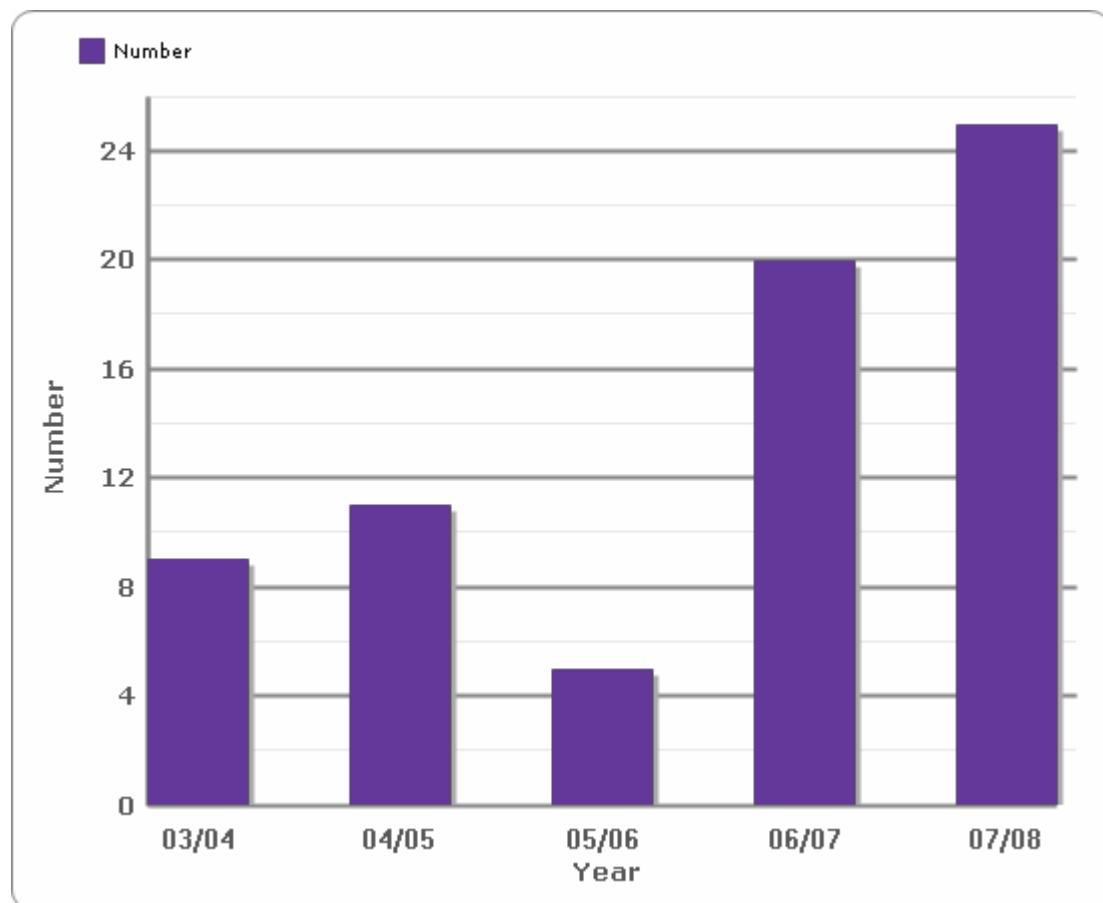
Number of Environment assessment questionnaires (GS13) completed



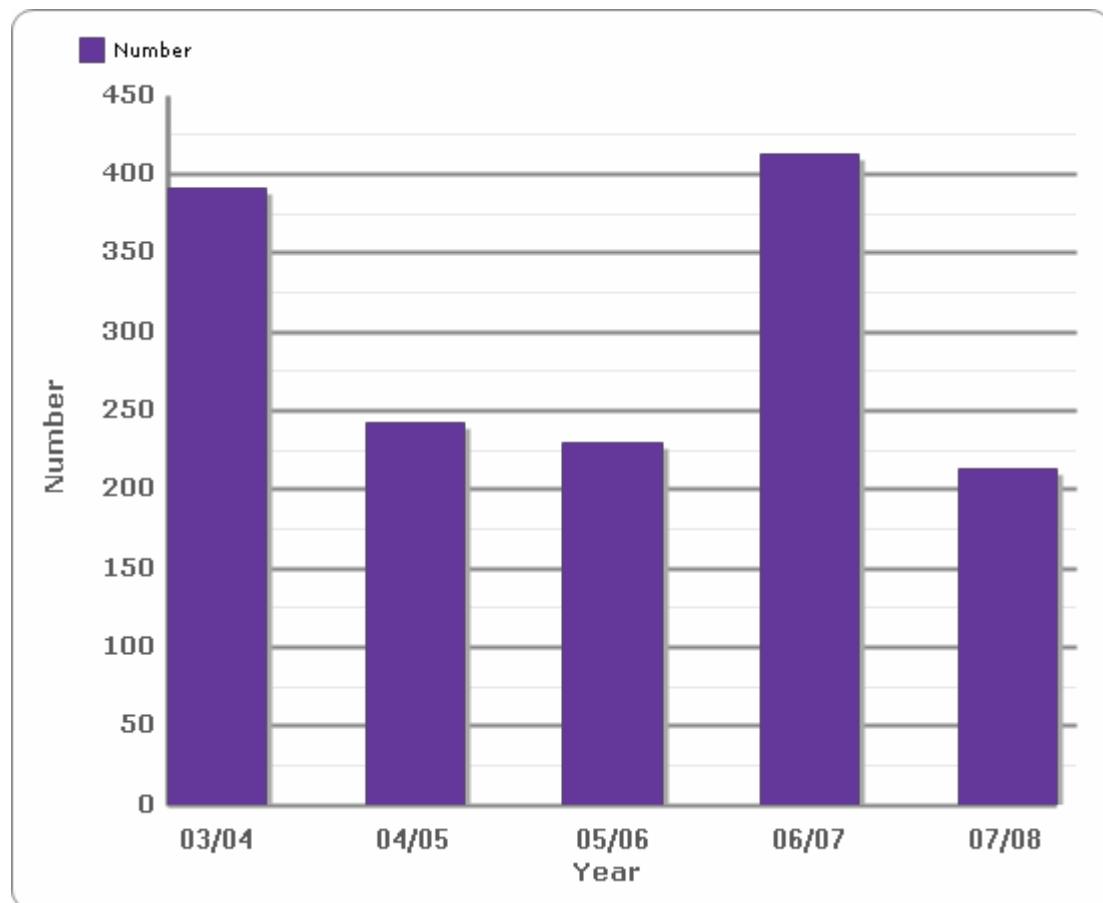
Number of Environment questionnaires (GS13) where continuous improvement was required



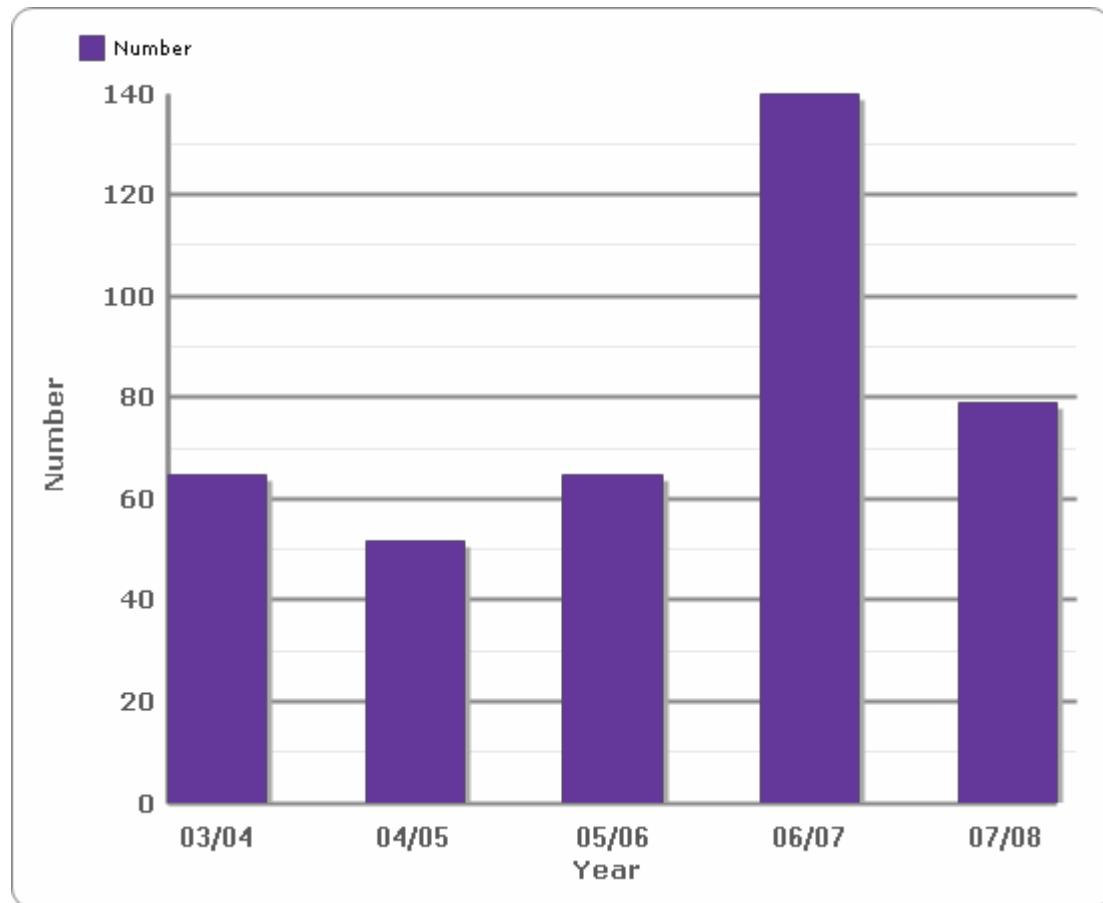
Number of SWHD on-site assessments



Number of SWHD risk assessment questionnaires (GS18) completed



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





Bringing it all together

BT's Sustainability Report

2008

Employees



let's make a **better** world

Employees

We employ approximately 111,858 people in 61 countries, including around 91,342 in the UK, where we are one of the largest employers.

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, to help them achieve their full potential, and to respect their personal and community commitments.

Here we explore how we attract, manage and engage our people and develop a positive working culture that ensures our peoples health, safety and wellness is a priority. Case studies in each section demonstrate how policy is put into practice.

- What we offer
- Attracting and assigning our people
- Developing and engaging our people
- Managing our people
- Positive working culture
- Health, safety and wellness.

What we offer

The BT Reward Framework is an important part of maintaining a high-performance culture in BT. In line with our strategic priorities, our approach to reward increases our ability to motivate our people while being cost effective and creating competitive advantage.

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
- Flexible working.

Benefits and reward

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

Our schemes to promote employee share ownership include:

- Saveshare – an option to buy shares at a discounted rate. More than half of BT employees participate
- Directshare – employees may buy shares from their pre-tax salary each month. More than 20% have done so.

In the 2008 financial year, our lowest starting salary in the UK was £11,357 for a 36-hour week, or £6.04 per hour. The UK minimum wage is £5.52 per hour.

We operate a flexible benefits programme, called Choices, for UK managers and professionals. This programme enables individuals to exchange a proportion of their salary for additional benefits, such as extra holidays, private medical insurance or a health assessment.

Equal pay

We operate a performance-based reward system. Our equal pay policy is for BT people to be fairly paid regardless of gender, ethnic origin or disability. We have been involved in the gender pay debate for a number of years, as described in our [previous reports](#).

Our pay review processes include guidance for managers on rewarding employees fairly based on their performance. We aim to progressively improve the equal pay situation within BT with each annual pay review cycle. We now include all employees on non-managerial grades in the same pay structure, which has significantly reduced the scope for inequality.

Our progress on equal pay to date includes:

- Basing salaries for people promoted within BT on performance and market comparison rather than a percentage of basic salary
- Focusing our pay review on the lower end of our pay scales.
- Conducting a pay audit following each pay review. We have also carried out an additional pay review targeted at addressing equal pay issues, in conjunction with the relevant trade union

Future plans

While jobs may be different they can be considered of equal value because of the combination of skills and knowledge required. Equal pay for equal value remains high on the BT agenda and, following our recent equal pay review, we believe we are making good progress. We have committed to conducting a further review to address equal pay issues in early 2009.

Pensions

BT provides retirement arrangements in 53 countries. We maintain 16 defined-benefit arrangements and 36 defined-contribution arrangements, as well as various other types of provision including hybrid schemes, state provision and unfunded plans.

The scheme has around 69,500 contributing members, 177,000 pensioners and 97,000 deferred members. Members contribute 6% of their salary and BT pays the balance (currently averaging at 12.2% of salary). 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.

Our next largest scheme, The BT Retirement Plan, is also a UK scheme and was set up in 2001 after the BT Pension Scheme was closed to new entrants. The Plan is a defined-contribution scheme, so the pension members receive is linked to the contributions paid, the performance of the fund, and annuity rates at retirement rather than their final BT salary. There are around 18,000 contributing members and 2,300 deferred members. The value of the fund is around £206 million.

Since June 2007, we have run financial education seminars to help employees who are considering leaving BT. These help people to understand their overall financial position and the decisions they need to make should they decide to leave BT. We had held almost 240 seminars for more than 3,550 employees by the end of March 2008, and more are planned. The success of the seminars has led us to consider introducing general financial awareness seminars to a wider audience.

The seminars cover pensions and other entitlements and options for managing tax liability. They also cover other financial issues including BT share schemes and other investments that employees need to consider when leaving the company. We have also developed modelling tools to help employees calculate their net income after leaving BT, taking into account various scenarios and income streams to help them plan their financial future.

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 our own products and services 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, and provide an opportunity for us to reduce our operating costs and carbon footprint.

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.

We have in place a number of practical tools to help line managers make informed decisions about requests for flexible working, so they can balance the needs of the individual with those of the business and understand the different management styles required.

In March 2008, we had approximately 5,000 part-time employees, close to 400 job sharers and around 11,000 people working from home.

Using ICT to support flexible working

Mobile technologies such as wireless-enabled laptops and hand held 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. See our case study.

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.

A pilot has taken place in the Benelux involving approximately 80 employees working from home on a fixed day basis, contractually agreed. This was a pilot which ended on 31 March 2008. The results of which was overall a positive experience.

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 and are able to work outside the nine to five, five days per week model while still meeting customer needs.

Case study

Assessing the impacts of our home working

We have had a formal home working scheme for a number of years. This has enabled us to reduce facility costs, increase productivity, help employees balance their work and home commitments and reduce the environmental impacts of commuting.

Over 10,000 employees are registered with our home working scheme, which provides equipment and support services.

This year we commissioned the University of Bradford to assess the impacts of our home working scheme, following similar studies conducted in 2004 and 2006. The researchers contacted around 5,000 employees, and received over 700 responses. Employees were chosen at random and included those who work from home, office workers and field workers. As in previous studies we found that our homeworking staff are on average in the home office 2 to 3 days per week, the other days with our customers or on site in a BT location.

Improved quality of life

The survey showed that working from home helps employees balance their work and home commitments, with 93% of home based workers stating that the practice has a positive effect on quality of life. They also said that working from home helps to improve their productivity, enabling them to plan their time better and saving them the time and stress of commuting.

Improved performance

The respondents reported an improvement in their performance in the two years since the last study, 64% of homeworkers stated that their work performance had improved compared to 46% of all respondents. 37% of homeworkers believe that it would be impossible or very difficult to do their job if they were unable to e-work.

Longer hours and feelings of isolation

Previous studies have found that home based working is associated with longer working hours; the study suggests that this is becoming less evident. The study also explored feelings of isolation associated with dispersed teams, for both home and office workers, over 40% of all respondents saying they feel more isolated than two years ago.

Reduced environmental impacts

Home working benefits the environment, saving over 7,000 tonnes of CO₂ each year by reducing travel to work. Typically BT's homeworking community would previously have undertaken an average 31 miles per day commute to work.

Respondents were also asked about their environmental practices at home.

For the first time we asked all respondents 'what environmental measures do you take at home?'; 79% said they use low energy lighting, 53% reported using A* Star rated appliances and 30% energy efficient boilers. Only 2% of BT people have a renewable energy source such as a solar panel or wind turbine.

We will continue to monitor the effects of home working on our employees and the environment and find ways to increase its benefits and reduce negative impacts.

Case study

Home working in Belgium

Beatrice works as a Contract Manager for BT in Belgium. She manages a contract between a customer and BT, making sure it is profitable for both companies. Beatrice works from home two days per week to prevent a stressful two-hour commute on a very busy road. This saves dead time spent in the car and gives her freedom to fulfil her role, as she works autonomously most of the time and does not need to be in the office every working day. She is also able to spend more time with her friends and family.

Beatrice is part of a flexible working pilot we ran in Belgium until mid-March 2008. Beatrice has worked from home sporadically and unofficially for the past three years, but hopes that the scheme will now become official.

Beatrice works as part of a team that meets in the office every Tuesday for a team meeting, and keeps in touch through instant messenger and email. She does not have a Blackberry, but reads her email daily using a VPN connection at home. Beatrice thinks it is important to have a separate work space at home, so that she is not distracted and has a separate space for home life and working.

Part-time working in Germany

Doris has worked for BT since 1995. She is responsible for internal and external communications at BT Germany

Doris works part time, spreading her 30 working hours over five days, and works from home two days per week. She says that this arrangement suits her very well. Doris's main motivation for working from home is her eleven-year-old son, Lukas. Doris likes to be home when he gets back from school to help him with his study or, if he is unwell, to stay look after him without losing time at work. Schools in Germany also have times where parents can go and speak to the teachers, but these appointments are in the middle of the day. Working from home gives Doris the flexibility to go and speak to Lucas' teachers should she need to.

Doris became the first employee in BT Germany to become a home-based worker in 2000, when Lucas was three. Her home office is a separate room where she can concentrate and feel like she is at work. It is important to Doris and her team that her home-working days stay the same, as this helps them plan their meetings and schedules. However, meetings are not restricted to when Doris is in the office, as she attends meetings by conference phone and uses her high-speed internet and laptop to stay in touch with colleagues when she is out of the office.

Working from home also saves Doris a large amount of time, as travelling to the office can take her an hour each way. She finds working from home much less stressful and a much better use of her time. Doris feels that her home-working arrangement gives her a great work-life balance, as she finds time for her son as well as giving her job the concentration it requires.

Job share

Jenny Reardon manages Denise Sinclair and Justine Neale, who both work part-time from home, but do the same role. This arrangement is called a 'job share' and meets Jenny's requirement for the role to be filled five days a week, while allowing Denise and Justine to plan their work around childcare.

When Denise first started job-sharing, it was a new concept to BT and she created a proposal for human resources on the subject. Four years on, she now job shares with Justine, who works three days between Monday and Friday, while Denise completes her hours over four days.

Justine previously worked three days per week which was hard to keep up with everything going in the business, confine her work to just those days and take on more challenging responsibilities. Denise had the same problem when she worked part time – if she wanted to be involved in high-profile projects, she felt she had to work beyond her part-time hours to demonstrate the commitment the projects needed. Their job share enables them to work on high-profile projects and offers a more stable work-life balance

Both women agree that job-share partners have to be very compatible in levels of capability and ambition but different experience and skills is the value add - "two halves make a greater whole". Denise even likens the partnership to a marriage, as there has to be complete honesty, openness and trust if you are to leave your work in someone else's hands half of the time. However, they feel it is important that both people have different skills sets and strengths so they can bring the maximum to the position. Even though the women live at different ends of the country, technology and organisational skills keep them in touch and their work in sync. They have devised detailed weekly handovers, and when their working days overlap they speak on the phone and more regularly, via instant messenger. They get to meet up every 3-4 weeks in London at a work related meeting. Another benefit is that when one partner is absent, someone is covering the position and up to speed with events.

Jenny is equally happy with the job share. The only draw back she can think of is that if someone wants to speak to a specific person in the team, they may get the wrong person on the wrong day. There is also twice the paper work for people management issues such as performance reviews. Jenny says she is lucky to have two women so enthusiastic about their job and who manage their time so that the job share is seamless.

Attracting and assigning our people

The world of work has changed dramatically in recent years. In the future, we expect to see change of an unprecedented pace as a result of ever-greater customer demand, advances in technology and increasing globalisation.

The UK has experienced the longest period of sustained economic growth in its history. Although there are more people in work than ever before, the number of working people must continue to grow. Some estimates suggest we will need two million more workers over the next 20 years.

Flexible resourcing helps BT to adapt to these changing business requirements, and includes:

- Diverse recruitment
- Global sourcing
- Outsourcing
- Re-skilling.

Re-skilling

We have a long and successful track record of helping people to handle career change and to find suitable opportunities both inside and outside BT.

We have developed Career Corridors, a framework of training and support to help employees affected by changes in our business to make informed decisions about their life and career. We help affected employees to review their career plan, assess their skills and options, handle change, write their CV, and improve their interview techniques. We do this using a series of workshops, one-to-one coaching and web-based tools. People can also attend a pensions and financial awareness seminar to help with their financial planning and decision making.

Timing is important, and we achieve the best results when we train and re-skill people before any changes to their jobs take place.

See the case study for an example of how Career Corridors has helped our people to move on to new careers.

Case study

Goonhilly Pilot

We ran an early pilot of our Career Corridors re-skilling programme at our field engineering site in Goonhilly, a remote location at the tip of Cornwall. When BT announced that satellite communications at this site would move to Madley in Hereford, the management team decided to provide an opportunity for people to assess their career plans and options more fully.

At the same time, we established a new unit at Goonhilly to support the rollout of our 21st century network, and redeployed a third of the workforce into this critical area. Other affected employees opted to leave BT, and several found jobs with other local employers. A small number of people remain on site on short-term contracts, and we have run a follow-up workshop to help them find a long-term solution.

Global sourcing

Global sourcing describes the way companies find skilled, employees and suppliers from around the world to meet their needs. Many large companies now use this approach.

Global sourcing often aims to reduce costs and increase efficiency. Other advantages include gaining experience in a potential market, access to resources that are unavailable locally, and finding alternative suppliers to increase capacity, stimulate competition and reduce business risk.

BT provides elements of customer care from countries as diverse as Brazil, Hungary and India. Examples include:

- Our IT arm, BT Design outsources some software development to India. Much of this is done by [TechMahindra](#), a joint venture software development company in which we have a 43% stake.
- While most of BT Retail's call centres are in the UK, we also have two in India. These are provided by [Infosys](#) BPO and [HCL](#) in Bangalore and Noida respectively. The call centres are managed remotely using BT's Retail Customer Services operational blueprint, and we provide onsite management.

While global sourcing can bring additional responsibilities and risks, we don't believe it is socially irresponsible or incompatible with responsible business. It helps us find the right skills to meet the customer needs, wherever they are based. But we must be sensitive to cultural differences in countries where we operate, and work with our suppliers to make sure their working conditions and environmental standards match our own.

Outsourcing and insourcing

Outsourcing

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

- Employee 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](#).

Outsourcing services is a key part of modern business because it can improve efficiency. The practice's long-term success depends on acting responsibly when choosing suppliers and dealing with people.

Insourcing

BT manages ICT services for many major customers including [PepsiCo](#), [Bristol Myers Squibb](#) and [Schlumberger](#). In the UK, insourcing is governed by the [Transfer of Undertakings \(Protection of Employment\) Regulations \(TUPE\)](#).

Employees who previously worked our customer's ICT department become BT employees. We work closely with our customers to manage the transition, as we want future employees to feel they have been treated fairly during the transfer. We try to set realistic target dates so that we meet trade union and employee expectations. A human resources project manager within BT oversees the process, 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 (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.

Diversity in recruitment

It is crucial that our people reflect the diversity of the society in which we do business. This puts us in a strong position to understand and anticipate the ever-changing needs of our customers.

We work with a range of employment agencies, Government bodies, universities, schools and college careers offices to make them aware of the vacancies we have and to ensure that they help us in attracting a range of diverse candidates.

Global recruitment

As BT grows globally, we want our workforce to reflect the local talent pool in all our locations. In a recent external benchmark of the companies that make up the Global Diversity Network, BT scored 1% higher than average for having a workforce that fully reflects the availability of talent where we operate. We scored 23% more than average for ensuring our recruitment fully reflects the talent available, and 11% above average for promoting people based on merit.

Local Employment Partnership

BT joined a growing number of organisations who have signed up work in collaboration with Government to proactively help 250,000 people, currently out of work, back into the workplace through the Local Employment Partnership (LEP).

For BT, this builds upon work already undertaken through its Able to Work partnership (see Disability in Recruitment below) and work with Fair Cities, a Government funded organisation that works to source applicants for jobs from under privileged communities. Through these relationships BT has developed the concept of 'eco-systems' where a range of organisations come together with a common purpose to identify, prepare and source applicants for jobs.

To coincide with the signing of the LEP, BT published a booklet 'Reaching Out – Simple Steps' which outlines many of the initiatives and practices that BT uses to attract, motivate and retain employees which can be used by other employers as they review and tailor their HR practices.

Disability in Recruitment

Our Able to Work initiative, in partnership with Remploy, increases the number of disabled people employed in BT.

We have also developed our partnership with Prospects, the Employment Agency of the National Asperger Society to offer placements to a very talented pool of people with Asperger Syndrome. Together with Prospects we have created a Working with Asperger Syndrome factsheet to ensure BT people understand and accommodate the needs of people with Asperger Syndrome when interviewing and assessing for vacancies.

Supplier diversity in recruitment

At BT we continue to work with our recruitment suppliers to ensure that they establish the channels and the reporting mechanisms to deliver us a diverse shortlist of candidates.

See the case study below on the 2007 Openreach recruitment campaign and Link to the section on Supplier Diversity.

In 2008:

- 14.7% of our new recruits were from an ethnic minority background compared with 9.4% of BT's total workforce.
- 26.6% of our new recruits were women compared with 21.8% of BT's total workforce.
- 0.56% of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) compared with 2.7% of BT's total workforce
- 16.3% of our apprentice intake were women and 11.8% were from an ethnic minority background.

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

Case study

Diversity in Recruitment

Openreach recruitment campaign - encouraging diversity in engineering

During 2007 Openreach, the BT business responsible for providing UK Communication Providers with access to the BT network, embarked on a major nationwide recruitment campaign for Customer Service Engineers.

A key priority was to ensure that the campaign attracted a diverse set of candidates as we particularly wanted to increase representation of female engineers and people from ethnic minorities.

Openreach worked with its recruitment agencies to develop plans to attract applications through niche marketing strategies, including the specially designed 'Fresh Air' campaign and the engagement of specialist organisations such as Fair Cities. They were encouraged to identify people with the potential to develop technical skills, rather than with direct technical experience. This significantly broadened the pool of candidates available.

At the end of the campaign Openreach had achieved their objective of significantly increasing applications and ultimately the number of recruits in these groups.

The campaign won recognition from Race for Opportunity when it won their Chairman's Award for Attraction and Recruitment in 2007 and from Women in Science and Engineering who awarded it their 2007 Innovative Recruitment Award.

BT Fleet – attracting the migrant worker

As a result of the new business acquired BT Fleet were faced with an urgent need to recruit over one hundred qualified motor technicians during 2007. Good quality people were essential to meet demanding service levels.

Resourcing these roles was a real challenge. Qualified and competent vehicle technicians are at a premium and the chance of attracting over one hundred within extremely tight timescales seemed almost impossible.

In partnership with their recruitment suppliers BT Fleet recruited some excellent people in the UK but demand exceeded supply and a creative approach was essential. The team therefore started to look beyond the boundaries of the UK joining forces with a recruitment agency specialising in the automotive industry in Europe. They travelled to Poland and held assessment centres and interviews there, identifying twelve high quality technicians who were offered contracts and have since joined teams in the UK.

Developing and engaging our people

We seek to provide opportunities for personal growth and professional development. We believe that talented people increasingly want to work in companies that commit to and invest in the long-term development of their employees.

Here we present our approach to developing and engaging our people:

- Learning and development principles and commitment
- Career planning and development
- Talent management
- Employee engagement
- Employee communications
- Employee networks

BT is recognised as an Investor in People (IiP). IiP is a business improvement framework that incorporates good practice for training and development and which continually encourages and challenges us to review and improve our working practices. This framework was devised by leading UK business and employee organisations. We are the second largest privately owned company to achieve this challenging outcomes-based Standard and BT achieved re-accreditation in December 2007.

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, informative 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 of our networks have satellite groups in other countries. For example, the Women's Network now has satellites in Boston and Atlanta in the USA, and the Christian Network has satellites in Germany and the USA.

There are currently ten BT People Networks:

- Able2, our network for employees with disabilities
- BT Apprentices

- BT Asian Network
- BT Assistants, for employees who work in an administrative role
- BT Christian Network
- [BT Ethnic Minority Network](#)
- BT Executive Women's Network
- [BT Kaleidoscope](#), for employees who are gay, lesbian, bi-sexual or transgender
- BT Muslim Network
- BT Women's Network

Activities in 2007

In November 2007, BT people networks took part in BT Diversity Week, a company-wide celebration of the diversity of our people. Working with Group human resources, network members took part in number of knowledge calls (knowledge calls allow BT employees to dial in to a conference call and view slide ware at the same time online, thus sharing knowledge) about religion and belief, race, sexual orientation, and disability.

Our people networks are helping us to create an information pack for BT people from overseas coming to work for BT in the UK. We want them to have as smooth a transition as possible and to get the most out of working in another country. Working with the people networks allows us to tap into the vast amount of knowledge and experience their members have to offer.

Our people networks also continued to engage with external stakeholders. BT Kaleidoscope was named runner-up in the 2008 [Stonewall Workplace Equality Index](#) Network of the Year for the second year running. In November 2007, 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 by introducing them to adults from similar backgrounds.

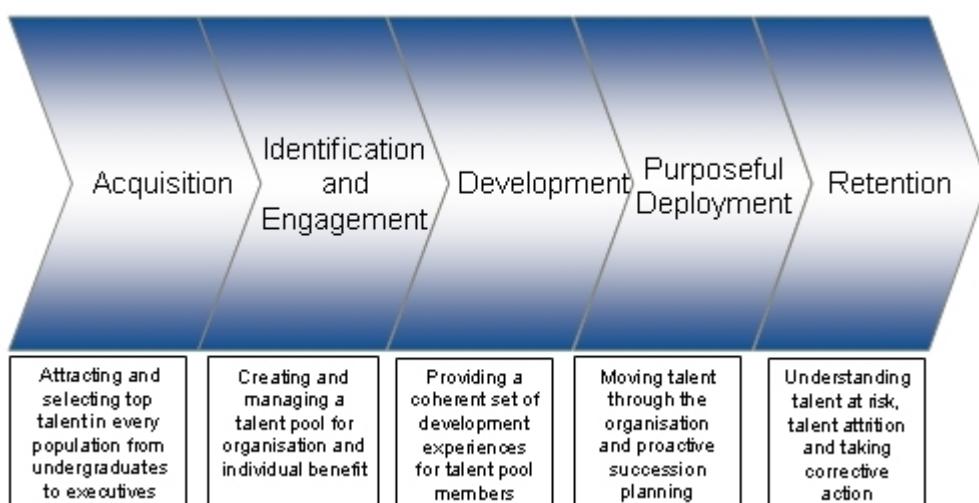
BT Women's Network has collaborated with a team of senior BT women to support "The Hidden Brain Drain", a global taskforce that BT is involved in. Based at Columbia University in New York, this looks at attitudes towards gender and race equality within large corporations. We believe that this and other research into flexible working has provided valuable insight into related global issues and trends.

Members of our Apprentice Network raised money for Challenge Africa – by climbing Mount Kasigau, a 4,500 foot peak in Kenya. Their aim was to raise enough money to give school children at St Lazarus' school in Kibera, Kenya, a stable meal every day for a year. The money raised also went towards rebuilding a school severely damaged by flooding in another part of Kenya. Our apprentices funded the construction of eight classrooms, two of which they helped to build, as well as spending time teaching the children.

Talent in BT

BT's talent agenda focuses our attention on attracting and keeping the people with the greatest ability and potential to deliver our business strategy. We have launched a programme of activities to ensure we continue to improve our ability to spot talent, enhance their experience of working in BT, and provide appropriate development opportunities and prospects to progress their careers with us. See our case studies for more – one on career progression in CSR and one about a member of our Fast Track Programme.

Our talent agenda is well managed from beginning to end. We work on the principle that we can influence the quality of people we attract and their level of engagement with BT from the point they consider coming to work for us until the moment they leave BT. There are five critical stages in this process, shown in the diagram below. Each stage is aligned to our wider human resources policies and overall business strategy. We review the way we measure our performance in each of these five stages annually.



In November 2007, BT's talent management programme won HR Magazine's Excellence Award for the best talent programme.

Graduate recruitment

BT recruits over 200 graduates each year. Our graduate programme is open to all applicants, subject to these entry criteria:

- A minimum of 280 UCAS points or international equivalent
- A 2:1 degree or international equivalent
- The right to work in the UK permanently.

In addition to the UK programme, for the past three years we have recruited around 18 graduates per year in Europe, the Middle East and Africa (EMEA). We are also considering how to extend the programme to the Americas and Asia Pacific, and ways to give graduates on the UK programme international experience through project work abroad or short term job-swaps.

As with all our employees, we encourage our graduates to get involved in volunteering and other CSR projects. As part of the 2007 graduate recruitment campaign, we ran a competition to win the opportunity to work on one of our projects in India, accompanied by one of the graduates already on the programme. Read our case study about the competition.

Case study

Graduates make a change

BT's 2006/07 graduate recruitment campaign focused on change. As part of the campaign we ran a competition at the careers fairs we attended. Students had to complete a form telling us what change meant to them. We selected a winner from each careers fair, and each student chose a prize of either:

- Changing their thinking with a £100 Amazon voucher
- Changing their look with a £100 voucher for Toni & Guy hairdressers
- Changing their perspective with a £100 voucher for Red Letter Days, a UK company that sells gift experiences that allow people to try something they haven't done before.

Each winner also submitted up to 500 words telling us why they would like to win the main prize – the chance to change their life by taking a week-long trip to India to work on BT's Katha project. The winner was Matthew Savage, a geography student from Southampton University. He was accompanied on the trip by one of BT's existing graduates, Chris Lowe.

Katha is a non-profit organisation based in Delhi that encourages children from very poor communities who have dropped out of school or work as child labour to return to education.

Katha was keen to introduce information and communications technology (ICT) training into its curriculum, as ICT can empower low-income communities. Together, BT and Katha set up Katha Information Technology E-commerce School (KITES), which aims to provide high quality education and ICT skills to children in Delhi's poorest communities.

Matthew visited KITES to start a programme to engage young people with technology. The aim of Matthew's trip was to establish links between KITES and two UK schools, so that they can collaborate and share information.

There is more information about Katha at www.easicop.org.

Case study

An uncommon experience

"Representing BT and the UK at the Commonwealth Conference was an amazing experience! Working with senior government officials, directors and CEOs in India and Malaysia gave me great insight into common business issues and the innovative solutions others are coming up with to face these challenges." So says David Falkner, General Manager, BT Group Strategy & Portfolio.

After BT Wholesale identified David as a candidate to attend the Commonwealth Conference, he had intensive interviews first with BT and then with the conference organisers. David represented BT and the UK at the conference in March 2007. Other participants included leaders from global companies, non-governmental organisations, trade unions and governments.

The conference focused on inclusive development in emerging markets, specifically Malaysia and India, giving participants insight into these growth economies and the role of governments in helping them prosper. David visited various industrial locations and met with local people to discuss societal issues and their causes. He also chaired various group discussions, bringing together differing viewpoints to produce reports on issues as diverse as social housing and the role of ICT in the Malaysian economy. On returning, David briefed BT leaders on how these issues will increasingly affect our company.

The conference also gave David the opportunity to experiment with different leadership techniques, insight into the culture of an important market, and clarification on the direction of his career. He says, "I gained new ideas on how I want to lead moving forward, some of which I am already applying".

David began his career at BT in 2004 on the BT Wholesale Fast Track Programme. He has been responsible for service delivery on the Orange account, led the team that established BT Wholesale's Fault Forecasting and is now a general manager for BT Group Strategy & Portfolio. David runs a team of seven people whose work is closely tied to BT's customer satisfaction and cost reduction goals. He recognises that the Fast Track Programme presents opportunities but takes responsibility for managing his own career seriously. "Above all, it's about building a reputation for delivering genuine results", he says, "If you work hard, the opportunities are definitely out there".

David's philosophy is to "concentrate on the job at hand and not always the next move". He plans his career by thinking about where his skills lie and making the most of them and by taking risks, as he recognises that it is important to try different things. "I know the main types of experience I want to gain in the medium and long term, but equally recognise this doesn't necessarily mean I need to take a particular job to get there. Having flexibility to see the opportunities on offer for what they are is a key skill".

David also relies on a strong network of people for general support and sharing ideas to improve the way we work, many of whom are also members of the Fast Track group. His advice to fellow talent pool members is this: "Listening to people is invaluable. Make sure you take the time with your team members and colleagues to really understand what they are trying to achieve. It's incredible how many potentially huge mistakes can be avoided through simple conversation".

Employee communications

BT has changed dramatically over the years, and continues to transform as our markets and technology evolve. Keeping people informed of, and involved in, our business goals so they understand the part they play is an important part of how we manage our business.

We have a well-established approach to employee communications. As a large and complex global business, we develop communication plans and messages relevant to the different parts of BT and tailored to meet their needs. Two-way communications are an important part of our strategy, to give our people opportunities to express their views and put forward ideas.

Company-wide communications

BT Today, our in-house newspaper, is sent to almost 110,000 employees every other month, and quarterly to 67,000 BT pensioners. It helps people keep up to date with company activities and has a letters page where people can express their views. Research carried out in February 2007 by GfK NOP showed that 79% of readers were satisfied with the newspaper.

BT Today is also available on our intranet, where it is updated throughout the day. It features news about BT and our industry and includes media releases, comment and features about BT. Between October 2007 and January 2008, there was on average 6.7 million hits per month, to the BT today online site and a recent audit showed that 83% of users are satisfied with the site. BT Today online includes Your Views, a forum for employee opinion, feedback and debate on work-related topics such as customers, work-life balance, broadband and pensions.

Elsewhere on our intranet are new social media tools such as Btpedia, a collaborative encyclopaedia, RSS feeds for accessibility, blogs and podcasts. Our CEO, Ben Verwaayen, holds regular web chats for employees to raise questions and put forward views and ideas for him to respond to in real time.

Communications in our lines of business

Each of our lines of business maintains additional, two-way employee communications on local issues, led by senior managers. These include news desks, briefings, conferences and the use of interactive technology such as webcasts, video and audio conferencing and online meetings. We also use radio and phone-in news services.

We want all of our people to feel included in our communications, so our methods take account of those who are not office-based, such as home workers, engineers and sales people, as well as office-based workers. Our intranet meets accessibility standards for visually impaired people and we include subtitles on webcasts and videos for people with hearing difficulties.

English is the common business language in BT, and is the first choice in most of the countries where our people work. We translate communications on major or sensitive issues into the local language where appropriate.

See the case study for an example of how communications support BT's work.

Case study

Building a sense of community

BT's human resources (HR) team has used communication and engagement to create a more unified HR function and build a better sense of community. The team created a newsletter called The Place to share news on activities across HR. The HR leadership team now distributes monthly messages to everyone in HR at the same time. Events such as conferences and master classes keep people up to date with BT's business strategy, priorities and progress, and give them opportunities to get involved, ask questions and share ideas.

Every quarter, the Group HR Director holds a global business update for everyone in HR. These interactive events are linked to our quarterly financial results and use a mixture of studio audience and technology link-ups. There is a replay service so that people who can't join the event live can still hear main points. From November 2007, people have been able to join the updates via video conferencing from Brussels, Hong Kong, Madrid, Milan, Munich, New York and Paris. A

record 520 HR people from around the world joined in to hear our CEO, Ben Verwaayen, describe his expectations of the HR function and answer the team's questions.

A survey in March 2007 showed that:

- 79% of HR people were aware of our newly-launched HR vision, 'People experts at the heart of change'
- 90% understood their role in delivering BT's people strategy
- 76% understood their part in delivering a programme to transform HR
- 69% felt a sense of community was building in HR across BT.

Employee engagement

What is engagement?

We believe that employee engagement is a combination of attitudes, thoughts and behaviours that relate to:

- Satisfaction
- Advocacy
- Commitment
- Pride
- Loyalty
- Responsibility.

This is broader than the more traditional concept of employee satisfaction and relates to the extent to which employees are fully engaged with the company and their work. The business benefits of having an engaged workforce are:

- Employees are more productive, committed, and conscientious
- Employees can tolerate limited periods of lower work satisfaction without becoming less committed.

The long-term outcomes of a sustained high level of engagement include increased market share, greater customer satisfaction and loyalty and consistent revenue growth.

Improving employee engagement is a continuous process of discussion, commitment to improvement, action and accountability. This is stimulated by the results of our employee survey, which we use to measure levels of engagement (see below). Engagement is primarily driven by the behaviour that leaders and managers demonstrate. Employees are also responsible for demonstrating the behaviours a successful business needs. Highly engaged employees are at the heart of a healthy organisation.

Engagement and transforming BT

Employee engagement supports our business transformation in three ways:

- An engaged workforce is one that responds positively to change and actively looks for new ways to do things better and faster
- Engaged employees are proud of BT, and demonstrate this by ensuring that those they come into contact with are given the best possible experience of organisation
- Engaged employees welcome technology and change that enables them to collaborate more effectively and creatively with one another and the customer.

How we measure engagement

We measure levels of employee engagement as part of our annual BT-wide Communications and Attitude Research for Employees (CARE) survey. This survey measures people's overall level of engagement and motivation with regard to their job, colleagues and customers, and a report on employee engagement is produced from the results. We also ask our employees about other aspects of their work, such as our CSR strategy, diversity, work-life balance, legal and regulatory matters, compliance and safety.

Managers receive a report based on their team's survey responses. We encourage them to discuss this with their team to build on any strengths identified and address areas for improvement.

How we promote engagement

We run a number of engagement activities within BT and individual lines of business that focus on our goal of being number one for customer service. These help ensure that BT people work toward the same goals and understand the role they play in achieving them.

Our BT-wide My Customer programme is one of our main engagement programmes. It has three elements:

- Back to the Floor – where leaders spend valuable time with colleagues and look at the end-to-end process, identifying opportunities to improve our customers' experience of BT. See case studies.
- The Challenge Cup – a tournament designed to encourage our people to create improvements for the business and our customers. See case studies.

- Customer Connected – this programme offers fun and engaging learning modules to help employees to understand the impact they have on our customers' overall experience. See case studies.

In the last three years, over 25% of BT people have taken part in one or more of these three elements.

We ensure that our many engagement activities align with BT's overall strategy and goals. We also seek feedback on the CARE survey to ensure that both the questions and the results continue to reflect the needs of our people, our customers and our business.

See the case studies for examples from the My Customer programme.

Case study Challenge Cup

Richard Seamarks and his team

received the Challenge Cup Blue Ribbon for their project to improve the Business Broadband Bad Debt Customer Contact Strategy. The project has brought benefits for customers, employees and the business:

- Customer benefits – in research carried out for BT in March 2006, customers said they wanted to receive a payment reminder, and for it to be easier to contact BT. As part of the Challenge Cup project, the team introduced an email reminder and new telephone answering machine software in response.
- Employee benefits – the majority of the team are graduates and relatively new to the business. The Challenge Cup project gave them experience outside their normal work and of working as a team.
- Business benefits – the project is bringing broadband debt back into the company more quickly and helping to resolve issues that have created customer dissatisfaction. The total return on investment so far is over £1 million.

Tim Hill and team's Challenge Cup

entry was an online customer satisfaction survey process. The team has been awarded the Challenge Cup Blue Ribbon for the project, which has delivered the following benefits:

- Customer benefits – The online survey can be completed at the customer's convenience, and the time spent completing the survey has reduced to 30 seconds, from over 10 minutes for the previous telephone-based system. The more efficient system also means that any cause of dissatisfaction can be addressed more promptly.
- Employee benefits – the survey is a better use of resources than the previous system because it automates many tasks related to processing survey results
- Business benefits – the online survey produces three times as much feedback as the phone-based system, at less than a third of the cost. The online survey process was a prerequisite for securing the Royal Mail Group Contract, which is worth £55 million to BT per year. The total return on investment of this project so far is almost £46 million.

What BT people say about the Challenge Cup

"The My Customer Challenge Cup gave me an opportunity to change the way we do business for the better. It left me empowered, energised and subsequently helped build my confidence in gaining a promotion in my line of business. It also gave me the chance to get to know some of my team better, to meet hundreds of colleagues across the business who are likeminded, and restored my faith that there are lots of good people out there in BT, who are passionate about making a difference. I am now more eager than ever to get to work and make a difference in every element of my current job along with helping others as much as possible, due to the wider picture I've been exposed to as a result of My Customer."

Stephen Robinson, Senior Billing Manager

Case study Customer Connected

Here are some comments from BT people who have taken part in our Customer Connected training programme.

Thinking about what you learned from Connected, what have you done differently in your role?

- Tried hard to introduce some fun and humour without detracting from the seriousness of the work.
- I have made a conscious effort to gather feedback from the customers I work with, to understand whether they find particular processes/services useful and effective, and to find ways to improve their experience.
- Tried to stay more positive even at times when the environment isn't conducive.

- Understanding and thinking about the impact of my work has enabled me to be clearer about the connection between internal clients and real customers – those that pay for and hopefully get value from our services.
- It gives you an added perspective when dealing with your customers, either internally or externally.

How have you personally contributed to improving Right First Time or Reducing Cycle Time (BT's measures of customer service) for our customers?

- I learn from any feedback customers give me. I take the time to engage with them and understand what they expect me to deliver, and by when.
- I have been working on the development of a new approach to learning for customer service advisors in call centres to support our broadband products.
- Providing accurate manpower and financial information for Group Operations.
- I try to be as responsive as possible to meet customers' requirements.

How has this helped BT?

- By adopting the customer's priority rather than mine.
- BT is a customer-centric organisation, striving to meet and exceed customer expectations. This is extremely important for my role in HR, as I am expected to build and manage relationships, support the people I do work for and deliver on my commitments.
- Trying to ensure that BT's HR data is as accurate as possible.
- Helping Finance calculate accurate cost savings which impact on the bottom line.
- Improved customer satisfaction.

Career planning and development

We invest in learning and education for all BT people. We have a Learning Council of learning and development professionals to ensure that our learning is aligned with our business objectives. Our learning programmes provide employees with the skills our lines of business need to implement major initiatives such as our 21st Century Network.

We have a web-based learning portal called Route2Learn (R2L), which is available to all BT employees worldwide 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. 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.

We offer employees a wide range of learning and re-skilling opportunities. A large variety of online and instructor-led courses are available through R2L (Route2learn), our group-wide web-based portal.

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.

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 a series of leadership programmes for managers, depending on their role and stage of development.

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:

- Give our managers the necessary resources and personal development to enable them to support their people's learning and development.
- Give our employees ongoing information on the skills and behaviour which we believe are essential to future success and how these can be developed.
- Analyse needs at a business level and an individual level to see what development is appropriate and to assess the value to our business.
- Give our employees opportunities to develop their capabilities and prospects for employment so they can deal confidently with organisational and commercial change.
- 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.

- 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.
- 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.
- 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.
- Make the best use of learning and development suppliers so we can get the best commercial value possible across BT.
- Evaluate our investment in learning and development at all levels of the business.
- Work closely with the e-skills UK, the skills council for the IT and telecoms sector, to maximise government support for learning. BT has signed the "Skills Pledge", the lynch pin of the Lord Leitch review which aims to virtually eradicate low skills by ensuring that 95% of the adult population achieve a Level 2 academic or vocational qualification by 2020.

Managing our people

Being able to manage our people through good employee relations is vital to a healthy and successful company. Here we explain our approach to:

- Performance management
- Trade unions
- Employee privacy
- The BT European Consultative Works Council
- Employee grievances.

Performance management

BT promotes a high-performance culture that underpins its strategy to be number one for customer service. Encouraging a 'can-do' attitude and a commitment to developing individuals throughout the company is fundamental to this. To achieve this, we need a consistent performance management approach.

Good performance management should help everyone to give their best. Our performance management framework contains three cyclical phases:

- Planning – defining clear job standards, objectives, capabilities and development plans
- Performing – providing continuous feedback through coaching and one-to-one discussions
- Reviewing – holding end of year reviews and setting development action plans.

Our performance management process gives managers the tools they need to give their people feedback about their work and to support their development and performance.

Performance management has been standard practice at BT for a long time, but has developed differently across the business. We are now introducing a single, simplified and consistent approach, so that all BT people will know what is expected of them and receive clear and honest feedback on how they are doing. In April 2008, we launched an online version of the performance management system. This is being phased in across the business and will be fully in place by March 2009.

The new system is part of the BT people system. This is an online, self-service system through which employees can access their personal information and managers can carry out many people-management tasks. We are holding workshops and using a wide range of communications to ensure BT people are aware of the new performance module.

Benefits of the new system include a simpler performance review form that can be updated at any point. BT people can add their own input or ask colleagues to add feedback. When people move within the company, their records will be transferred automatically. People managers will have all information about their people in one place, receive automated reminders to do things and be able to clearly see where their people are in the performance management process.

Guiding principles

Our performance management system is underpinned by a set of guiding principles:

- Performance is made up of two main elements - 'what' we deliver (objectives and job standards) and 'how' we deliver (capabilities)
- As leaders, we are responsible for clarifying what good performance looks like and supporting our people, giving fair and honest feedback and coaching
- Everyone in BT is responsible for their contribution and development
- We differentiate levels of performance so people are clear on their level of contribution

- We recognise high performance and ensure talented individuals are developed
- We deal with under-performance quickly, fairly and consistently, our aim being to improve contribution
- We provide appropriate training, development and support so people carry out our performance responsibilities effectively
- We only use objective and job-relevant criteria so there is no discrimination on the grounds of gender, race, disability, age, religion, marital status or sexual orientation
- Bullying and harassment are not tolerated in our performance management process
- We do not force distribution of performance ratings to achieve a predetermined outcome or a quota-based approach
- The expected standard for performance is 'good'

Employee privacy

BT takes all issues relating to privacy and data protection very seriously. We have well-established guidelines and policies for managing and handling personal data about our employees.

We recently undertook a complete review and update of all policies relating to privacy and data protection, to clarify our corporate and individual responsibilities with regard to the collection, retention, disclosure, storage and disposal of all personal data. We also highlighted the special care that must be taken when handling sensitive data.

We have also introduced an 'opt out' clause to our employee records. This allows employees to choose whether their personal data will be managed by our standard outsourced human resources function, which is mainly based in Bangalore, India, or within the European Union.

The BT Operating Committee champions a data protection taskforce, which is made up of members of BT's senior leadership team. The task force is looking at all areas of data protection and privacy. The results of the taskforce's work will include:

- A new, user-friendly set of data protection guidelines for HR professionals, which will be rolled out to the business over summer 2008
- A two minute guide for employees pointing out their key responsibilities
- A corporate communication strategy to remind employees of these guidelines
- A revised computer-based training package on data protection
- A new data protection website providing comprehensive information on all aspects of privacy and data protection
- The launch of a software programme called "Safe boot", which will ensure that stored data can only be accessed by employees with the correct permissions.

Employee grievances

BT takes employee concerns very seriously. This year, we developed a range of additional resources to help our people deal with workplace conflict and interpersonal problems. This included a two-minute guide to managing conflict.

We have also updated and simplified our communications to ensure people know what to do and who to contact if they have concerns. Our employee assistance team provides specialist support to employees involved in workplace conflict, such as confidential counselling and guidance to employees available 24 hours a day. In addition, our team of equality and diversity experts provide support and advice on serious issues such as bullying, harassment and discrimination.

BT has a formal grievance procedure that gives employees the chance to have their complaints and issues investigated in a comprehensive and professional manner. This includes an appeal stage for employees who remain concerned after the initial investigation. We also go beyond the best practice recommended by [ACAS](#) (the UK advisory service on employment relations), by offering an independent high-level review conducted by a senior manager. Each request for a review is considered by an employee relations manager, who is also responsible for implementing any remedial action resulting from the review, and for sharing learning or process improvements with the wider business.

In 2007, BT introduced an innovative new approach to managing grievances. This is based on structured project management of cases, which has halved the average time taken to resolve each case. Those involved in the process report that it has significantly improved the experience for managers and employees. We are working on further improvements as part of a project called 'Resolve', which aims to further reduce the time taken to resolve cases and simplify the process. Improvements will include the introduction of panels of trained grievance investigators to quickly and effectively take ownership and investigate cases. Both [trade unions](#) that BT people belong to have been involved in these improvements.

The BT European Consultative Council

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 BT European Consultative Council (BTECC) has been in place for 14 years. It supports employee dialogue and the exchange of views between management and employee representatives in the UK, Ireland and continental Europe.

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

The BTECC is chaired by BT's CEO and is attended by other senior executives. Employee representatives come from BT operations across Europe and are chosen according to the practice and legislation in each country. Representatives must reflect BT's equal opportunities policies. Each representative serves on BTECC for no less than three years to ensure they have enough time to understand and follow up the issues discussed.

The BTECC meets at least once a year, normally within three months of the announcement of the group's annual results. An extraordinary meeting can be convened if necessary.

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 to represent their employees.

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. The CWU is the biggest union for the communications industry in the UK, with members from the Post Office, BT and other information and communication technology companies.
- Connect, a specialist union representing managerial and professional employees in the communications industry – largely in BT, around 27,000 of our people are members.

We negotiate with the CWU on matters affecting the non-managerial grades that they represent, and with Connect on matters relating managerial and professional employees, who have a separate salary structure.

BT is committed to working with the unions and appreciates the value of constructive dialogue with employee representatives. Managers are expected to consult their employees and relevant union officials before introducing significant changes to employment. The constantly-changing commercial environment within which we operate means it is not always possible to agree changes in advance. However, we maintain a good track record of co-operation with both unions, and provide time off for union representatives to carry out their duties. In 2008, no industrial action was taken in BT.

Here are some examples of issues we discuss with the unions:

- BT's transformation into a global business that is number one for customer service
- The challenge of growing our people's skills to meet the business transformation
- Remote sourcing of work
- Developing employment policies and practices that advance us an employer of choice
- Changes to work and attendance patterns to implement customer-friendly working practices.

Positive working culture

No one questions that businesses need to become more flexible to meet the increasing demands of customers. We must apply the same flexibility to managing our people. This means embracing diversity – talented people are not defined by their age, gender, sexuality, current work status, ethnicity, beliefs or where they live. Each of our people brings skills, ability, energy and a unique perspective to BT.

Our people also need to reflect the customers we serve and their differences. Our challenge is to build this into our recruitment programmes. Even having employed talented people, we should not expect them to stay the same – they will certainly get older, and may also have a family, take on additional roles in society or become ill, for example. Our approach to recruitment and retention needs to take these factors into account and enable more people to access and stay in work.

This section of our report discusses our policies and activities relating to:

- Leadership in diversity and equality
- Bullying and harassment
- Age

- Religion and belief
- Disability
- Gender
- Ethnic minorities
- Sexual orientation
- Carers
- Resolving disputes.

Our [equal opportunities policy](#) is available as a PDF download.

Carers

Carers are people who look after a disabled, elderly or sick partner, relative or friend. Caring is becoming increasingly common as the population ages, and it is often people in work who take on these responsibilities.

There are 3 million working carers in the UK. Of these 1.4 million are men and 1.7 million are women. This percentage reflects the findings of the Government's first baseline survey of work-life balance, in which 11% of respondents were men, and 15% women. Carers are not a static group - more than 2.3 million people move in and out of caring situations each year. Research tells us that 3 out of 5 people will care at some stage in their working lives.

Providing a supportive environment for carers is not only the right thing to do for our people, but is also good for our business and customers. To get things right first time for our customers, we need innovation, increased productivity and cost effectiveness. This means engaging the energy and creativity of the whole workforce.

We have a range of policies and advice to support our people with caring responsibilities. Coupled with our portfolio of flexible working practices, these enable people to better balance their work and caring roles, which often conflict. See the case study for an example.

BT is also involved in the public policy debate about caring, because we recognise the benefits to companies, employees and society of carer-friendly policies. We supported the UK Carers Bill through our involvement in Employers for Carers, an interest group that includes major employers, business organisations and government agencies. The Bill raised awareness of working carers, and the Government now provides local services that support those who look after people to access work. In addition, working carers are now legally entitled to flexible working. We are leading discussions with the Government on a proposal to extend the tax benefits available to employees with childcare duties to those caring for adults.

Did you know?

- BT has a close working relationship with [Carers UK](#), the national charity and campaigning organisation for carers.
- In 2007, BT appointed its first champion for carers, Sally Davis, CEO of BT Wholesale. Sally is a senior board member and represents carers' interests on BT's Global Equality and Diversity Forum.
- Carers are not a static group – more than 2.3 million people move in and out of caring situations each year.
- Research tells us that three out of five people will be a carer at some stage in their working lives.

Case study

Flexible working makes caring possible

Tim Moore's is a Deployment Designer at BT. Tim's son was diagnosed with Ewing's Sarcoma, a bone cancer, at the start of 2004. Aged just 13, he was dependant on his parents' support. Tim had been a home worker for six months prior to his sons diagnosis, which helped Tim balance his home and work responsibilities.

Tim's son required frequent trips to hospital for treatment and clinic appointments, and working from home allowed Tim to share this load with his wife. Tim was also able to provide his son with the high level of care needed at such a difficult time.

"BT made it possible for me to fulfil both my work and home needs." says Tim. "Due to flexible working hours I could start early and get the job done, as well as caring for my son the way a father needs to."

Tim knows how lucky he is to have BT as his employer: "My twin brother works in a totally different sector and I know for a fact he would never have been able to retain a job under circumstances like mine."

Tim's son is now in remission, but Tim continues to work from home and support his wife, who has been greatly affected by the experience and struggles with depression.

"Knowing I have the flexibility there allows me to support my wife and care for my son, and means I can accommodate both my work and home needs."

Resolving disputes

In 2008 there were 71 discrimination-related cases involving BT in the UK, compared with 44 the previous year, this increase demonstrates that people feel more confident about exercising their right to make a claim where they feel

they have been discriminated against. Of these, 24 were withdrawn, 22 settled and 25 judged in favour of BT. None were judged against BT.

Click on the icon below to view data on discrimination-related litigation at BT for the last five years.

Learning from discrimination case

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 is robust and 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.

Religion and belief

Respect for one another and valuing individuality are important aspects of our 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. See the case study for an example.

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 on striking a good balance between the needs of individuals and the needs of the company.

BT chairs the Employers' Forum on Belief, an informal network established to share good practice towards religion and belief in the workplace. Forum members include major private and public sector companies and meet regularly to discuss issues and share good practice. During 2007, the forum began to be administered, on a one-year trial basis, by the Employers' Forum on Age, with a view to expanding its activities over time. A launch event was held in January 2008 at the House of Lords and a [website](http://www.efrb.org.uk/) <http://www.efrb.org.uk/> created. This contains, amongst other useful information, advice on real dilemmas that members have encountered in the workplace.

Some interesting facts

- 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 quiet rooms in several of our larger buildings.
- We support two faith people networks – the Christian Network and the Muslim Network. These provide forums for employees of these faiths and help us to better understand and accommodate their needs.
- During BT Diversity Week 2007, we celebrated the diversity of our people and the strength this brings to our organisation. Events included knowledge calls, hosted by Phil Moses, in which people network members discussed faith and its place in the workplace.

Case study

Supporting faith at work

Altaf Alim joined our graduate programme in 2005 and is now an account manager in BT Corporate Business.

When choosing a potential employer, Altaf was keen to join an organisation whose culture would respect and support his faith.

Altaf found BT's recruitment process to be a positive experience, including his online application, the psychometric tests, assessment centre and interview. He felt he was being assessed for his capability, not his background, ethnic origin or faith, and was particularly pleased to learn that BT supports a Muslim Employee Network. When he joined BT, Altaf joined the network and took part in its mentoring scheme, which helped him meet people and settle in quickly.

Altaf says, "BT has an excellent diversity strategy which reflects its global presence. As a Muslim, I find BT very supportive to the commitments of my faith, allowing me time for prayer with specially supplied quiet rooms in some of its major buildings. This really helps me integrate my work with my faith."

In 2007 Altaf was elected Chair of the Muslim Employee Network only two years after joining.

Leadership in equality and diversity

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

We are proud to highlight a few of the initiatives in which we participated during 2008:

Recruitment

BT's Openreach recruitment campaign was designed to encourage applications from engineers with ethnic minority backgrounds. It won the Race for Opportunity Chairman's Award for Attraction & Recruitment

- Gender – one of our female apprentices won the [Institution of Engineering and Technology \(IET\) Young Woman Engineering Apprentice of the Year Award](#). Victoria Nicholson beat hundreds of applicants to claim the title, which recognises the skills and achievements of apprentices and raises awareness of the apprenticeship route into careers in engineering and technology.
- Mental health – Melvyn Bragg, the novelist, broadcaster and president of mental health charity, MIND, hosted the [BT Mind Awards](#), at which Stephen Fry, Actor and Presenter won an award for his TV documentary The Secret Life of the Manic Depressive.
- BT works with several organisations to benchmark its practices against other companies and to promote equality and diversity. BT came 11th in Stonewall's 2008 [Workplace Equality Index](#) of the top 100 employers for gay people in Britain, for example.

Membership of diversity forums and organisations

BT is a member 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](#)

[Fathers Direct](#)

[Employers Forum on Belief](#)

[The Gender Trust](#)

Outside of the UK, BT is a member of the [Schneider Ross Global Diversity Network \(GDN\)](#). This is a group of leading global companies who share a desire to accelerate the integration of diversity and inclusion into global organisations and to demonstrate the business value of doing so.

Case study

Leadership in Action

Case Studies

BT's equality and diversity champion is Clive Ansell, President Strategy, Marketing & Propositions, Global Services, who chairs our Global Equality and Diversity Forum. The forum's role is to create, sustain and deliver our global equality and diversity strategy.

Here are some examples of the diversity activities they were involved in during 2007/8 financial year.

Diversity Leadership from the Top

BT CEO Ben Verwayeen [hosted a breakfast on equality and diversity](#) at this year's [World Economic Forum](#) in Davos. The Diversity Breakfast Debate was sponsored by CBS and BT.

As well as Chairing the Global Equality and Diversity Forum, Clive Ansell supported the BT Diversity Week event "Did you know" and was interviewed by John McCarthy, former Beirut hostage, on BT's view of diversity.

JP Rangaswami, Managing Director HQ Service Design is leading a BT wide initiative on Accessible technology. This current initiative seeks to further BT's commitment to ensure that IT is accessible for all.

Robin Pauley, BT Race Champion, has led in the development of a business wide Diversity Group at BT's research establishment at Adastral Park in Suffolk where local and national diversity issues are discussed.

Anne Fletcher, BT Group General Counsel, hosted the [21st Century Lawyer event](#). Attendees from BT's legal community – and representatives from law firms and professional associations met to discuss what diversity means in the legal world.

Steve Robertson, CEO Openreach signed the CEO Charter on behalf of BT pledging commitment to the aims of the UK Resource Centre for [Women In Science Engineering and Construction](#) (WISE).

Sally Davis, Disability Champion and BT Wholesale Chief Executive spoke at a European Commission policy conference in Brussels, organised to mark this week's [European Day of People with Disabilities](#).

Chris Ainslie, BT's Gender Champion spoke at the [Hours to Suit conference](#) held in London by the charity Working Families, which supports working parents and carers. Chris told the audience of top-level managers about how he works a compressed week of four ten-hour days from Monday to Thursday.

Bill Murphy, BT Business CEO was appointed Work-Life Balance Champion. He took on this role because: "It enables us to attract talent and retain experienced skilled employees, valuing our flexibility over other incentives in other organisations"

Gender

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

In 2008, 21.80% of all BT employees were women – 20.79% of non-managers, 23.79% of managers. 26.60% of our new recruits were women – including 36% of new graduates and 16% of modern apprentices.

Chris Ainslie, Vice President of Systems Integrators and Channel Partners, is BT's Gender Champion and sponsors gender diversity.

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, France, Germany and the USA. During diversity week in November 2007, Chris Ainslie hosted an online meeting in partnership with the Women's Network to promote part-time working opportunities in BT. We also have an Executive Women's Network to provide focused support for women who aspire to the highest levels in BT.

For 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. To mark Father's day, Chris Ainslie hosted an event at the BT Tower in London to explore and discuss BT's flexible family policies and what else BT can do to support fathers in the workplace.

At BT, 99% of new mothers return to work after maternity leave, compared with a national average of 47%.

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

Each year, BT hosts 'bring your daughters and sons to work days' to introduce teenagers to non-conventional roles. These events also challenge people's own stereotypes about what they perceive to be men's and women's work.

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. Read about how Openreach has increased the number of women engineers in our case study.

Transgender employees

Our transgender policy is to offer our sick pay provision to transsexual people undergoing sex-change surgery, and a period of non-customer-facing duties on return to work, should people feel they need it. Our policy is also that transvestite employees may come to work in the gender they feel most comfortable with. There is comprehensive information about all aspects of being transgender on our internal Q&A portal, Ask HR, and those who need more information can use our confidential Employee Assistance Program.

We share information and best practice on this and other gender issues through a diversity forum of large companies. We are also members of the Gender Trust, which provides coaching and training material to help businesses deal with transgender issues. We will seek to extend our influence and knowledge of this issue in the 2009 financial year.

In the 2008 financial year, BT Kaleidoscope created a new position of Transgender Co-ordinator to represent the specific interests of transgender employees. Through this people network, we are urging the UK Government to legislate to protect all transgender people equally in the pending Single Equality Bill, and not just those who identify as transsexual.

External partners

BT is a member of [Opportunity Now](#), a network of employers promoting inclusiveness for women. In its most recent benchmarking exercise, we were rated platinum – the highest possible rating. Only five other employers achieved this rating.

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 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.

Case study

Transgender

Karen Bullock is 40 years old, a BT engineer, and is gender dysphoric. Karen always knew she was in the wrong body. When she was 36 she decided to start the transition from man to woman. This was not without its mental health issues, and Karen consulted a psychiatrist as part of the process. She wanted to tell BT of her pending life change and found that her manager was very patient and helpful in this process - in fact, telling her line manager was very liberating and much easier than she'd anticipated. However, the process itself was mentally gruelling, and Karen became very depressed to the point of attempting suicide. BT signed Karen off with full pay so that she could focus on getting better. She was amazed at how understanding the company and her team were in her time of need. "BT was brilliant, as I'm not the only transsexual in BT; they got in touch with someone in HR who had experience in the process".

Case study **Helping parents to balance work and career**

Careers for working mums and carers

Jane Swift, a Programme Director for BT Retail, has been with BT for 20 years. She has three children, Hannah, 11, Lilly, 9, and Oliver, 6. Jane has had many different roles in BT, and believes that if you make the effort then BT has all the opportunities you might want to pursue.

Jane slipped neatly back into her role after taking her first maternity leave, but felt that some people didn't know how to treat her and gave her some of the more menial tasks. After the birth of her second child, Jane adapted much more easily and was given a large project to manage at her own request. She feels this was a turning point in her career.

Being a working mum is hard, and Jane says that it's important to "be present in mind as well as body, wherever you are". You must be committed to your present task, whether it's working at a desk or spending time with your children. BT has allowed Jane to become a home worker, giving her the flexibility to do things such as the school run in addition to her work.

Jane also thinks that being organised is crucial, as is the support of her husband, who works part time.

Until April 2008, Jane was Chair of BT's Executive Women's Network, which aims to inspire senior women to achieve their aspirations and to help other women inside and outside of BT.

BT has also allowed Jane to consolidate her hours so that she can work her 5 days in 4, which enables her to give support to her mum who has liver cancer. On a Friday, Jane is able to attend hospital appointments with her, give her a pamper and generally support her and her dad with anything they need Jane to do.

Fathers count too

Steve Voller is a manager in BT Operate and has three children aged 17, 13 and four. Here he speaks of his experience of being a working father

"In my experience, three children later, I cannot speak highly enough of the support I have received from the company during the most important years of my children's development. I have made use of Paternity Leave and, more recently, the Childcare Salary Direct scheme the company operates has saved us a fortune in Nursery fees for our youngest.

Equally important is the support and understanding I've received from my line managers over the years and their flexible approach to work. This has allowed me to occasionally work from home if the kids are ill, start or finish times that fit around the school run and, more recently, letting me attend important parent/teacher meetings. At the end of the day, it's give and take; if I have to leave early because of my children, it's very easy to finish my day at home, usually later in the evening when the kids are in bed."

Chris Ainslie, BT's Gender Champion and a father himself, takes advantage of flexible working by compressing a 40-hour week into four 10-hour days, leaving Friday free.

He says, "The arrangement works extremely well. BT gets the benefit of four days of concentrated effort – and I have a long weekend that allows me to spend more time with my wife and family, play some sport and tackle necessary household chores without rushing to squeeze it all into the usual two days."

Age

People sometimes make assumptions about others based on their age. This can lead to people being treated differently just because they are younger or older than others, and sometimes being 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.

Our practices

In the UK, the [Employment Equality \(Age\) Regulations 2006](#) came into force on 1 October 2006. We removed our fixed retirement age of 60 in anticipation of the legislation (see case study), as well as conducting a thorough review of all our policies and practices. We used the results to create an action plan and develop an age action team to ensure our policies and practices are free from age bias.

During 2007, we undertook a further internal audit, designed to ensure that policy and processes on age are robust and continue to prevent potentially discriminatory treatment.

Some interesting facts

- In 1996, BT was a founding member and the initial chair of the [Employers Forum on Age](#) (EFA), an independent network of leading employers who recognise the value of an age-diverse workforce. Caroline Waters, BT's People and Policy Director, is today an active trustee of the EFA Board.
- Our Age Champion is Aaron McCormack, CEO of BT Conferencing. Aaron sponsors age diversity across BT.
- There are now around 1,450 BT employees in the UK who have opted to continue in work having reached the age of 60.

Case study

Sandra's got staying power

Sandra Done is a Directory Products Data Analyst at BT. Having once left BT and then come back, Sandra has been with us the second time around for 19 years. She chose to stay on at BT when she turned 60, and plans to stay at BT until she is 65 at least – after which she will consider staying on part time.

Sandra can't imagine her day without a job. Some of her direct managers weren't aware that staying on after 60 was an option, so she had to push for it at a higher level. BT made the necessary adjustments and Sandra says everyone is now extremely supportive.

She also works as a volunteer through BT, teaching children to communicate and learn the art of debate. Sandra works flexibly by banking time – she can work when she likes as long as she makes up a certain number of hours each month.

Says Sandra, "Until I had my accident I had been a special constable. As I now have three pins holding my hip in place, I had to give up policing as I would have become a liability to fellow officers. I missed the job a great deal and decided to look for other community work. [BT Volunteers](#) were advertising for team leaders and I decided to apply to become the team leader for Worcester West. We go into schools and deliver citizenship skills packages to the younger pupils and skill and mentoring packages to older students. I needed time off my duties to train for this role and was totally supported by my manager throughout."

Bullying and harassment

BT takes a zero tolerance approach to bullying and harassment.

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 trade union, Amicus.

In June 2005, with the support of BT's senior leaders, we launched our "Let's Cut it Out" anti-bullying campaign, which is now well established. A key part of this campaign was the creation of four videos tailored to the specific requirements of different business areas. The videos contain scenarios based on the experiences of BT people, and are designed to increase understanding of what is and is not acceptable behaviour. The videos also tell employees where to go for help if they experience or witness bullying. The videos can be accessed by all employees via our bullying and harassment website.

In 2007, we created a comprehensive toolkit to help our HR teams and line managers to discuss this sensitive topic with employees. This is an important part of creating a bullying- and harassment-free workplace. The toolkit forms part of a wider intranet site containing information to help BT people understand the personal and business impacts of inappropriate behaviour at work.

We monitor our employees' perceptions of bullying and harassment in our twice-yearly [CARE](#) survey. The results help us understand which parts of the business are more vulnerable to bullying and provide them with tailored support.

We also support anti-bullying campaigns in schools, and as a result we are aware that the next generation of workers are very clear about what constitutes bullying. Businesses need to ensure high standards of behaviour to meet these people's expectations.

Ethnic minorities

9.44% of BT people have told us they consider themselves to be from an ethnic minority. This represents 9.25% of non-managers, 9.82% of managers. Career opportunities at BT are open to all – see the case study.

Recruitment

In November 2007, BT won the Race for Opportunity Chairman's Award for innovative recruitment for its Openreach recruitment campaign, which encouraged applications from ethnic minorities.

We aim to recruit people from diverse backgrounds because we believe this encourages innovation and change. However, historically we have managed to recruit only around 6.5% of our engineers from ethnic minority backgrounds.

The Openreach campaign took a new approach to recruitment. We spoke to a sample of applicants to review their experience of the recruitment process and gain valuable insight into the training needs of our engineering interviewers. As a result, we have retrained all engineering interviewers to ensure that they understand the new approach and fully appreciate cultural barriers to employment. We also gave more thought to where we advertise engineering jobs, and the kind of adverts we use.

At the time of the award, the campaign had already resulted in Openreach recruiting 13% of its new engineers from ethnic minorities; against an overall national government target of 15%.

Supporting the community

BT encourages its employees to get involved in community programmes. This includes volunteering at local schools to provide students with insight into communication skills, as well as involvement in specific programmes designed to help young people understand the world of work.

In 2007, BT won the Business in the Community Company of the Year Award for its work with Minority Ethnic Role models for Learning and Inspiration (MERLIN). This programme aims to inspire young people from ethnic minorities and raise their aspirations, by introducing them to business professionals from similar backgrounds. BT's Ethnic Minority Network supported this programme by hosting a workshop at BT Centre. This aimed to teach pupils about the City of London, the skills and qualities employers look for in potential employees, and how to effectively apply for jobs.

BT also supports the Stephen Lawrence Centre in London, which provides young black people with information, training and advice on how to get jobs. BT Property will offer mentoring to 16-19 year-olds, to introduce them to role models from industry and provide insight into careers at BT and its partner organisations.

Ethnic minority network

Our Ethnic Minority Network's vision is to develop and encourage ethnic minority employees to achieve their full potential and support our global business aspirations. It is sponsored by BT's Race Champion, Robin Pauley, President of European Affairs.

The network is open to all employees. It runs regular events and workshops in areas such as career planning and personal development. The network also works closely in partnership with BT to support community programmes such as MERLIN.

Case study

Climbing the career ladder

Zulfi Hussain is a Programme Director at BT, where he began work in November 1989 as a software design engineer. BT quickly picked up Zulfi's potential as a high-flyer, and supported him to gain further skills and rapidly progress his career. "My greatest claim-to-fame early on in my BT career was probably managing the entire computerisation of information directory services over two years," says Zulfi.

BT sponsored Zulfi to gain further qualifications in management, including a Diploma and an MBA. With our full backing, Zulfi quickly climbed the career ladder and was promoted to a position as trouble-shooter for our most important clients. Zulfi describes the role as "high profile, lots of pressure but great fun to do" and praises the team spirit at BT. Earlier on in his career, we appointed Zulfi with a mentor who was "inspiring", and has since prompted Zulfi to become a mentor himself. He set up the Ethnic Minority Network mentoring programme and is the former Chairman and the current past President of the [European Mentoring & Coaching Council](#) (EMCC UK).

Zulfi does a lot of work in the community and holds social responsibility in high regard. "BT has always been fantastic and supported me a lot, allowing me flexibility in my work schedule so I can commit to these other causes as well, as long as all deadlines are met." Zulfi is a founder of a Social Enterprises called [Global Promise](#), which raised over £2 million for Tsunami aid and over £500,000 for Asia earthquake victims and is a co-founder of the WalkTalk initiative. Zulfi is currently working with Gill Hicks, a survivor of the 7 July 2005 London bombings who lost her legs that day, and her husband Joe Kerr (both of M.A.D. for Peace), and Together for Peace to help develop [WALKTALK](#). This is a bold and challenging nationwide initiative which aims to bring together people who may otherwise never meet, never talk and, almost certainly, never walk side-by-side.

Zulfi again praises BT's flexibility and support, adding that team members and managers have also supported him personally in these projects.

Sexual orientation

We aim to ensure that employees of every sexual orientation are supported, represented and heard in BT, including transgender employees – those who consider themselves to be of the opposite gender to their biological sex.

Anne Heal, an Openreach Board member, is our executive champion for our lesbian, gay, bisexual and transgender (LGBT) employees. Other champions in our People and Policy team also provide leadership and support, and work closely with BT Kaleidoscope, our LGBT people network.

In 2008, we strengthened our relationship with [Stonewall](#), a UK campaign group supporting lesbians, gay men and bisexual people. We came 11th in their 2008 [Workplace Equality Index](#) of the top 100 employers for gay people in Britain (13th in 2007), with an overall score of 90% (87% in 2007). BT Kaleidoscope was voted runner-up in Stonewall's Employee Networks Review in 2008, 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. See the case studies to see how LGBT employees feel about working in BT.

Some interesting facts

- During March 2007, BT 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.
- During BT Diversity Week in November 2007, our executive LGBT Champion, Anne Heal, hosted an event for lesbian and other female employees, in collaboration with the BT Women's Executive Network. Counsellor [Margot James](#), Vice Chairman of the Conservative Party, was the guest speaker. The event received a very positive response and demonstrated our commitment to collaborating across diversity strands in areas of shared interest.
- In November 2007, BT Kaleidoscope launched a new brochure, Out and About. This brochure aims to increase understanding of Kaleidoscope and LGBT people within BT, to demonstrate how we support LGBT people inside and outside BT, and to showcase some of the great things LGBT people are doing in the company.

Disability

2.70% of our employees have declared a disability – 3.13% of non-managers and 1.89% of managers.

Our principles

We continue to work hard to make it straightforward for disabled people to work in BT through employee advocacy, awareness raising and providing the right support when it is needed. Our leadership in this area is recognised. We were recently awarded the gold standard in the [Employers Forum on Disability 2007 benchmark](#), and had our [Two Ticks](#) status renewed. This is a UK scheme which recognises companies that go the extra mile to create inclusive workplaces.

When our people require changes to their job, or new equipment, technology or services relating to a disability or impairment, they can seek advice from our [award-winning](#) Enable programme, provided by independent disability consultants, [Minty and Friend](#).

See the case study for examples of how we have supported employees with disabilities.

BT passports

BT passports are aimed at employees with caring responsibilities, a disability or mental ill-health. They are designed to help people talk to their managers about their circumstances. The passports, which can be completed, as you would a personal profile, were jointly developed by BT and the trade unions that represent our people, which continue to support the initiative.

Integra2 in BT Spain

The Integra2 programme aims to increase the number of people with disabilities in BT Spain. Along with the Adecco Institute and the Business Institute, one of Europe's top business schools, BT Spain set up a grant to cover the cost of a Masters degree in Management in Telecoms and Digital Business. The grant is available to people with disabilities only, and aims to increase the number of disabled people with the relevant skills and experience to work in BT Spain.

The Undiscovered Workforce

We continue to develop our partnership with Prospects, the employment

agency of the National Autistic Society. In November 2007, we hosted a conference called the Undiscovered Workforce to raise awareness of autism and encourage our line managers to consider vacancies particularly suited to people with Asperger Syndrome.

Our Asperger Syndrome website, created by BT employee Sarah Hewitt who has the condition herself, supports other employees with Asperger's, as well as their managers, employees whose children have the condition and

others with an interest. Sarah is working with our customers to understand how we might expand the website to share knowledge and experience with them.

Our Working with Asperger Syndrome factsheet, featuring Sarah and other BT people with the condition talking about their personal experiences, is described by Prospects as "one of the best".

Discussing dyslexia

During the 2008 financial year, we ran a number of initiatives to increase awareness of dyslexia, which is thought to affect over 10% of the population.

Representatives from the British Dyslexia Association and Remploy joined us for an online meeting entitled Discuss dyslexia, which was hosted by BT's People and Policy Director, Caroline Waters, who has dyslexia herself.

Our Working with Dyslexia factsheet, written in partnership with the Communications Workers Union and "Crystal Marked" for clarity by the Plain English Campaign, helps many BT people to investigate their condition and ensure they have the tools they need to support them at work. BT people share ideas and practical hints and tips on working with dyslexia through regular online meetings and an interactive website.

Case study

Supporting people with disabilities

Karen Macdonald was one of our first female engineers in Scotland. Soon after Karen returned to full-time work following maternity leave, she was diagnosed with Multiple Sclerosis. When her symptoms worsened, Karen became a home worker and to attend team meetings in her wheelchair. BT took a flexible and inclusive approach and retrained Karen so as not to lose a valued employee, while ensuring that she has time to be with her family and manage her disability.

Martha Wiseman is a member of Able2, BT's Disability Network. Martha had a mental breakdown after a difficult period as the long-term sole carer of her mother who has dementia. Following regular meetings with her manager, Martha eventually returned to work full-time work. She is a powerful employee advocate for mental health issues, and works hard to remove the stigma often attached to mental ill health, despite it being a common condition that will affect one in four of us at some point in our lives. During the 2008 financial year, Martha took part in BT Work fit: Positive Mentality, a campaign to tackle mental ill health, hosted a web chat with other BT people during BT Diversity Week, and appeared on the [BBC News](#) in December 2007 to discuss BT's inclusive approach.

Health, safety & wellness

The health and safety of everyone working for BT is a key priority. We systematically assess risks and operate rigorous management systems to make our workplaces as safe as possible.

Health and safety is not just about avoiding accidents – it also involves protecting our employees' physical and mental wellbeing. We provide information and support so that employees, and their families, can make the right choices to stay healthy. This helps improve productivity and the costs to our business of time away from work.

We focus on a number of health, safety and wellness risks:

- Driving at work
- Fires and incidents on BT property
- Health while travelling abroad
- Health in our call centres
- Injuries while working on the network
- Mental wellbeing
- Physical wellbeing
- Managing contractor Health & Safety

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 sickness.

In 2008, we achieved a 21% reduction in the rate of lost time injuries. There was no change in rate of general sickness absence. During the year, there were no work related fatalities involving BT People.

Here we discuss:

- Health and safety implementation
- Health and wellbeing
- Stress management
- Occupational road risk management
- Health and Safety partners in the BT Unions

- Health and Safety Performance

Health and safety implementation

Policy

Our [business principles](#) commit us to caring for the health and safety of each other, our products and our operations.

Our policy, known as our health and safety guiding principles [embed link to pdf] outlines our commitments, governance structure and our expectations of employees.

Governance

BT's Chief Executive, Ben Verwaayen, has overall responsibility for safety performance at BT. Each of our group business' CEO's are responsible for safety performance within their sphere of control. Line managers are responsible for implementing our policy.

Each group business appoints a health and safety champion who reports directly to the CEO.

Management systems

BT group businesses operate their own health and safety management systems. These include an annual health and safety plan, with objectives and targets. Our businesses report annually on progress against these plans.

The safety champions audit the management of health and safety in their business. They make recommendations for improvement and follow up to make sure these have been implemented.

Risk assessments

Our businesses maintain a comprehensive inventory of physical, chemical and mental health hazards. They conduct risk assessments and put in place measures to control these hazards. Our businesses provide information to our employees, contractors and customers on hazards that have not been eliminated and the risks they present.

Employees involved in hazardous tasks (e.g. working with creosote) undergo regular checks to ensure their health remains unaffected.

Training and awareness

We raise awareness and provide training so that all employees understand the risks they face and how they can control those risks. We aim to create a culture where safe behaviour is the norm.

Health and safety performance

Our lost time injury incidences and sickness absence rate are both key performance indicators.

Lost time injuries

There were 352 LTI incidences in 2008. These were all in the UK where 82% of our employees are based, and where we employ many engineers and other workers more likely to come across workplace hazards. Our global business did not report any incidences.

Our global lost time injury rate was 0.188 per 100,000 working hours, down 21% from 0.238 the previous year. Our target for 2009 is 0.186.

Sickness absence rate

Our sickness absence rate – the percentage of calendar days lost to sickness absence – was 2.43% in 2008, no change on last year. Our target is to reduce this to 2.2% in 2009.

There were 563 cases of work-related ill health in BT last year. These were predominantly musculoskeletal disorders such as back problems and mental health issues such as stress.

Health and wellbeing

Our Work Fit programme encourages our employees to adopt healthy lifestyles. This helps create a more productive and energised workforce, and reduces costs from time away from work due to illness. Since its launch in 2005, we have run initiatives on:

- Reducing heart disease
- Smoking cessation
- Mental health
- Cancer prevention
- Improving diet and exercise

In the 2008 financial year, we launched the 'Cancer and You' campaign, with support from the charity Cancer Backup. This helped our people to understand the lifestyle choices that increase the risk of cancer and how to identify the early signs of illness.

The campaign also provided information on how to support people at work who are undergoing treatment, or recovering from cancer. The campaign was delivered through various methods including a launch event at the BT Centre, radio adverts, downloads which included posters and the BT Intranet website.

Stress management

Stress is a significant cause of time away from work. We work hard to help our people recognise and deal with everyday pressure and work-related stress.

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 designing roles appropriately, e.g. 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.

BT's strategy for mental wellbeing

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 site and through education initiatives such as Positive Mentality (see case study).

Secondary: Identifying early signs of stress and supporting individuals

STREAM, our 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 people suffering from stress to 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.

Case study

Mental health

Martha Wiseman, a BT Business Consultant, suffered a breakdown after her mother who had been diagnosed with dementia was left incapacitated after falling and breaking a hip. The extreme stress of being a long-term sole carer in this situation meant that Martha stopped sleeping, was unable to cope with work and every task became too much to handle.

During her time away, Martha had regular meetings with her manager so that she didn't lose touch with her role and colleagues. This helped her to resume where she left off when she came back to work full time in her old job.

Martha benefited from the BT Work Fit, Positive Mentality programme, set up to help people tackle mental health problems at work. The 16 week online course provided simple advice on how making small changes can improve mental wellbeing and reduce the risk of illness. The programme was designed with the help of the Sainsbury Centre for Mental Health, and was run in partnership with the Communication Workers Union and Connect. The charity MIND also ran a series of road shows at main BT sites across the UK.

Martha now shares her experience with her colleagues to help reduce the stigma around mental illness and to encourage people to speak up about their problems.

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 arrangements for training safety representatives and establishes a framework to promote co-operation between BT managers and 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.

Occupational road risk management

BT has a fleet of just under 43,000 vehicles in the UK. With so many vehicles on the road, there is a significant risk that our people will be involved in accidents, injuring themselves and others.

Starting Point is our programme for reducing occupational road risk. Drivers are individually assessed to identify factors that contribute to a higher risk of accidents and are offered tailored support to minimise those risks. This includes online training to improve driving skills and encourage safer attitudes to driving.

By the end of the 2008 financial year, more than 50,000 BT drivers had taken part.

Family members of our employees can also join the programme.

Outside the UK

We will also be introducing road risk programmes in other countries/ regions where the occupational risk is deemed significant. This will be confirmed within country/ region health & safety plans.

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 5.04 during the 2008 financial year (see Note 3)	BT will maintain the 2007/08 level of employee engagement, 5.04, as measured by its annual employee attitude survey.
Diversity	A measure of the diversity of the BT workforce	BT is in the top 10 placement in 4 out of the 5 major diversity benchmarks (See Note 5).	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a global diversity benchmark.
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	0.188 cases per 100,000 working hours.	Reduce to 0.186 cases per 100,000 hours.
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 2.2% calendar days lost due to sickness absence

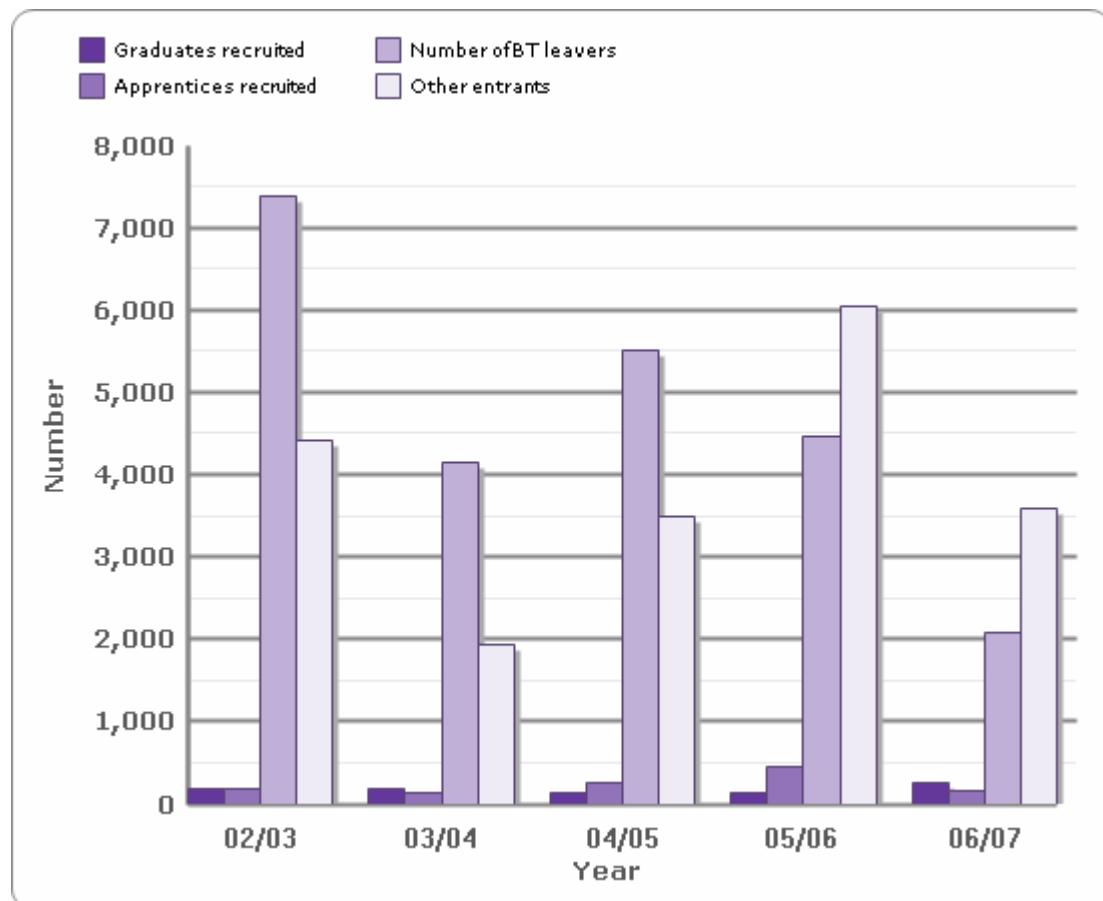
Note 3: In 2007/08 the Employee Engagement Index was based on an average of the mean results across a reduced number (4) of key questions so a comparison with the 2007 score of 65 is not possible. Using the same calculation method the 2007 EEI was 5.07.

Note 5: This includes the Schneider Ross Global Diversity Network in fulfilment of the 2007 target.

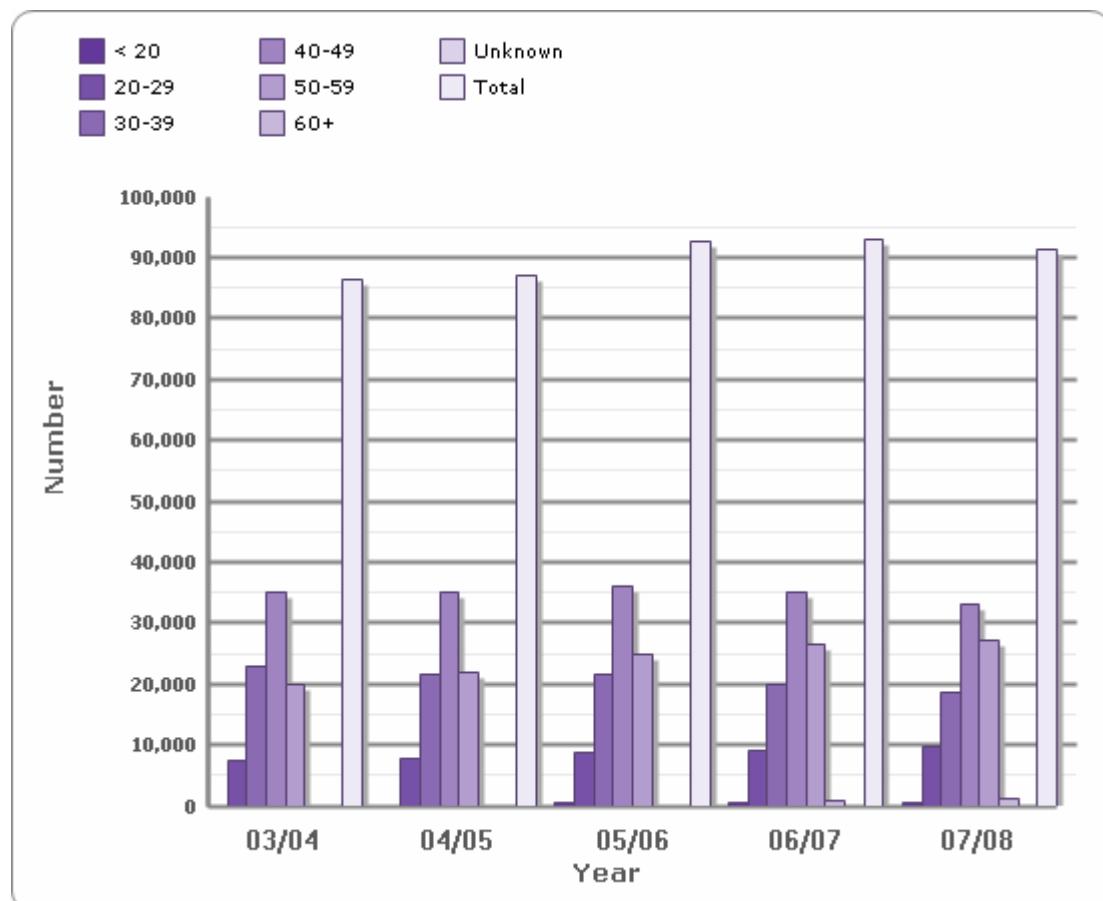
Employees Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will maintain the 2007-8 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey		New
April 2008	March 2009	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a Global diversity benchmark		New

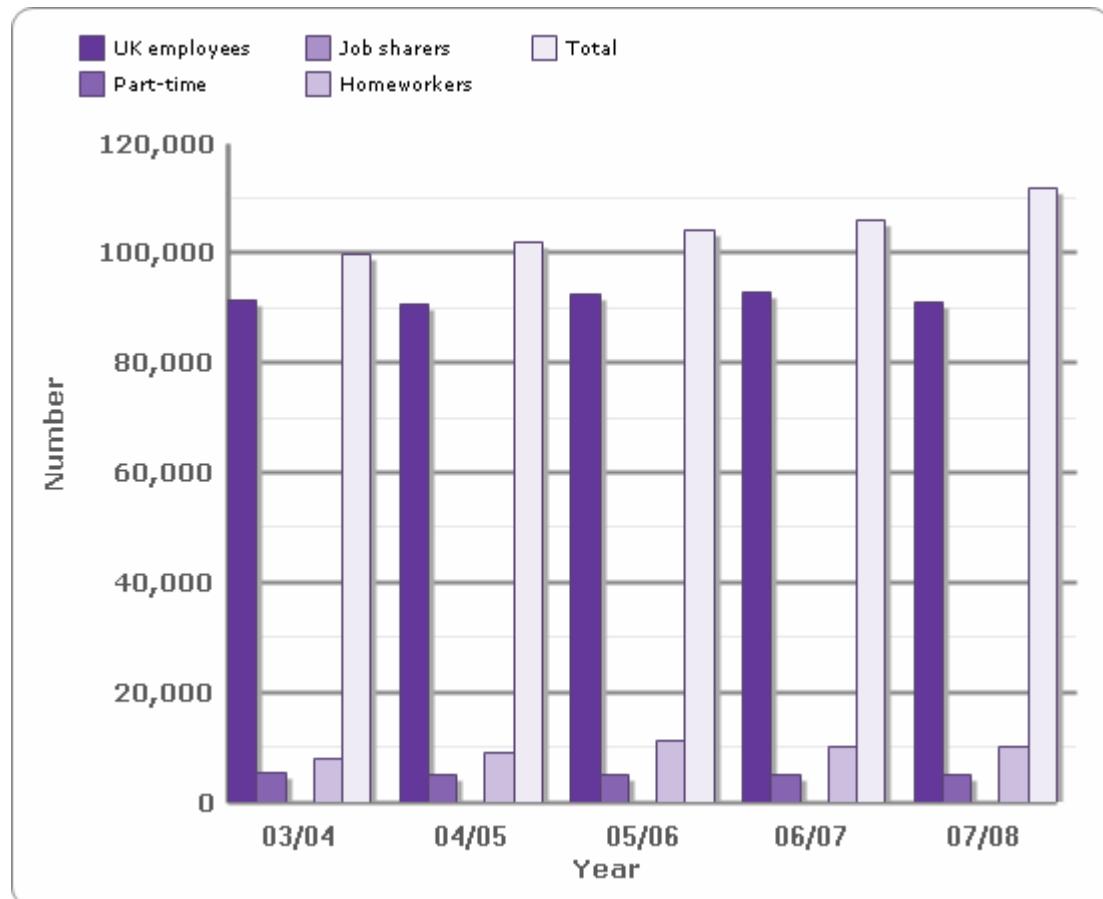
Recruitment



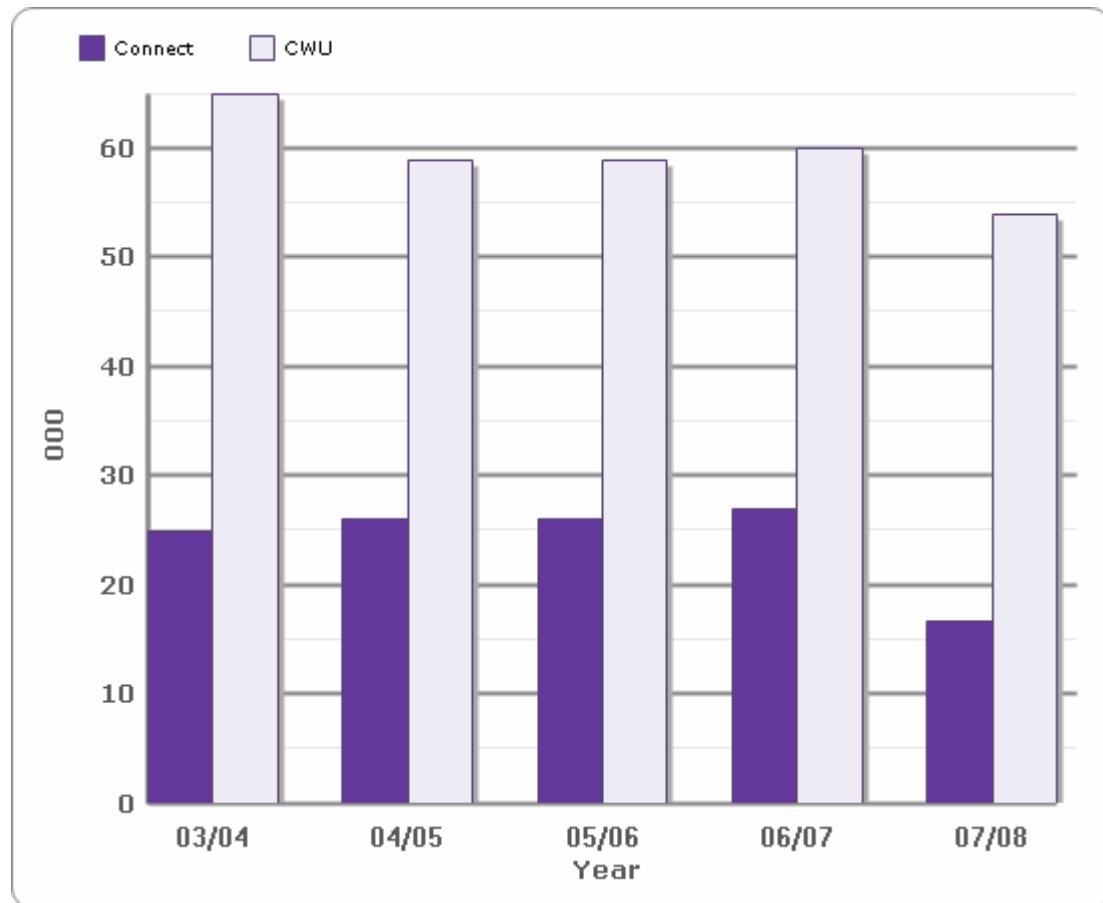
Age Profile (UK)



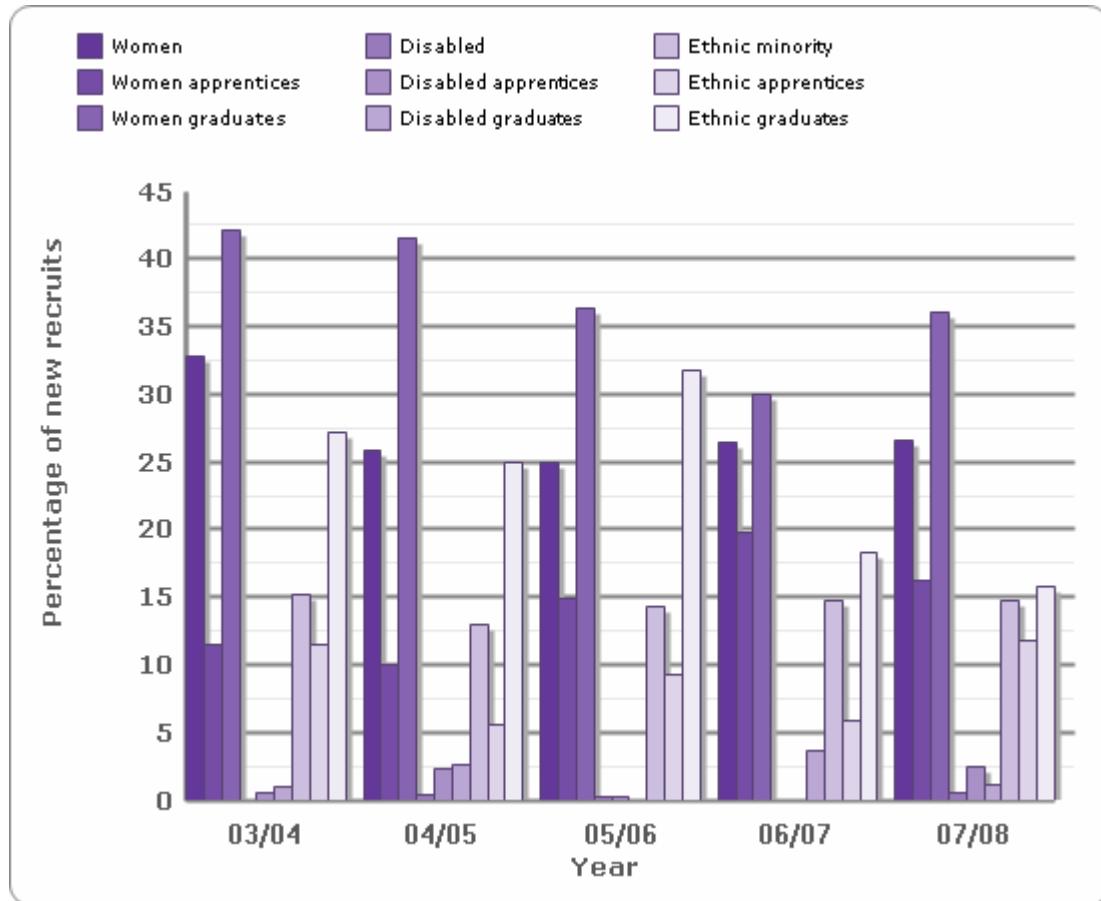
Number of employees



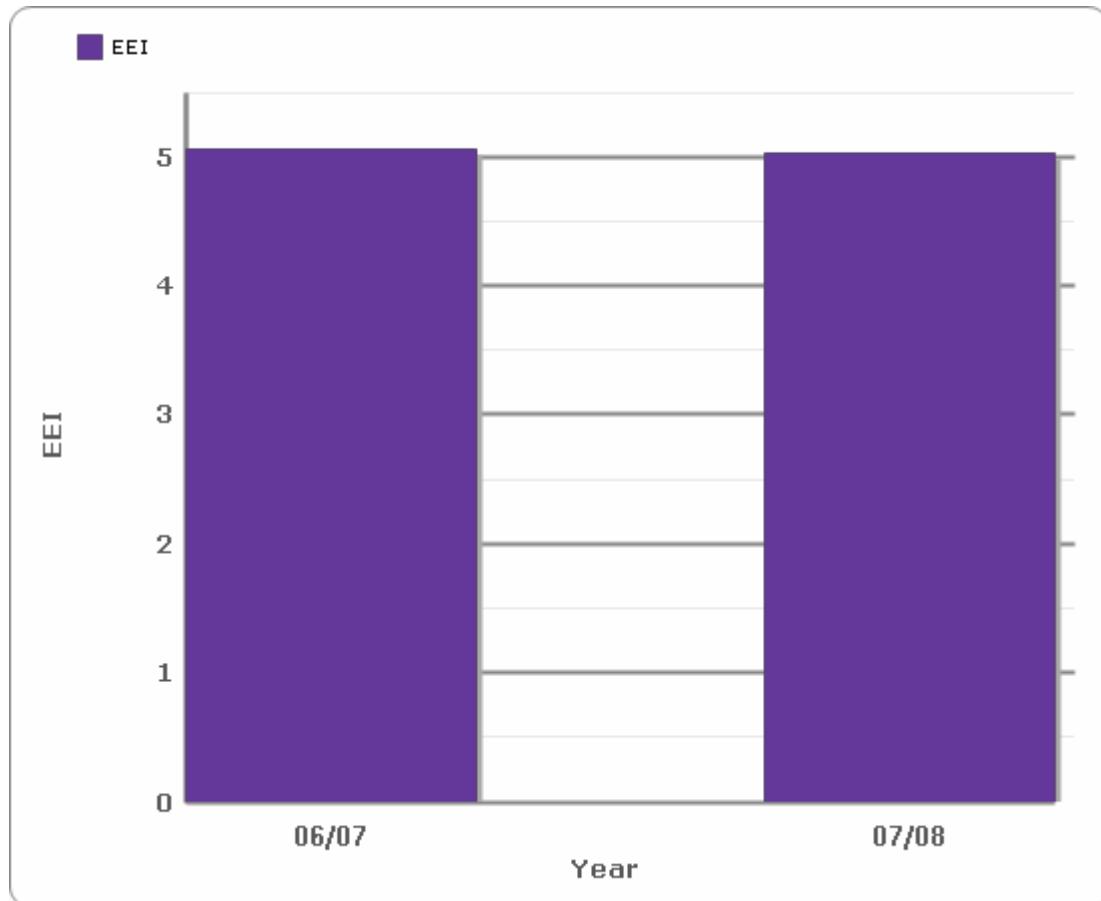
Employees represented by a trade union (percentage)



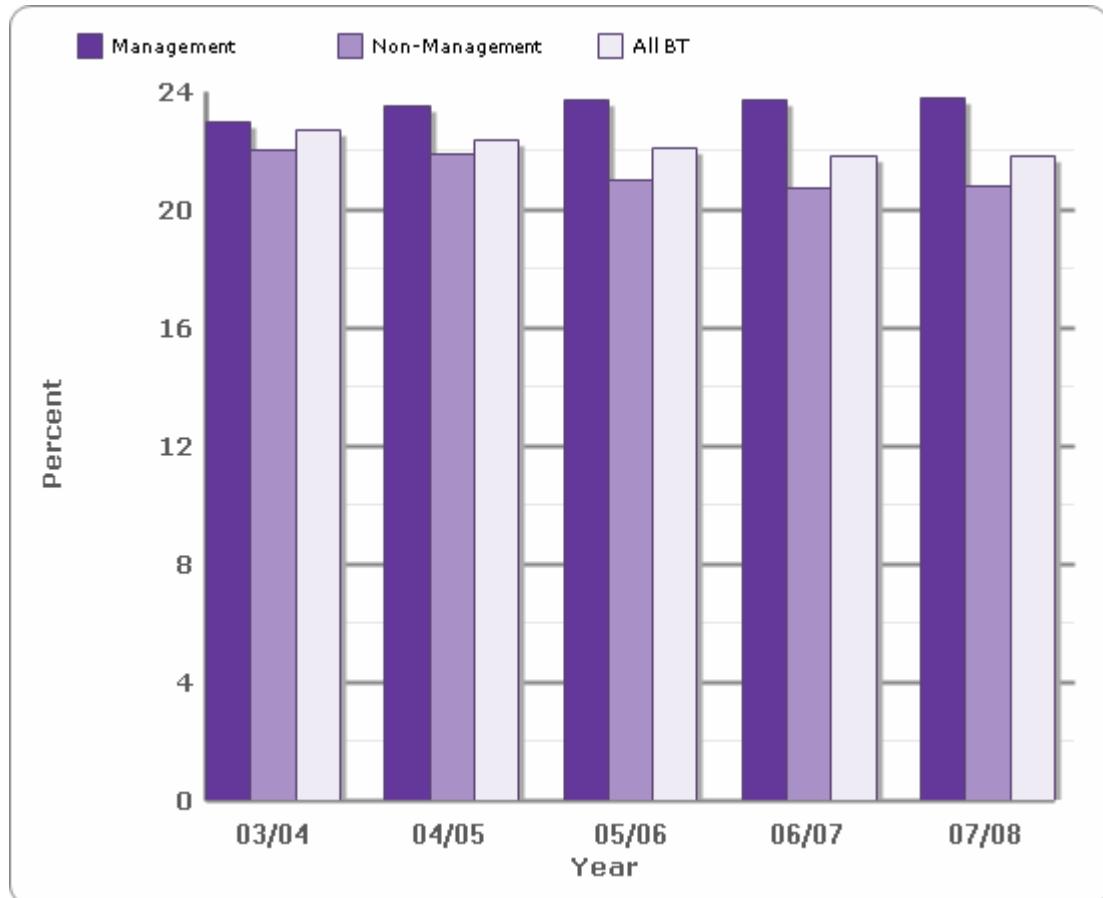
Diversity recruitment



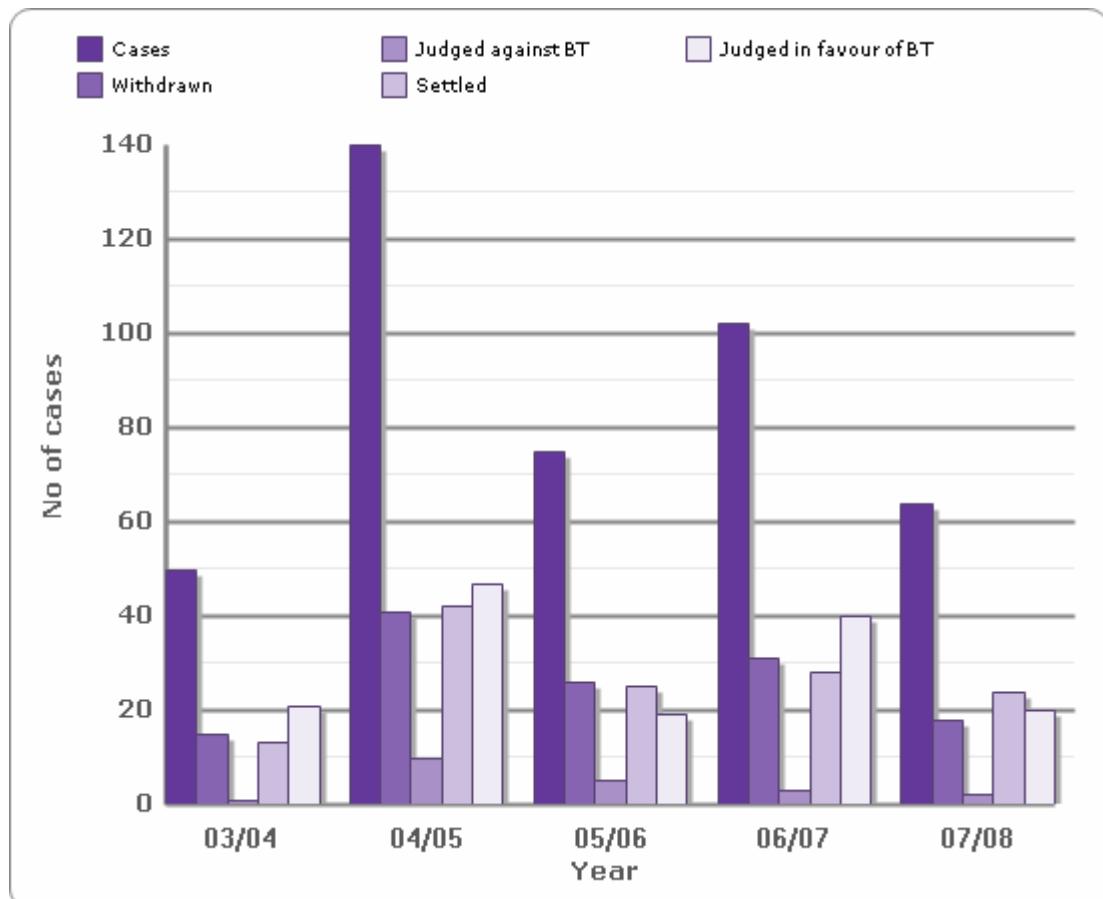
Employee Engagement Index



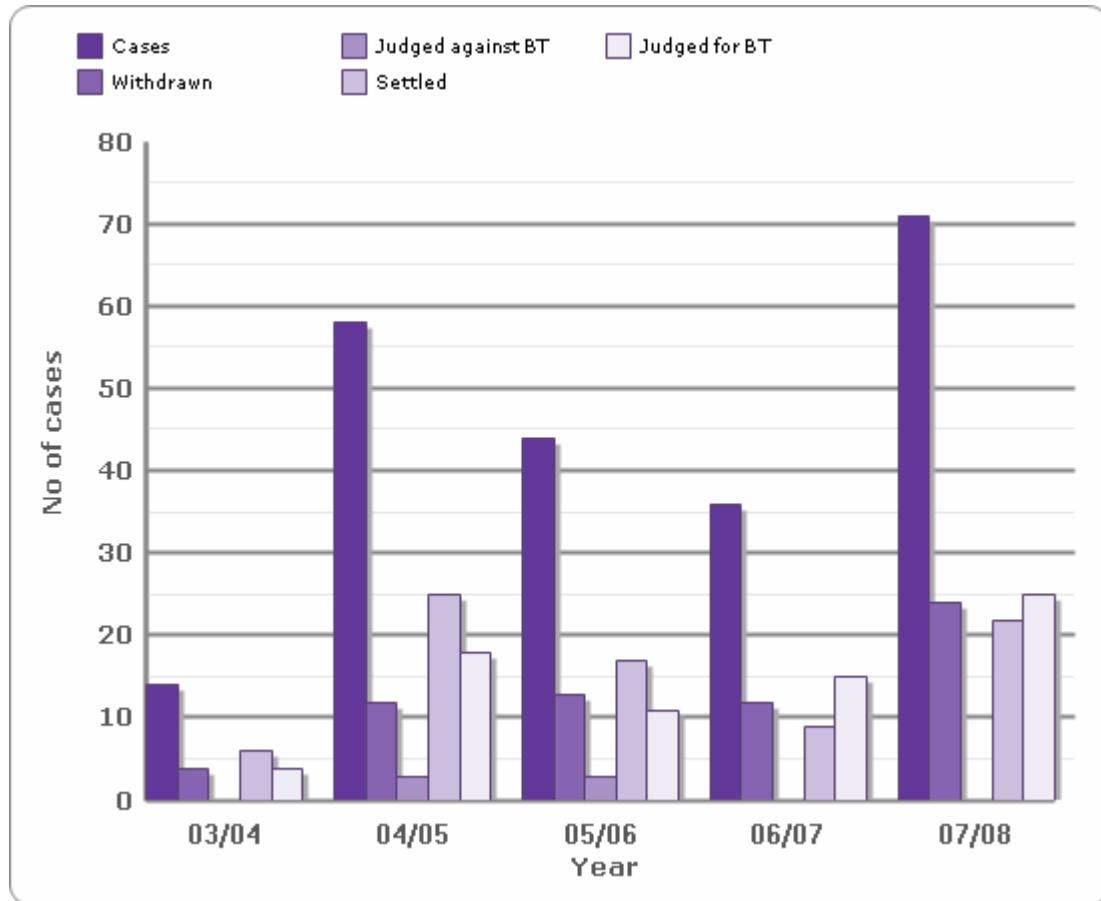
Diversity (Women Employees)



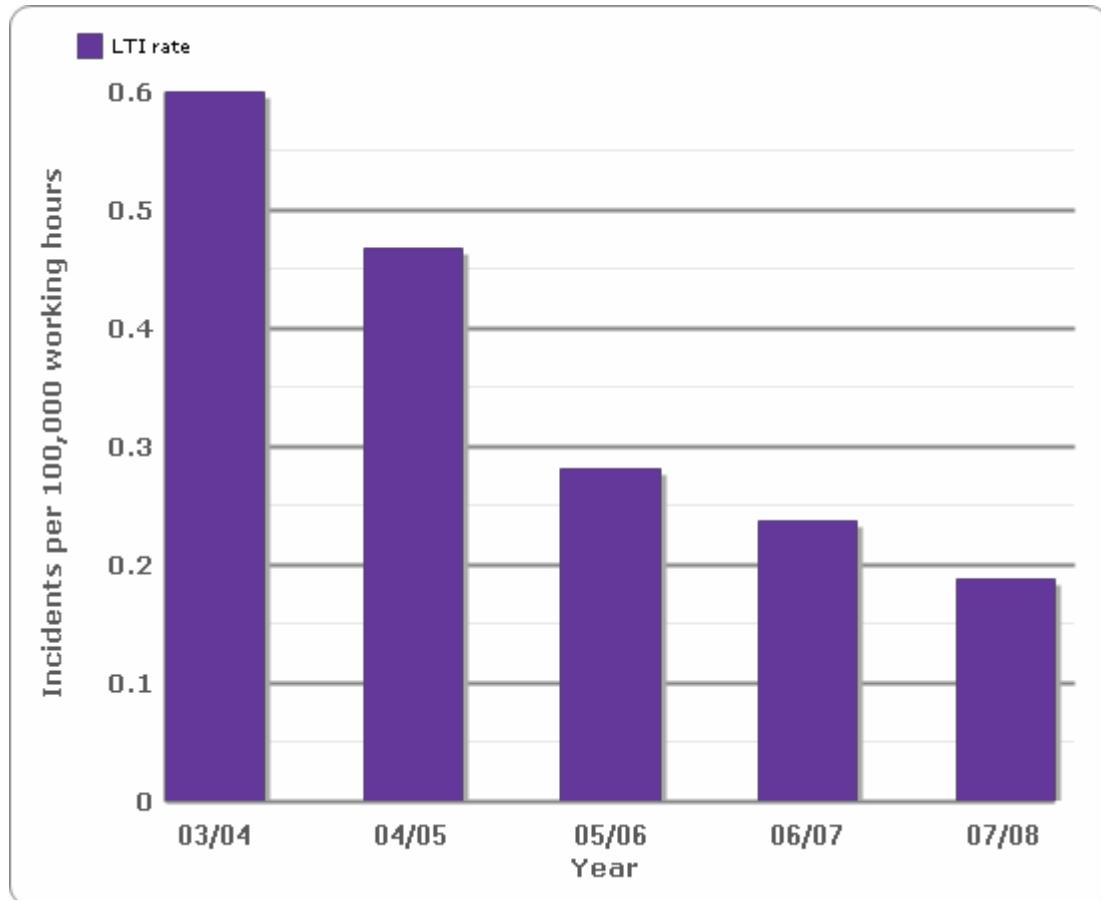
Employment Tribunal Cases



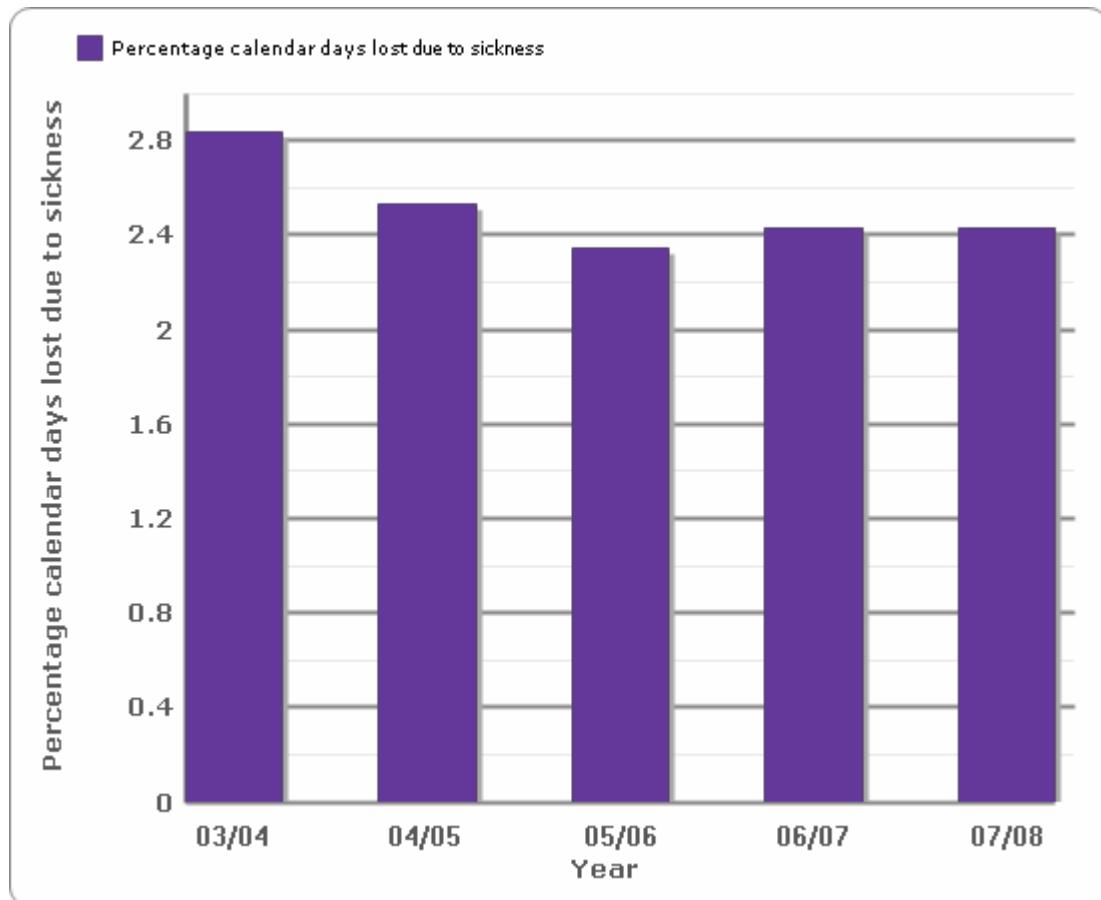
Discrimination Litigation



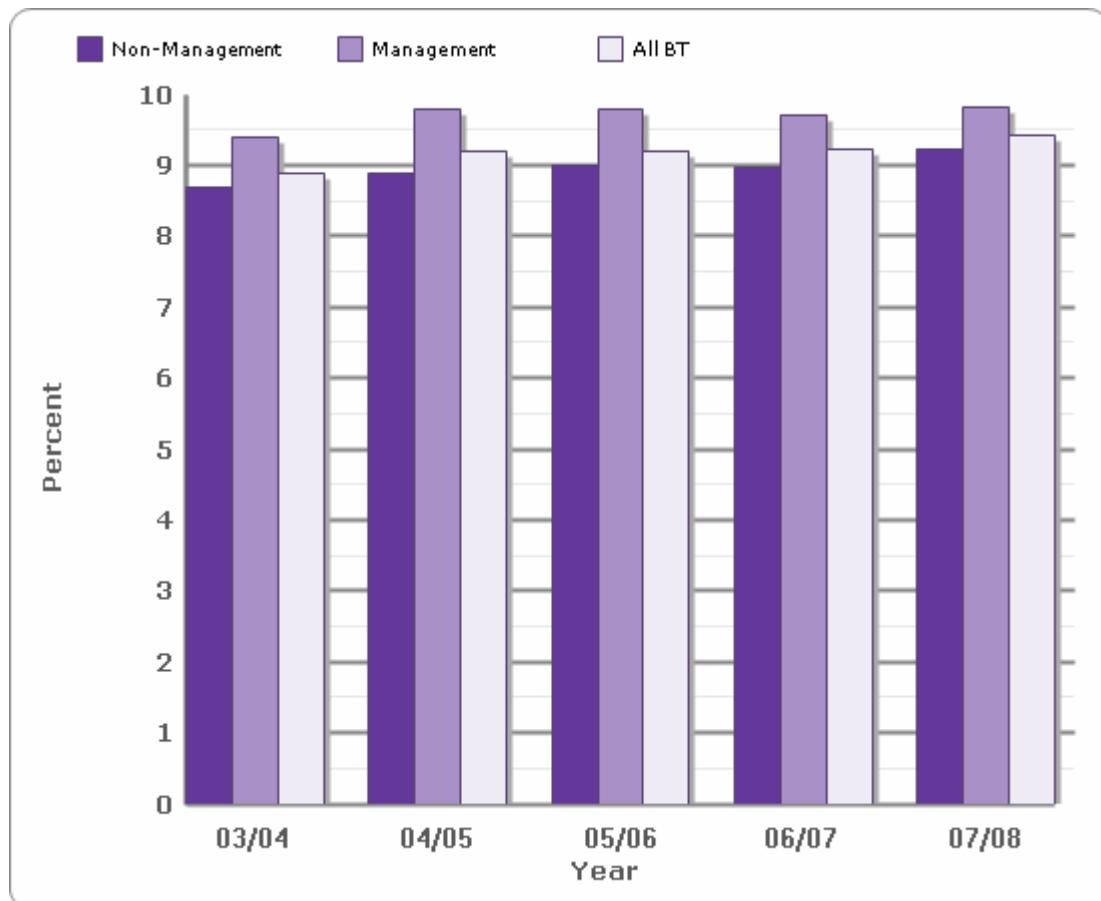
Lost Time Injury Rate



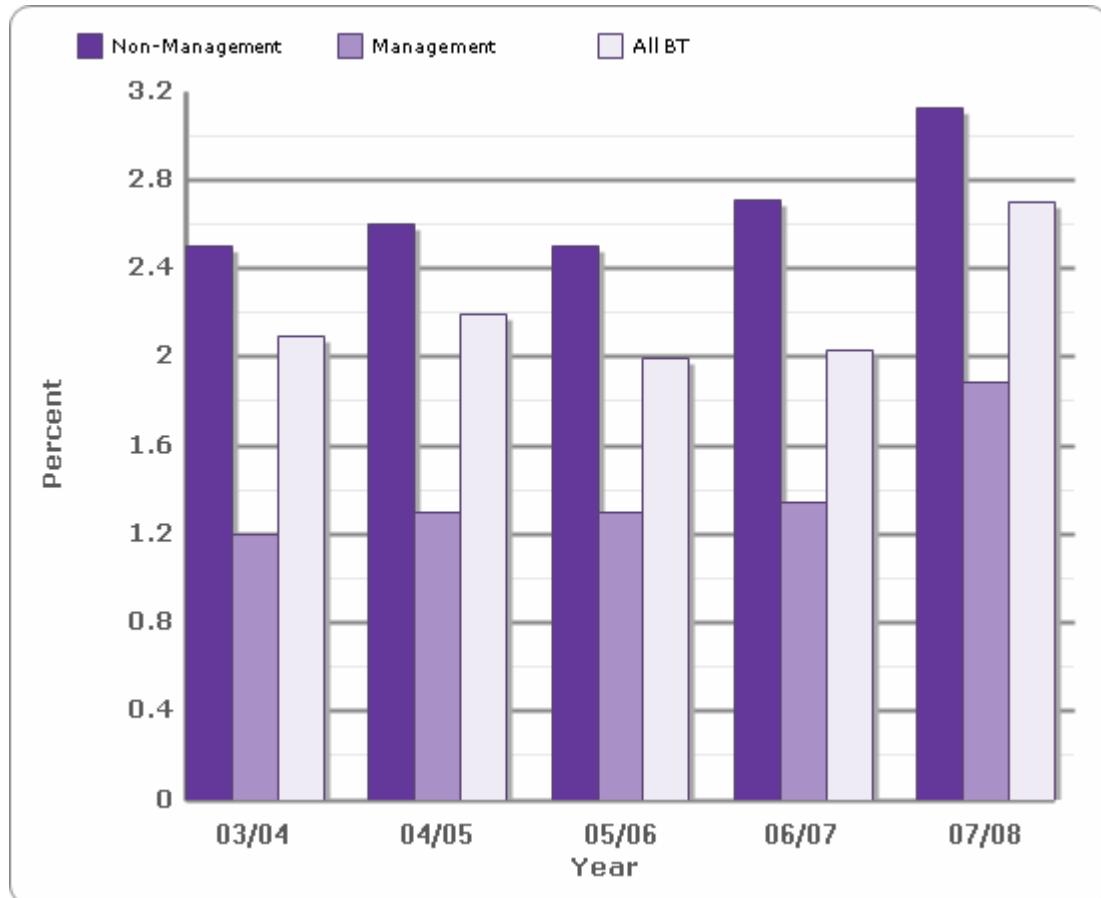
Sick Absence Rate



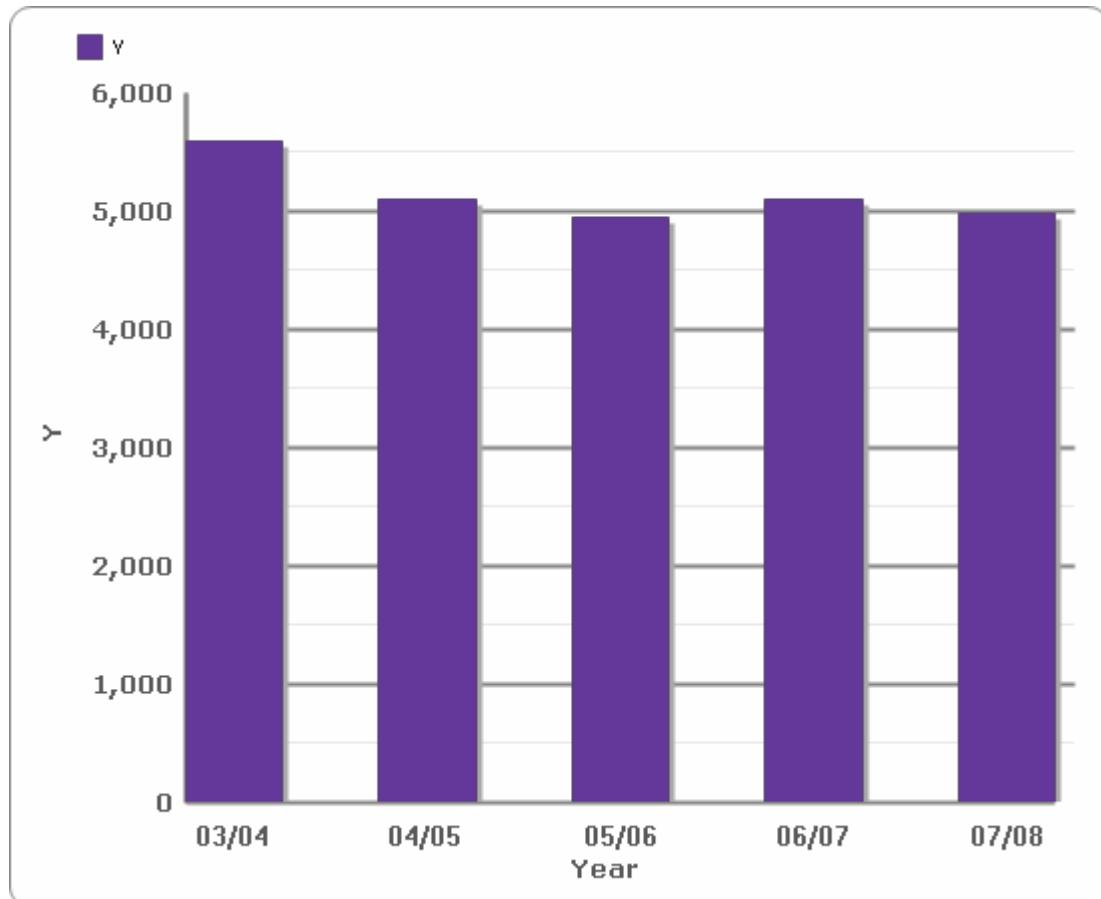
Diversity (Ethnic Employees)



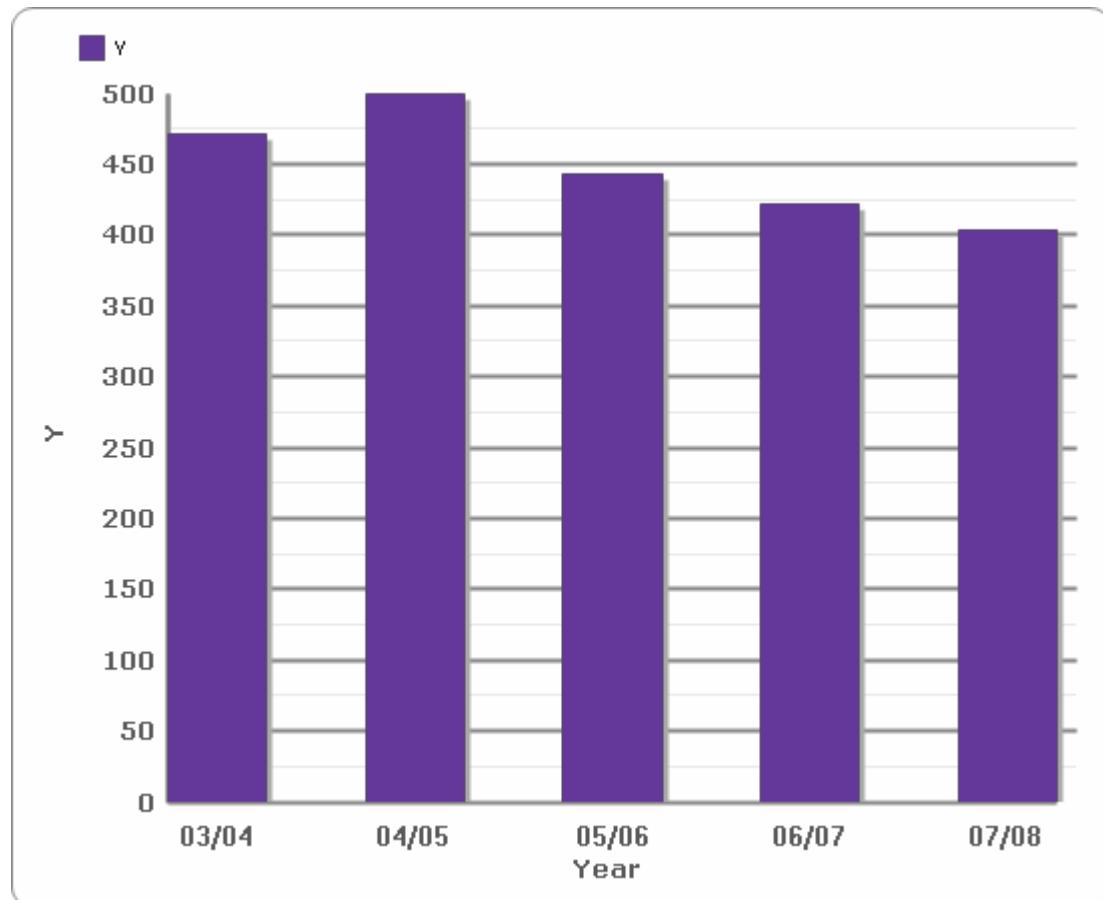
Diversity (Disabled Employees)



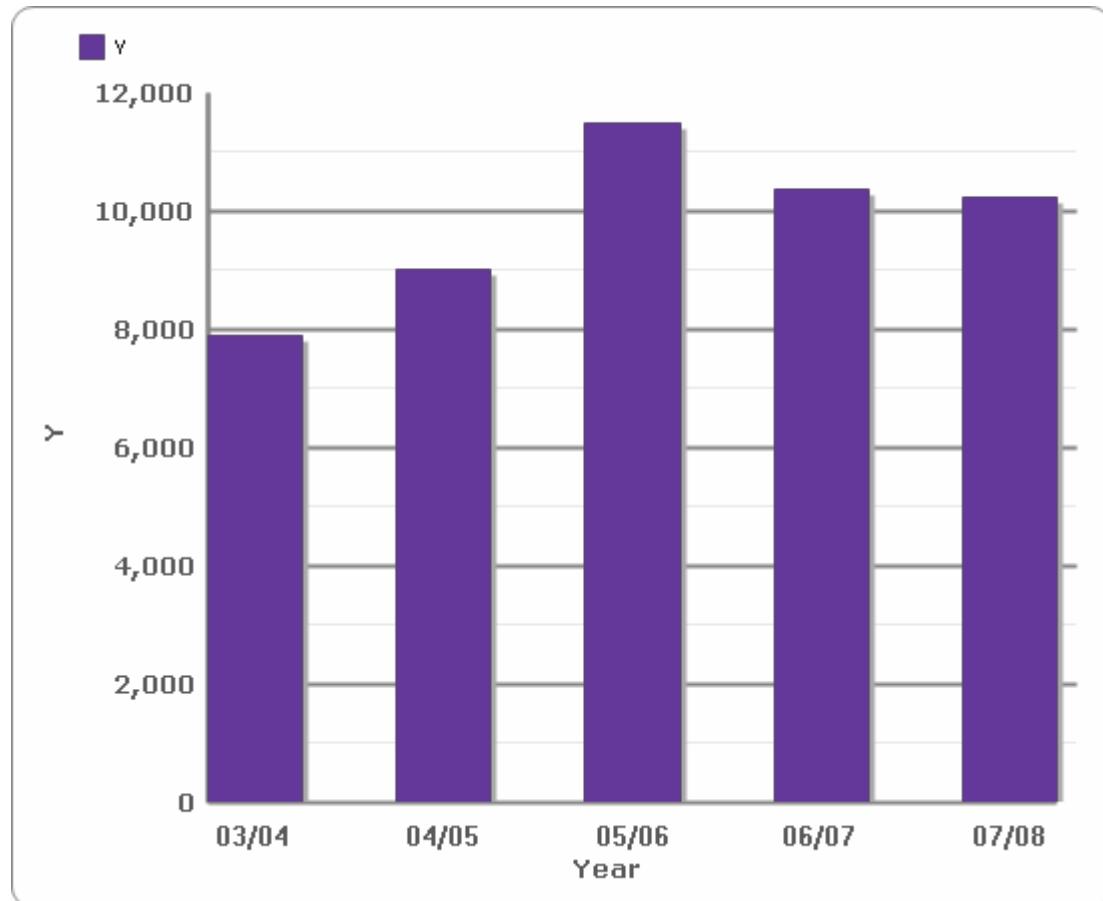
Part Time Employees



Number of Job Sharers



Homeworkers





Bringing it all together

BT's Sustainability Report

2008

Environment



let's make a **better** world

Environment

Telecommunications is perceived as an environmentally sound technology and is cleaner than many 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.

Our products and services also benefit the environment by allowing people to meet and do business without needing to travel, and can help reduce the consumption of finite resources.

We aim to manage our business to minimise negative impacts to the environment and to maximise the benefits we bring.

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 the international standard ISO 14001:2004.

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

In the 2008 financial year:

- We successfully maintained our ISO 14001 UK certificate following the assessment of our EMS
- BT Belgium, BT Ireland and BT Italy all achieved certification to ISO14001. Work to implement the standard is underway in BT America, where we hope to achieve certification in the second quarter of the 2009 financial year. Work has also begun in Germany and The Netherlands.

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. Last year, we found the need to make some processes, and the areas and people responsible for them, more visible. To address this issue we purchased a web-based environmental information system, called enviroMANAGER™. We have not yet fully implemented the system but the software has already brought a number of benefits e.g. greater visibility of people and activities, direct links from aspects to legislation and the ability to prove compliance with legislation.

In the 2009 financial year we will carry out an in-depth review of how we manage environmental issues, to ensure this area aligns with other areas of our CSR strategy, including sustainable economic growth and digital inclusion.

It will include a detailed assessment of the structure of our management system and governance arrangements for environmental management.

Environmental impacts

Here we will be exploring our performance in each risk area:

- Fuel, energy and water
- Waste
- Transport
- Emissions to air
- Procurement and the environment
- Product stewardship
- Local environmental impacts

Environmental Policy

Our Environmental policy guides our environmental work and commits us to setting improvement targets and closely monitoring our environmental performance.

We communicate our environmental objectives, action plans and achievements to help every BT employee 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 has ultimate responsibility for the company's environmental policy and performance. The Company's Committee for Responsible and Sustainable Business (CRSB) oversees the implementation of all social and environmental programmes across the BT Group. The CRSB meets quarterly and regularly reports to the Board. It is chaired by BT's Chairman Sir Michael Rake. BT's Environment & Climate Change Sponsor - with personal responsibility for environmental policy development, implementation and coordination – is Bruce Stanford, who attends the pre- CRSB meeting with BT's other Task Force Sponsors. The views of this forum are represented by the CSR Sponsor (Chair of pre-meetings), who also attends the CRSB.

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

We recognise that we have clear legal obligations for the management of our environmental programmes.

During the 2008 financial year, there was 1 environmental prosecution in the UK.

A Prosecution by the Environment Agency resulted in a fine of £3,000 and BT was ordered to pay £549 costs after pleading guilty on 10th April 2008 at Taunton Magistrates Court to erecting five telegraph poles within a flood defence at Riverside, Burrowbridge, on October 16, 2007, without consent from the EA under a local Land Drainage Byelaw.

Fuel, energy and water

We use significant amounts of energy to power our network and to heat, cool and power our buildings. This contributes to climate changes as carbon dioxide, by far the most significant greenhouse gas, is produced when fossil fuels are burned to produce energy.

We aim to reduce our energy consumption as much as possible by improving energy efficiency. We also buy green electricity and are installing onsite renewable technologies to help reduce our climate change impacts.

Here we describe how we manage our fuel and energy use. We also discuss our efforts to reduce our consumption of water.

- Energy consumption
- Energy efficiency
- Renewable energy

- Fuel Storage
- Water use

See [Transport](#) for information on how we are reducing fuel use in our fleet.

Energy consumption

We closely 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 helps us to quickly identify wasted energy, rather than relying on a monthly bill.

Energy consumption for BT's network and estate during the 2008 financial year was 2,636 GWh. This was made up of:

- 2,030 GWh electricity (approximately) to run our networks including data centres
- 216 GWh electricity (approximately) used at our office premises
- 390 GWh (gas and oil use) as heating fuel at all our sites.

Trends in energy use

Our investment in energy management has helped to keep our energy consumption at a relatively constant level for the last five years, while our business has grown.

This year our electricity consumption increased by 1.8% which is mainly due to improved products, for example highspeed broadband, offered to our clients. This increase has been offset by a number of energy efficient measures implemented within BT ([See energy efficiency](#))

We are implementing our new carbon strategy, which includes a goal to reduce carbon dioxide emissions from 1996 levels by 80% by 2016. This will be achieved through energy and carbon management in our network and buildings, on-site energy generation and purchasing green energy. For more information see [Climate change](#).

With no major changes expected in the size of our estate, we are focusing on reducing our use of heating fuel (gas and oil) and in the last financial year this has reduced by around 6%. We measure our consumption and make annual comparisons of usage after weather conditions are taken into account (using degree days – see [Environment glossary](#)).

Network energy use

Network 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 source most of this energy from the grid.

We have generators installed across our network sites to meet demand during peak times and to provide electricity during supply failures to ensure service without interruptions. In the 2008 financial year, we generated 2.1 GWh of electricity predominantly through running our generators as routine maintenance.

We will need more energy to power our fast-expanding networks. We are working hard to improve our network growth forecasting and to accurately assess the impact of broadband on energy demand. This will help us put measures in place to manage this increase.

We have set a target to reduce energy demand per line by around a third, compared with the existing network.

Buildings energy

Building energy includes all the electricity, oil and gas required for more than 1,000 offices, warehouses and depots used by BT. We are reducing energy used in our buildings through our rationalisation and refurbishment programme and by making our buildings services equipment more efficient.

In the 2008 financial year, the amount of energy we used for heating was 390GWh, a reduction of 6% on the previous year. However weather corrected heating efficiency increased by 3.8%. Average degree-days (see [Environment glossary](#)) for the year were approximately 10% higher than in the previous year.

Energy efficiency

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

In this section we describe some of our initiatives to improve the energy efficiency of our operations. For more information see [Climate change](#).

Our BT Operate business deploys and runs communications services over our core network and is responsible for implementing our 21st century network. During the year, BT Operate reduced energy use by 14GWh (equivalent to 7400 tonnes of Carbon) through its energy management programmes. This achievement helped us to maintain our ISO 14001 certification.

Energy benchmarking and surveys

Our web-based electricity reporting system, updated every half-hour, helps us identify waste and opportunities to cut energy use.

Our contracted facilities management team conducts surveys at poorly-performing sites, to minimise energy and water consumption. We also conduct energy surveys in our network buildings and commission surveys from specialist consultants.

Efficiency in building services

As we rationalise and refurbish our premises, our overall buildings 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. BT is also implementing initiatives to reduce energy consumption on existing air-conditioning equipment to ensure we optimise energy use.

We look at the whole life of our building services equipment when we assess its cost. This assessment includes energy efficiency. Buying more efficient equipment helps save energy and can reduce demand for cooling, cutting the costs over the whole life of the equipment. Further cost and energy savings can be made by replacing refrigerant-based cooling (air conditioning) with automated fresh-air cooling systems. This also reduces the use of refrigerants such as HCFCs which are powerful greenhouse gases.

We now optimise our building management systems within our buildings to ensure that we do not overheat or overcool our buildings, which eliminates further waste.

Energy efficiency of network equipment and data centres

We are transforming our telecommunications and data network through the 21st century network programme. Energy consumption is a key element of equipment specifications and we have set a target to reduce energy demand per line by around a third, compared with the existing network.

One component of this programme aims to reduce energy use in data centres and network nodes through more efficient energy use and switching off unnecessary equipment.

We use fresh-air cooling (as opposed to air conditioning) 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.

A number of initiatives have been rolled out across our data centre estate in order to reduce energy consumption. These include:

- Room lighting and control upgrade
- High efficiency HV transformer replacement
- Installation of individual circuit alarms and monitoring at various sites.
- Installation of high efficiency cooling (free cooling).

We aim to improve the design of our data centres and we have achieved this during last financial year by implementing server de-commissioning and achieved our goal of implement energy savings measures to deliver energy reduction of 5GWh per annum across the UK data centre estate. The total number of servers that were decommissioned during last financial year totalled 3,209 and equated to an approximate saving of 8.4GWh per annum.

Renewable energy

Nearly all of the electricity we use in the UK comes from renewable sources (42%) and combined heat and power (CHP) plants (56%). We have also negotiated low-carbon energy contracts in Ireland, France, Germany and Italy.

Supplies of renewable energy in most countries, including the UK, are limited. In the 2008 financial year, we announced plans to develop our own wind-farms. This is the UK's biggest corporate wind power project outside the energy sector and will produce up to 250 MW of our UK electricity consumption, by 2016. We are identifying suitable sites and expect to start generating power in 2012. We are also exploring renewable projects outside the UK. Our US headquarters are powered by photovoltaic panels.

This year, our use of renewable energy cut our carbon dioxide emissions by approximately 821,000 tonnes.

On site renewable technologies

We installed two, six kilowatt wind turbines and fifteen kilowatts of solar electricity cells on the roof of our Colombo House site in London. We also generate energy using wind turbines and solar at the Goonhilly visitors centre.

We are monitoring output at both these sites and are looking for opportunities to install similar equipment at other sites.

Fuel storage

We regularly inspect and test our fuel storage tanks to reduce the risks of leaks and pollution.

During the 2008 financial year, 251 buried tanks were decommissioned and replaced with 250 new double-skinned internal tanks, which meet strict environmental standards.

Incident reporting

Even with good controls, spills happen. We investigate any incidents promptly to reduce their severity and use the lessons learned to prevent a recurrence. 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 or the Scottish Environment Protection Agency are also informed.

Investigation process

In the 2008 financial year, a total of 7 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 2008 financial year was 4, the same as 2007, 60% lower than in 2007.

One of the incidents were classified serious and this is still under investigation; two were classified as significant (one is still under investigation) and one 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 2,242 litres. The largest of these being 2,209 litres, however the areas was cleaned up and reports indicated that no fuel had been lost to ground and had no impact on the environment.

Water use

We use water mainly for catering, washing and toilet facilities. All our sites have water meters which enables us to monitor usage.

In the 2008 financial year, we reduced water use by 4.5%, from 1.74 million cubic metres to 1.66 million cubic metres. This was achieved through efforts to detect leaks, replace pipes and install water-saving devices.

The 2008 financial year was our seventh 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 in 2007/08.

Waste

Waste is a key environmental issue for BT. 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.

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.

In this section we describe:

- Waste management
- Materials recycling
- Hazardous Waste

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 non-recyclable waste and sent for reprocessing. Non recyclable materials are sent to landfill.

We began to send our waste to MRFs in the 2002 financial year as part of the waste contracts managed on our behalf by our facilities management contractor.

We also run initiatives to collect recycled materials at our sites. As well as benefiting the environment this also makes good financial sense 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. During the 2008 financial year we introduced recycling schemes at 16 key sites for aluminium cans, plastic cups/bottles and newspapers/magazines.

This year we recycled 36,937 tonnes of waste, which represents 46% of our total waste. This is an improvement of 4% on the previous year

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

We have rigorous processes to effectively manage the production and disposal of waste. Effective waste management systems are a vital part of retaining 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 2008 financial year, we produced 79,759 tonnes of waste. Of this, 42,822 tonnes went to landfill, 22% less than in 2007.

We have assigned an 'owner' who is responsible for coordinating all BT's waste management processes to ensure that high standards are consistently applied across the company. This person chairs a waste forum, made up of the people who are directly responsible for our different waste streams. 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 2008 financial year we introduced a requirement for BT construction projects lasting longer than six weeks to join the Considerate Constructor Scheme. Sites registered with the scheme are externally assessed against eight criteria, including environmental performance. The assessment includes a review of how waste is managed and provides feedback on volumes recovered for recycling.

Hazardous waste

To comply with regulations we have registered with the Environment Agency around 5,000 sites in England and Wales which produce hazardous waste. Most of these sites are telephone exchanges.

Hazardous waste produced at these sites includes:

- Fluorescent tubes
- Refrigerants
- Batteries
- Clinical waste
- Oil
- Vehicle waste
- Gas cylinders

We have rigorous processes to ensure hazardous waste is handled appropriately. Disposal is managed by waste management companies, which are externally audited under our Duty of Care obligation.

Transport

We run a fleet of 32,451 commercial vehicles and 8,984 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.

We also 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.

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

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

In the 2008 financial year, we analysed the trend in CO2 emissions since the 2000 financial year of the company cars purchased by BT, where the model has been chosen by the employee. This year average emissions were 164.5 g of CO2/km compared to 208.6 g of CO2/km in the 2000 financial year - a 21% reduction in 8 years. This was partially due to an increased proportion of employees choosing diesel cars (77% compared to 24% in the 2000 financial year) which are more efficient.

Initiatives undertaken in the 2008 financial year

- Trained 50 engineers in fuel efficient driving techniques to assess fuel savings and determine our approach to future training.
- 4,299 new vehicles ordered during the 2008 financial year limited to 70mph (where this is offered by the manufacturer) and labelled with a 'green' message.
- Assessed the market for suitable electric vehicles to trial.
- Conducted a series of fuel trials as part of the selection process for new light and medium vans.
- BT Supply Chain consolidated it's deliveries to BT sites so that each site was visited just once a week instead of up to 5 times in a week. This resulted in a fleet reduction of over 70 vehicles.

Plans for 2009 financial year

- Conduct a trial of electric vehicles, with two manufacturers and two of our lines of business, to assess their financial and operational viability.
- Trial the use of bio-diesel.
- Conduct a vehicle data logging exercise to measure actual fuel consumption of vehicles and obtain a benchmark for future trials.
- Assess ways of promoting defensive and fuel efficient driving techniques.
- Assess the feasibility of limiting light commercial vehicles further from 70mph to 60mph.
- Tender the supply of a Business Need car, which attracts exemption from London congestion charging; currently lower than emissions band of 120 g of CO₂/km.
- Complete a review and collect data for all commercial, business needs and personal contract vehicles in use in BT locations globally in order to establish consumption and performance levels.

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

Emissions to air

Refrigerant gases that accidentally escape from air conditioning equipment are our most significant emissions to air, after carbon dioxide emissions from our energy use and commercial fleet.

We use air conditioning to cool network equipment. Where possible we use fresh air to cool our telecommunications equipment, including the 21CN Network. Where fresh air alone does not provide adequate cooling, we supplement it with refrigeration, which is only used on the warmest days.

All refrigerant emissions are believed to contribute to climate change. Some also deplete the ozone layer. We monitor all refrigerant emissions closely and report on our emissions in accordance with the requirements of the Greenhouse Gas Protocol (www.ghgprotocol.org).

We set targets to minimise the amount of refrigerant gases lost to the atmosphere, and review our performance and approach at regular meetings. We have met all our 2007/8 targets relating to refrigerant emissions and HCFC reduction.

We are phasing out ozone-depleting refrigerants, known as HCFCs, from our equipment. We are replacing these chemicals with HFC refrigerants, which do not deplete the ozone layer, but are powerful greenhouse gases and contribute to climate change.

The Montreal Protocol calls for the complete phase-out of HCFCs by 2030. The current EU legislative phase-out timetable states that HCFC's will not be able to be purchased after 31st December 2009 and virgin (non-recycled) HCFC's not used after 31st December 2014. All new equipment uses HFC gases.

In financial year 2008/09, we will introduce a programme to speed-up the phase-out of the HCFC, R22. We have trialled a replacement HFC refrigerant and we will begin changing systems to this alternative during 2008/09.

All new refrigeration units are sealed to prevent leaks. We monitor pressure using electrical devices called transducers instead of refrigerant analyser gauges, through which leakage can occur.

We are compliant with the EU Ozone Depletion Substances and Fluorinated Gas regulations, which aim to reduce emissions of fluorinated greenhouse gases covered by the Kyoto Protocol. We will develop a programme to conform to the F-Gas training requirements once these are available in July 2008. BT is represented at the F-Gas stakeholder meetings held by the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Enterprise and Regulatory Reform (BERR).

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

For BT, product stewardship is about making sure that the products we buy, use and sell are safe and have the lowest possible impact on the environment. This means minimising their impact when they are made, used and disposed of. We comply with regulations and legislation as a minimum.

Product stewardship is not just good for the environment; it also cuts costs by reducing energy and resource use and landfill costs. This benefits BT, our suppliers and our customers.

Environmental legislation

BT is affected by two key European Union directives designed to reduce the environmental impacts of the rapidly increasing amount of waste electrical and electronic equipment:

- The Waste Electrical and Electronic Equipment (WEEE) directive
- The Restriction of the use of Certain Hazardous Substances (RoHS) directive.

These regulations are either in effect, or coming into effect, across the European Union.

RoHS

The RoHS directive restricts the amount of hazardous materials used in electrical and electronic equipment (EEE). If this equipment is disposed of in landfill sites, the hazardous materials could leach into soil and waterways. If the equipment is incinerated the chemicals could cause air pollution.

We monitor the content of our products to ensure they comply with the RoHS directive. We banned certain hazardous materials, such as Cadmium and some uses of lead prior to the legislation.

We have a blacklist of banned materials and a grey list of materials giving cause for concern. We provide potential suppliers with these lists during our tender process.

We are continuing to monitor the situation with regard to the review of the RoHS exemptions being carried out by the Oeko Institute and have carried out an internal review of the use of Bromine flame retardants in BT's consumer products.

WEEE

The WEEE regulations state that manufacturers, brand-owners and importers of EEE are responsible for arranging and paying for the treatment and recycling of the equipment at the end of its life. Retailers also need to provide free take-back facilities for consumers wanting to dispose of old electrical equipment when purchasing equivalent new products. A national distributor take-back scheme is in place in the UK, which operates mainly at local authority recycling centres.

This regulation affects BT in three ways:

- As a producer. Although BT doesn't directly manufacture EEE, we take responsibility for BT-branded electrical equipment and for equipment which BT imports into other European Union member states.
- 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. We do this through our own website, <http://www.bt.com> and also through <http://www.dabs.com>, which we bought several years ago.
- As an end user. We use a lot of EEE in our own business.

We take a number of steps to fulfil our WEEE responsibilities:

- We make sure our buyers and product managers are aware of the legislation and regulations that apply to BT. We train all our buyers in product stewardship, including legal and regulatory requirements, and offer specific product stewardship computer-based training for product managers. We communicate regularly on product stewardship through the Portfolio Community which all product managers are a member of.
- We inform our consumer customers that we are a member of a compliance scheme and that they should follow local authority guidance on how to dispose of EEE in their area.
- We include disposal instructions with all new products, which are also labelled with a crossed-out wheelie bin symbol.
- For our business customers in the UK and Europe we have a number of differing obligations depending on our role in the sale of the products i.e. whether they are BT branded or not. We also need to understand differing requirements in other European Countries as the WEEE regulations have been implemented in different ways by different member states.

Informing regulation

We contribute to the development of new regulations, for example by responding to consultation exercises. We are

represented on the Department for Business Enterprise and Regulatory Reform (formerly the DTI) stakeholder group, which is helping to develop UK regulations to implement the European Directive on Energy using Products (EuP). We are a member of the Department for Environment, Food and Rural Affairs (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 \(INTELLECT\)](#).

Reduce, reuse and recycling

BT aims to reduce all forms of waste. This includes cutting energy wasted in our operations and making our products more efficient. It also involves reducing the amount of physical waste we produce and reusing and recycling as much as possible.

Reduce

In January 2008 we launched a new range of more energy efficient DECT telephones and have made a commitment that 90 per cent of the entire home phone range will be more energy efficient by July 2008. See the case study in this section for more detail.

We are also working to reduce the in-use energy consumption of the Vision Set Top Box.

Reuse

When electrical and electronic equipment is no longer needed for a particular function, we aim to reuse it in another part of the business. For example, when we upgrade equipment used in BT Retail data centres we often reinstall the old equipment elsewhere to carry out less demanding functions.

If equipment cannot be reused within BT it can sometimes be sold.

Recycle

If equipment cannot be reused or sold, it is sent to a third party to be recycled. Any equipment not fit for resale is sent to our recycling supplier for recycling and safe disposal of materials. Equipment is broken down into parts which can be reused in new equipment.

One of our key performance indicators relates to recycling. In the 2008 financial year, we recycled 46% of our waste, which is 4% more/less than last year. You can find out more about our recycling activities [here](#).

Case study

In January 2008 we launched a new range of energy efficient phones to help our customers reduce their climate impact and energy bills.

We made changes to the external power units of our cordless phones, BT's largest selling consumer product, which has cut power consumption in half. We sell 3.3 million of the phones each year, so the changes will make a big difference - cutting 40,400 tonnes of carbon each year and saving our customers £8 million in electricity costs. The new power supplies also meet the EU Code of Conduct on Energy Efficiency of External Power Supplies, a voluntary standard.

We have set a target for more than 90% of our home phone range to be energy efficient by July 2008, at no extra cost to the consumer.

Our approach to product stewardship

We have a dedicated team to coordinate product stewardship work, and this year we established a forum to improve collaboration between our businesses. This forum meets quarterly.

Our product stewardship efforts are part of our environmental management system which is certified to the international standard ISO14001. We need to make continual improvements in this area to retain certification.

The design stage offers the greatest opportunities to improve the lifecycle environmental impacts of a product. Good design helps manufacturers to reduce the use of hazardous substances and consumption of raw materials. The design stage also determines how much energy is consumed over the life of a product and whether it can be easily reused, recycled or safely disposed of at the end of its life. There are a number of ways we seek to influence the environmental impact of the products we sell:

- Providing advice to BT's technical designers and Product Managers on for example, choice of materials and reducing energy consumption
- Extending end of life take back beyond our legislative requirements, assuming WEEE producer responsibility and ensuring the equipment is reused and recycled where possible
- Helping our bid managers by providing potential customers with details of how we comply with legal obligations and environmental standards and advising current customers on the responsible disposal of products

Engaging with suppliers

BT does not manufacture anything, but we design products that are manufactured by a network of suppliers. In the 2008 financial year we bought £8.64 billion worth of products and services from suppliers.

We engage with our manufacturing suppliers to promote good environmental practices and to ensure that they follow our standards for product stewardship.

BT has a blacklist of banned materials and a grey list of materials giving cause for concern.

All potential suppliers of electronic and electrical equipment must complete our [product stewardship online questionnaire](#) (GS19) when tendering for business. The responses are assessed by the product stewardship team.

Our focus areas

In addition to our legal obligations, we are focusing our product stewardship efforts on two areas:

- Working to develop a methodology to understand how to assess the carbon footprint of our products
- Benchmarking the packaging of our own branded products against industry best practice in sustainability

In the 2008 financial year we conducted a lifecycle assessment of the carbon footprint of the BT Vision set top box. This proved how difficult it can be to obtain energy and emissions data for complex electronic products from our suppliers. We may need to base future lifecycle assessments on data from reliable secondary sources, such as industry bodies and governments.

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

Graffiti on our street furniture

BT Openreach has a significant number of cabinets on UK streets. We are affected by regulations which enable local authorities to instruct us to remove graffiti and fly posting from our street furniture within 28 days. These include:

- London Local Authorities Act 1995
- Anti-Social Behaviour Act 2003
- Clean Neighbourhoods & Environment Act 2005
- London Local Authorities Bill 2007

BT works in partnership with local authorities to minimise graffiti and reduce the risk of it happening. This helps us maintain good relations with communities and local authorities and reduce costs.

We repaint affected street cabinets and, in some local authority areas, treat them with an anti-graffiti coating.

BT Payphone kiosks are subjected to acts of vandalism and graffiti and are also covered by the Anti-Social Behaviour 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.

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 regularly conduct a survey of the use of our conferencing (phone, video and web) services by BT people, our latest study was undertaken in 2007.

This year we commissioned a survey to assess the social and environmental impacts of home working. See case study here and case studies for [employees](#).

Both reports can be found in the resources section at

<http://www.btplc.com/societyandenvironment/CSRResources/Reports/Reports.htm>.

Case study

Assessing the impacts of our home working

We have had a formal home working scheme for a number of years. This has enabled us to reduce facility costs, increase productivity, help employees balance their work and home commitments and reduce the environmental impacts of commuting.

Over 10,000 employees are registered with our home working scheme, which provides equipment and support services.

This year we commissioned the University of Bradford to assess the impacts of our home working scheme, following similar studies conducted in 2004 and 2006. The researchers contacted around 5,000 employees, and received over 700 responses. Employees were chosen at random and included those who work from home, office workers and field workers. As in previous studies we found that our homeworking staff are on average in the home office 2 to 3 days per week, the other days with our customers or on site in a BT location.

Improved quality of life

The survey showed that working from home helps employees balance their work and home commitments, with 93% of home based workers stating that the practice has a positive effect on quality of life. They also said that working from home helps to improve their productivity, enabling them to plan their time better and saving them the time and stress of commuting.

Improved performance

The respondents reported an improvement in their performance in the two years since the last study, 64% of homeworkers stated that their work performance had improved compared to 46% of all respondents. 37% of homeworkers believe that it would be impossible or very difficult to do their job if they were unable to e-work.

Longer hours and feelings of isolation

Previous studies have found that home based working is associated with longer working hours; the study suggests that this is becoming less evident. The study also explored feelings of isolation associated with dispersed teams, for both home and office workers, over 40% of all respondents saying they feel more isolated than two years ago.

Reduced environmental impacts

Home working benefits the environment, saving over 7,000 tonnes of CO₂ each year by reducing travel to work. Typically BT's homeworking community would previously have undertaken an average 31 miles per day commute to work.

Respondents were also asked about their environmental practices at home.

For the first time we asked all respondents 'what environmental measures do you take at home?'; 79% said they use low energy lighting, 53% reported using A* Star rated appliances and 30% energy efficient boilers. Only 2% of BT people have a renewable energy source such as a solar panel or wind turbine.

We will continue to monitor the effects of home working on our employees and the environment and find ways to increase its benefits and reduce negative impacts.

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.

RoHS:

The Restriction on the use of Certain Hazardous Substances (RoHS) directive.

SDH:

Synchronous Digital Hierarchy.

SF6

Sulphur hexafluoride.

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.

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 Waste Electrical and Electronic Equipment (WEEE) 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: +44 800 731 2403

By e-mail:

bt.environment@bt.com

By post:

BT Group plc,
BT Centre,
81 Newgate Street,
London
EC1A 7AJ

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 0.68 million tonnes, 58% below the 1996 level (See Note 7)	2016 CO2 emissions to be 80% below 1996 levels.
Waste to landfill and recycling	A measure of BT's use of resources	42,822 tonnes to landfill (54%) 36,937 tonnes recycled (46%).	To reduce the tonnage of waste sent to landfill by 6%.

Note 7: 2008 figures recalculated to take account of updated Defra Company Reporting Guidelines (2007) (Annex 1)

Environment Targets

Start Date	End Date	Description	Update	Target Status
April 2008	December 2020	BT Group will reduce its CO2e emission intensity by 80% against 1996/7 levels by December 2020.		New
April 2008	March 2010	BT will develop a group wide methodology for measuring the carbon footprint of its products and pilot the methodology on a product		New
April 2008	March 2010	BT will develop a group wide methodology for measuring the carbon footprint of its services and pilot the methodology on a service		New
April 2008	March 2009	BT will benchmark the packaging of its own brand products against industry best practice in sustainability		New
April 2008	March 2009	BT will define and complete a review and data collection of Local Impacts in BT locations globally in order to establish measurement mechanisms, performance levels and improvement targets as		New

		appropriate		
April 2008	March 2009	BT will conduct a trial of electric vehicles in two of its lines of business in association with two manufacturers to assess the financial and operational use of the vehicle type.		New
April 2008	March 2009	BT will trial the use of Bio-diesel in association with a fuel supplier and vehicle manufacturer		New
April 2008	March 2009	BT will conduct a vehicle data collection exercise to obtain actual fuel consumption and operational variables as a benchmark for future product trials		New
April 2008	March 2009	BT will complete the review and data collection of all commercial, business needs and personal contract vehicles in use in BT locations globally in order to establish consumption and performance levels and improvement targets as appropriate		New
April 2008	March 2009	80% of BT contracts placed will take energy consumption and / or environmental impact into consideration in the award of business		New
April 2008	March 2009	30% of BT 'product or service replacement contracts' awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)		New
April 2008	March 2009	BT will hold an Innovations Award for our suppliers that will continue to engage them on Climate change, the Procurement Principles and drive progress towards the Vision "harness communications to tackle climate change"		New
April 2008	March 2009	BT will survey its suppliers to determine the percentage that agree with the statement 'BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner'		New
April 2008	March 2009	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 BT's CSR questionnaires.		New
April 2008	March 2009	BT will reduce the amount of UK waste sent to landfill (a measure of BT's environmental impact) by 6% based on the March 2008 outturn figure. (Note: BT KPI)		New
April 2008	March 2009	BT will achieve greater than 50% of waste recycled against the total waste generated (a measure of efficiency of our recycling processes) from normal BTUK operations compared to 2007/08 performance		New

April 2008	March 2009	BT and its UK catering supply partner will review and implement new process for managing catering generated waste through identification of increased opportunities for recycling schemes.		New
April 2008	March 2009	BT will complete the review and data collection of all waste and recycling information and processes in BT locations globally in order to establish performance levels and reduction targets		New
April 2008	March 2009	BTUK will install fuel stock monitoring technology on 500 oil fuel tanks (excl. Fleet).		New
April 2008	March 2009	BTUK will create and align data records for all fuel tank inspection reports undertaken by Monterey, into our Power Inventory and Routines Manager (PIRM) central database by 31st March 2009		New
April 2008	March 2009	BT will complete the review and data collection of all fuel tanks installed BT locations globally in order to establish risk management, testing and remediation and targets as appropriate		New
April 2008	March 2009	BT will complete the review and data collection of all energy consumption at BT locations globally.		New
April 2008	March 2009	BT will develop a strategy and implementation plan to deliver the Global carbon intensity target, of 80% reduction by 2020, from the 1996 baseline		New
April 2008	March 2009	BT will progress the wind project – by measuring the wind speed at chosen sites, initiating and completing an environmental impact assessment and submitting a planning application for installation of turbines		New
April 2008	March 2009	BT will control the amount of HCFC/CFC refrigerant lost to the atmosphere to no more than 3.5% of the total held in the BTUK & Ireland operational estate.		New
April 2008	March 2009	BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BTUK & Ireland operational estate.		New
April 2008	March 2009	BT will reduce the amount of HCFC's installed in the BTUK & Ireland operational estate by 7.5%		New
April 2008	March 2009	BT will complete the review and data collection of all refrigeration gas installed and lost in BT's operational estate globally in order to establish performance levels and improvement targets as appropriate		New
April 2008	March 2009	BT will control the amount of HCFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BTUK & Ireland non-operational estate		New

April 2008	March 2009	BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BTUK & Ireland non-operational estate		New
April 2008	March 2009	BTGB will undertake a feasibility study and produce a plan, with recommendations for the reduction and ultimate replacement of the R22 installed capacity, ahead of legislation		New
April 2008	March 2009	BT will complete the review and data collection of all refrigeration gas installed and lost in BT's non-operational estate globally in order to establish performance levels and improvement targets as appropriate		New
April 2008	March 2009	BT will achieve ISO14001 accreditation in three additional countries		New
April 2008	March 2009	BT will complete a comprehensive review of all relevant environmental data and data sources across non-UK geographies, with reference to its existing ISO 14001 risk group structure, and establish an international support network to lead on provision of data and driving improvements as required		New
April 2007	December 2016	BT will reduce its UK carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.	On track to achieve target with current levels 58% below the base year. Note that this year we have recalculated our 1996 baseline figure to take account of the updated DEFRA CO2 conversion factor for 1996.	On Target
April 2007	March 2009	BT will complete the design for BT's Data Centre of the future and start rolling out to the estate.	We have completed the base design and are now moving towards a detailed systems design. We are on target to deliver on time.	On Target
April 2007	March 2008	BT will produce a study of energy efficiency options, possible targets and labelling for key business products.	During the year we have looked at the whole lifecycle of a product; manufacture, in-life operation and recycling and are engaged with manufacturers of the equipment as they have the major role in improving energy efficiency at the design stage e.g. Cisco, Nortel and HP. Through the engagement process we can influence through our procurement principles and the importance of reducing carbon emissions and push for clear unambiguous targets from these suppliers.	Completed
April 2007	March 2008	BT will introduce environmental management systems into two non UK geographies.	14001 has been introduced into BT Belgium, BT Italy and BT Ireland. A project for BT Americas is progressing and BT Germany and BT Netherlands starting to scope out their programme to achieve 14001 during 2008/9.	Completed
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.)	A draft report is currently being finalised that identifies the necessary data collection requirement requirements.	Completed
April 2007	March 2008	We will assess the feasibility of using alternatives to bromine based flame retardants in BT branded telephones, modems and	This has been completed and a report with recommendations has been produced.	Completed

		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.	End of year loss 2.01%	Completed
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.	End of year loss 2.26%	Completed
April 2007	March 2008	We will reduce the amount of CFC/HCFC's installed in the BT operational estate by 5%.	We reduced the amount of HCFCs by 8.5%	Completed
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.	End of year loss 3.33%	Completed
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.	End of year loss 2.46%	Completed
April 2007	March 2008	BT will implement energy savings measures to deliver energy reduction of 5GWh across the UK data centre estate.	Our energy savings measures have saved 8.4GWh this year.	Completed
April 2007	March 2008	BT will pressure test 1000 of its fuel storage tanks.	During the year we pressure tested 1,029 tanks.	Completed
April 2007	March 2008	BT will decommission 200 buried tanks and replace them with internal double-skinned tanks.	During the year we decommissioned 265 Tanks and installed 250 new internal double skinned tanks.	Completed
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.	BT reduced the amount of waste sent to landfill during 07/08 to 42,822 tonnes. This represents a reduction of 22% on the 06/07 figure of 54,921 tonnes against a target figure of 8%.	Completed
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.	In 07/08 BT generated 79,759 tonnes of waste. We recycled 36,937 tonnes of waste which represents 46% of the total waste generated and is an improvement on the 07/08 target figure of 42%	Completed
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.	During the year 16 key sites were provided with dedicated on-site recycling schemes for aluminium cans, plastic bottles/plastic cups, newspapers and magazines. The second part of the target related to a review of open top skips provided at about 150 sites. At year end we completed a review at 153 sites and open top skips have been replaced with alternative containers in the vast majority of cases.	Completed
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.	BT and Telereal agreed to participate in the Considerate Constructor Scheme for all construction projects of at least 6 weeks duration; to date over 50 sites have been registered. Figures as at the end of December 2007 indicate that using this scheme has prevented over 150 tonnes of waste going to landfill.	Completed
April 2007	March 2008	BT will assess the fuel saving benefit from 50 commercial vehicles used by drivers trained on fuel-efficient driving techniques.	Trials conducted between April to September 2007 gave a 12.7% improvement in mile per gallon from the trained BT drivers. However, some of the data was excluded from analysis because of changes within the tracking period, e.g. driver absences/changingduties.	Completed

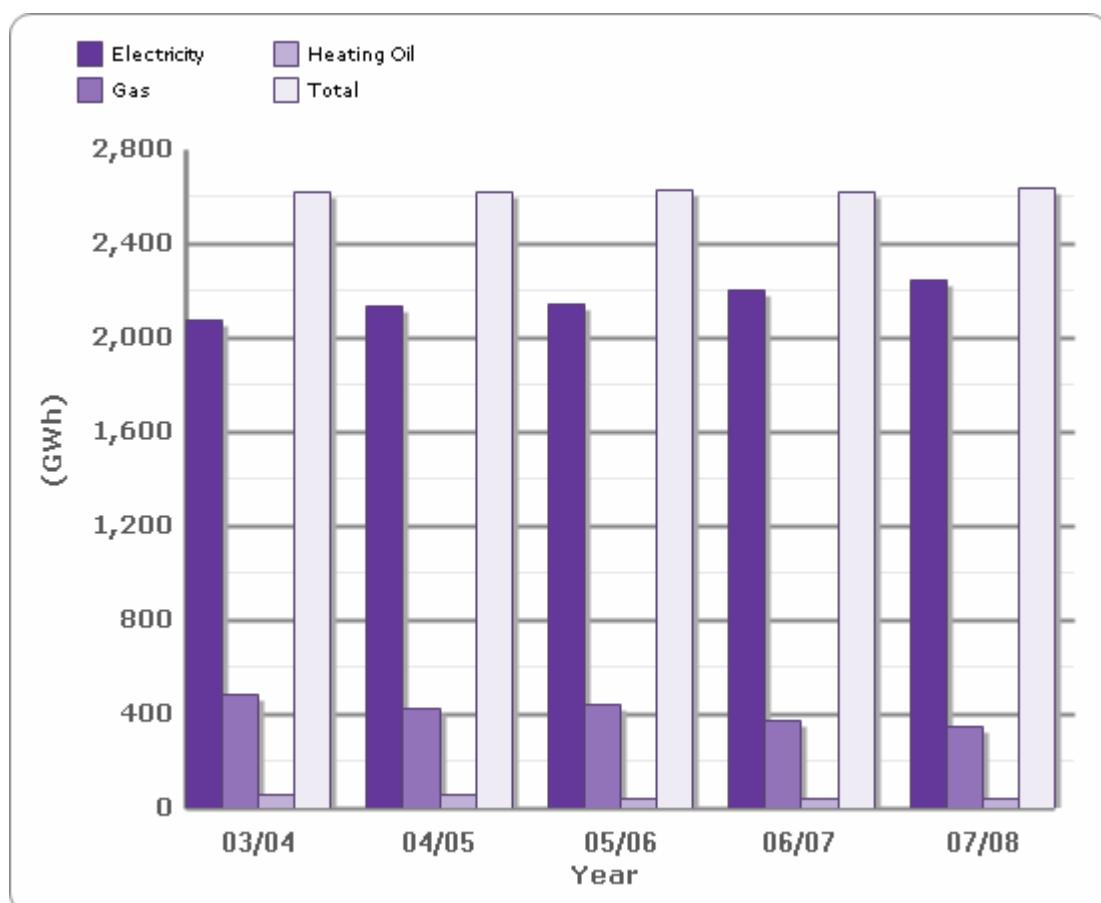
April 2007	March 2008	BT will order all new light commercial vehicles that will limit speed to a maximum speed set of 70mph.	During the year, 4299 light commercial vehicles were ordered with their speed limited to a maximum of 70 mph. Out of these, 2,812 vehicles are either in-service or have been delivered.	Completed
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"	A supplier conference was held on 18/06/07. Slides are available from this URL Supplier Conference	Completed
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	100% follow up was achieved with 234 assessments completed.	Completed
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 impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor. 	The procurement principles have been implemented and training sessions held.	Completed
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.	We achieved this target and the completed report is available online at this URL: Conferencing Survey	Completed
April 2007	March 2008	BT will produce a report on energy efficiency options, possible targets and labelling for key consumer products.	Although we have failed to meet this target, BT Retail has appointed a Head of Sustainability to accelerate our plans in this area. We have already undertaken a significant amount of work to improve energy efficiency e.g. more efficient power supply units, DECT phone ranges which use on average 50% less energy than their predecessors. The BT Home Hub also now features the new efficient power supplies. We are keen to label equipment to ensure the new power efficient products are easily recognised and are currently undertaking a review of the most effective ways of labelling in the UK.	Failed
April 2007	December 2007	BT will begin a trial on hybrid vehicles in collaboration with a manufacturer.	Unfortunately this target has failed because the manufacturer we were to work with has scrapped its plans to develop a micro-hybrid Transit incorporating Cenex prototype technology.	Failed
April 2007	September 2007	BT will define a roadmap for establishing an EMS in all countries.	Work has been underway to define which countries should be included in the roadmap. This has now been defined as those countries with over 100 direct BT	Delayed

			employees. The roadmap completion date has therefore been reforecast for September 08.	
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 has been installed at 73 sites.	Completed
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.	We are on track to achieve this target.	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.	Figures now updated on Maximo. Data audited by Monteray internal audit team and LRQA for accuracy. Discussions now taking place with Monteray regarding setting target for annual reduction.	Completed

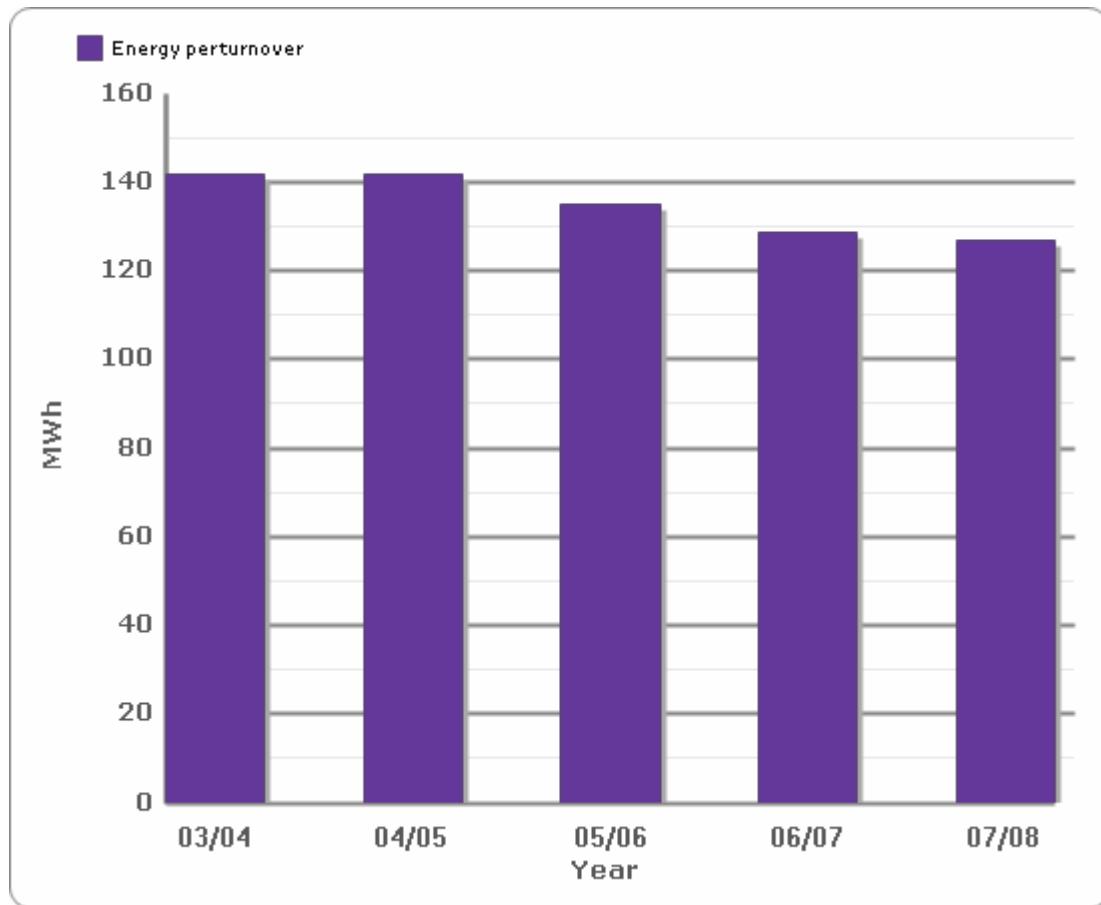
Procurement and the environment Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	80% of BT contracts placed will take energy consumption and / or environmental impact into consideration in the award of business		New
April 2008	March 2009	30% of BT 'product or service replacement contracts' awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)		New
April 2008	March 2009	BT will hold an Innovations Award for our suppliers that will continue to engage them on Climate change, the Procurement Principles and drive progress towards the Vision "harness communications to tackle climate change"		New
April 2008	March 2009	BT will survey its suppliers to determine the percentage that agree with the statement 'BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner'		New
April 2008	March 2009	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 BT's CSR questionnaires.		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"	A supplier conference was held on 18/06/07. Slides are available from this URL Supplier Conference	Completed
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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.	The procurement principles have been implemented and training sessions held.	Completed

Energy consumption

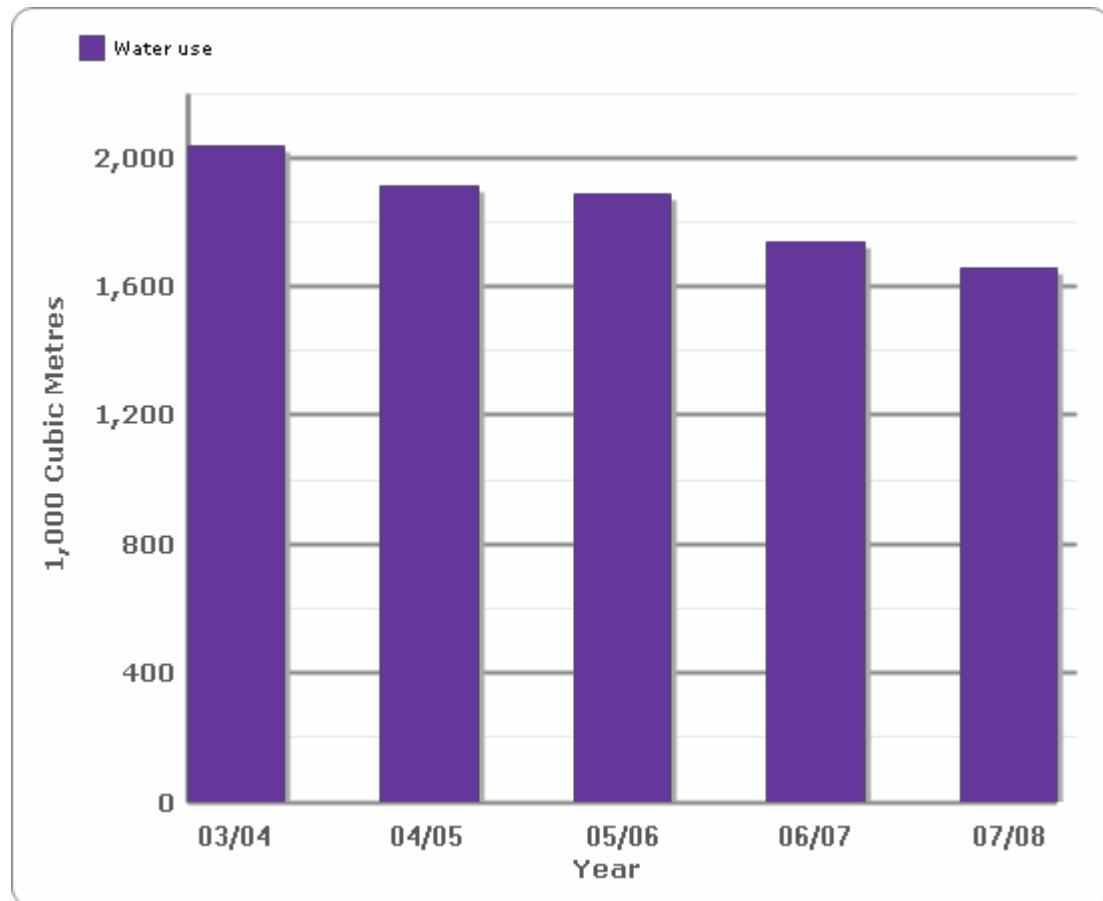


Energy Consumed per £m Turnover

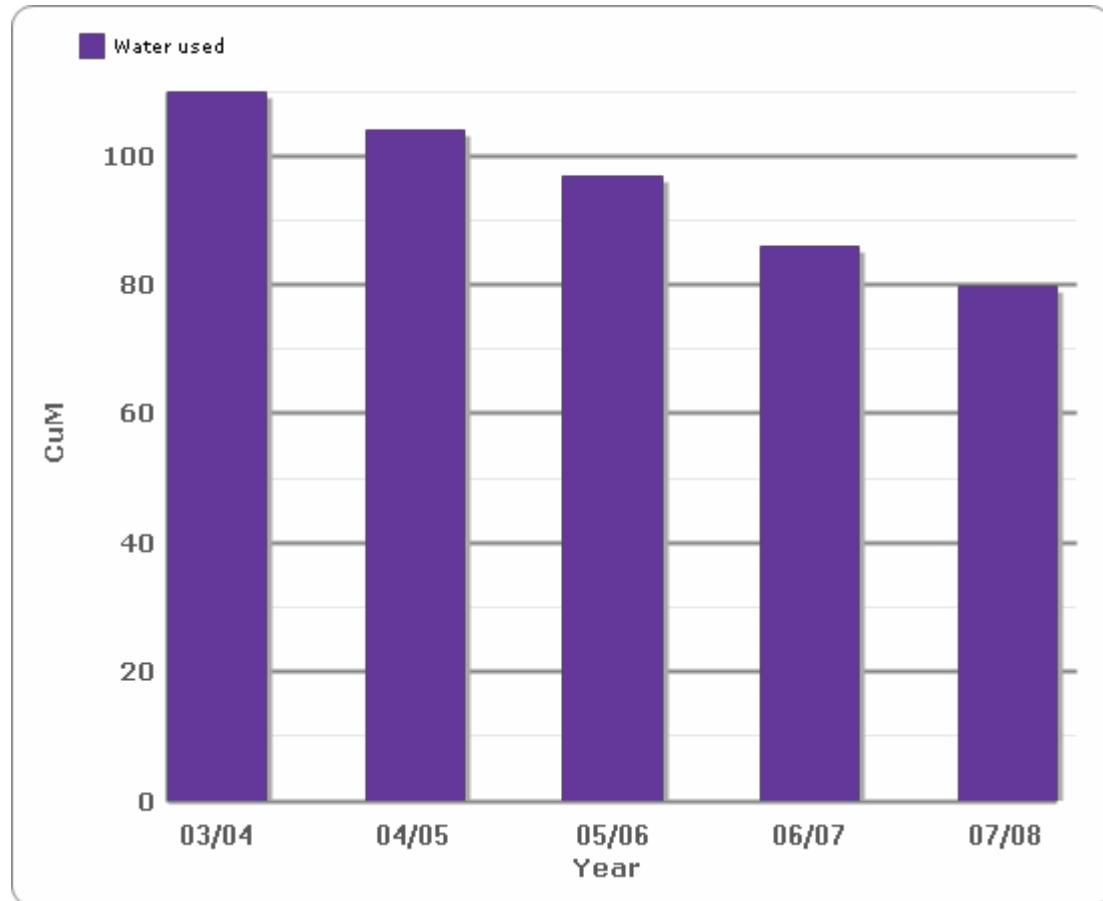


Excludes BT Global Services outside the UK
Source: Annual Report & Accounts, Energy Database

Water use

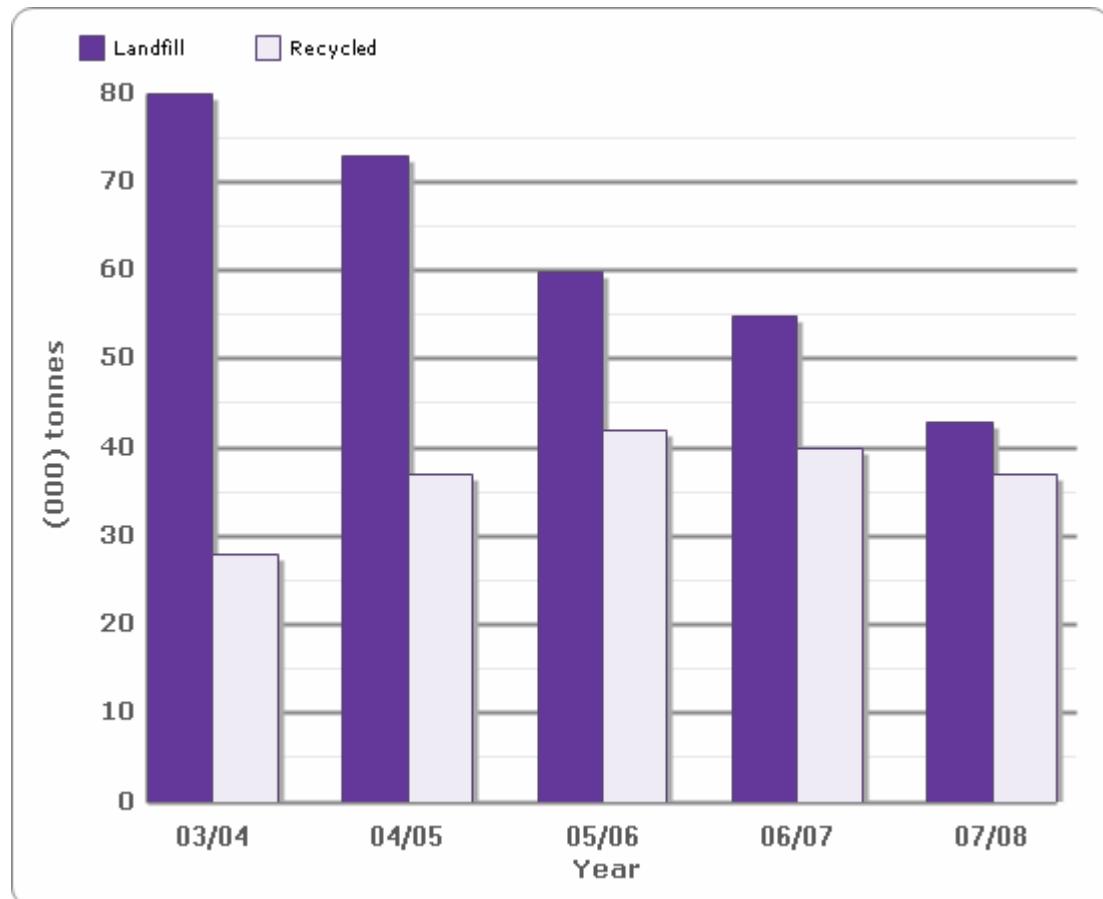


Water consumed per £m Turnover

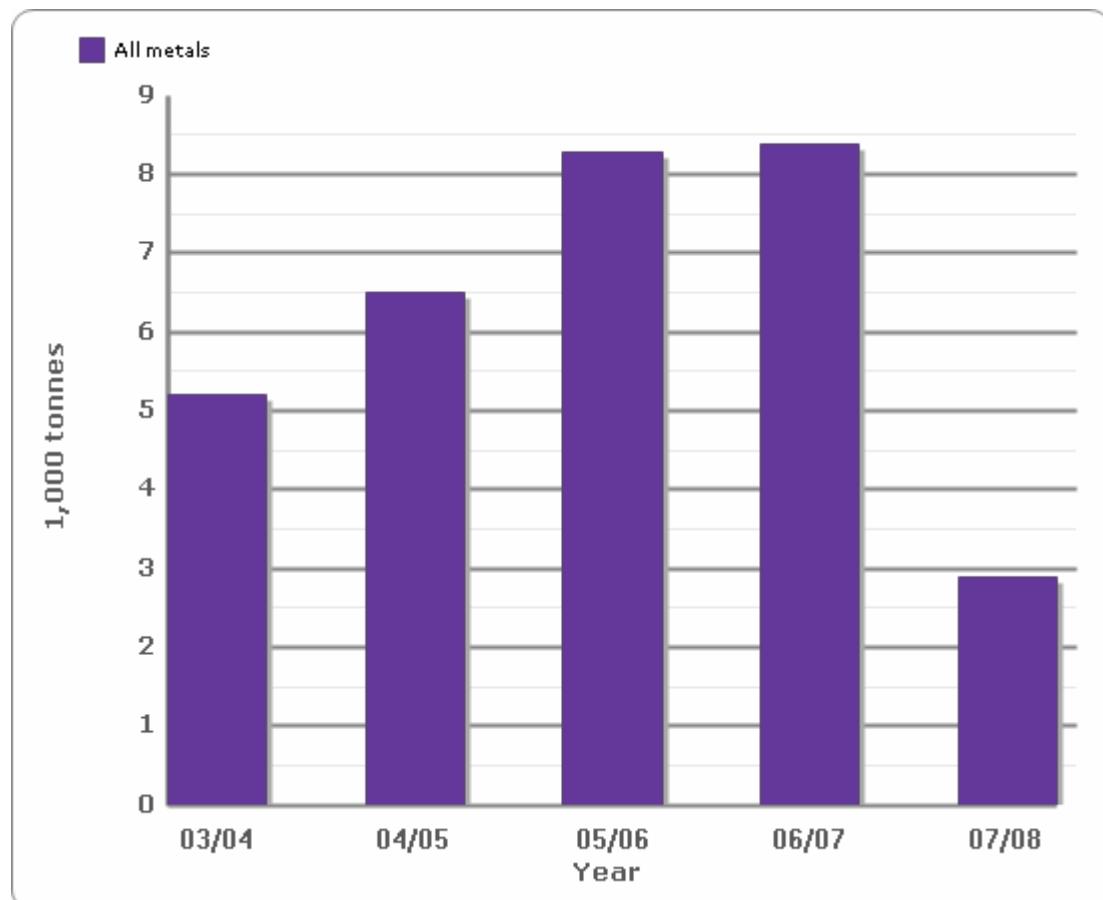


Excludes BT Global Services outside the UK.
Source: Annual Report & Accounts, Energy Database

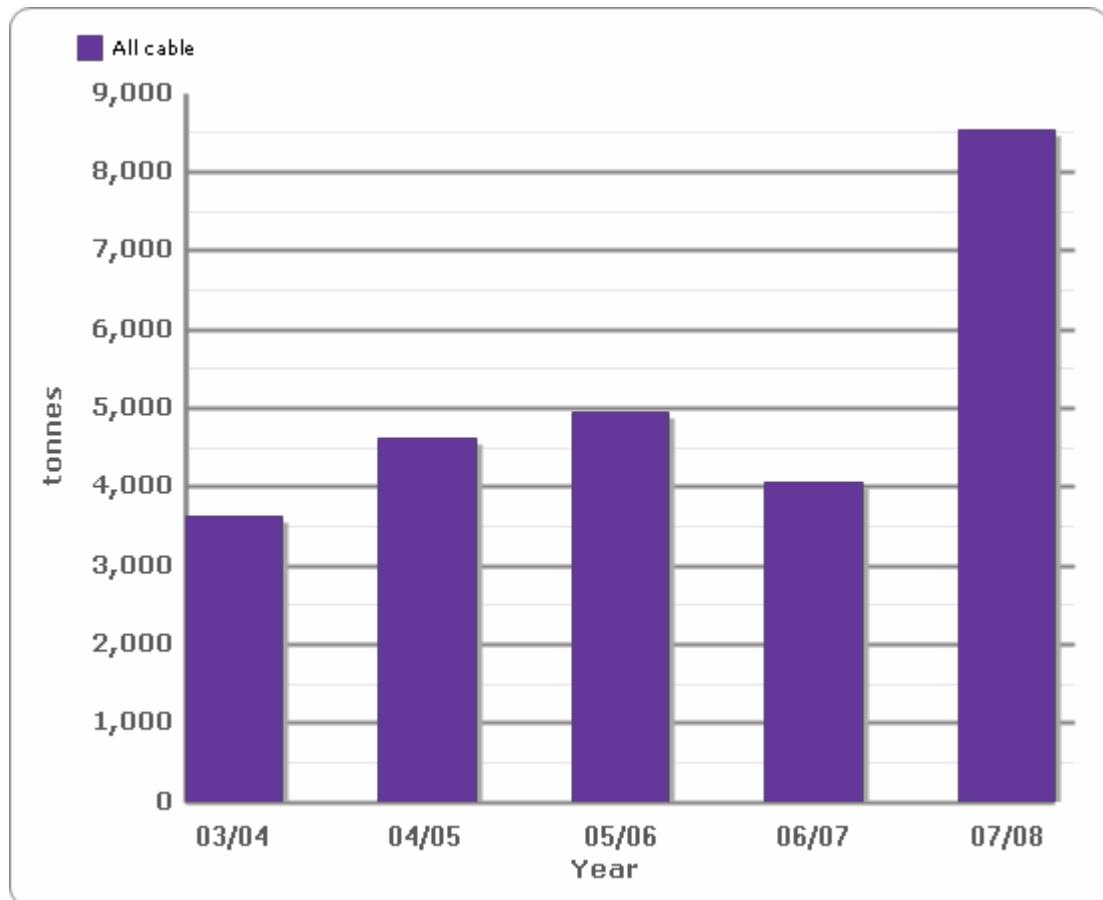
Waste arising and management



Scrap metal recovered



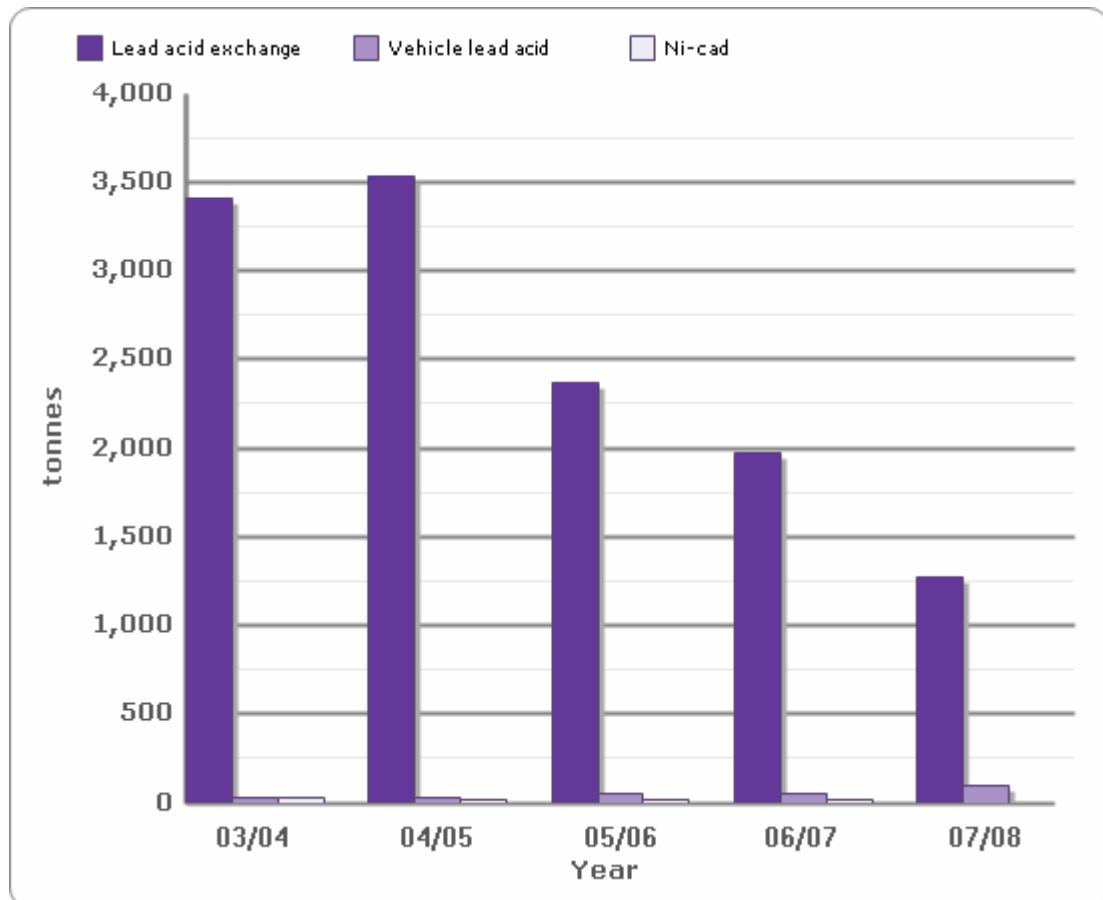
Quantities of scrap cable recycled



Excludes BT Global Services outside the UK.

Source: Contractors

Quantities of batteries recycled



Excludes BT Global Services outside the UK.

Source: Contractors

2008 Waste Recovery Model

Waste Type (tonnes)	2004	2005	2006	2007	2008
Cable					
Switchboard cable	559	630	894	437	361
Mixed cable	577	1411	1573	1877	861
Aerial Self Supporting cable	806	728	653	390	285
Polythene covered cable	765	699	696	494	696
Lead covered cable	259	203	359	395	6027
Optical fibre cable	474	670	556	361	276
Blown fibre cable	204	285	239	112	44
Total	3645	4626	4969	4066	8550
Telephone exchange equipment					
Miscellaneous equipment	537	1906	2683	3179	1575
Micellaneous Metals	912	2082	3032	2477	1488
Payphone equipment	38	218	768	114	159
Telephones	464	697	699	288	53
Total	1952	4902	7181	6058	3275
Office & Packaging waste					
Office paper	1379	1277	912	817	1481
Cardboard	6288	5792	7454	6697	7891
Plastics	34	0	0	0	0
Toner cartridge	16	13	12	12	8
Silica desiccant	5	4	4	0	0
Aluminium cans	14	10	12	11	8
Plastic cups	15	9	6	7	23
Total	7751	7105	8398	7544	9411
Batteries					
Ni-cad rechargeable batteries	34	27	26	18	15
Exchanged lead acid batteries	3408	3536	2378	1979	1281
Vehicle Lead Acid Batteries	35	37	61	59	106
Total	3477	3601	2465	2056	1402
Transport related waste					
Lubricating oil	241	256	259	208	312
Oil filters	71	86	46	30	58
Antifreeze/water mixture	8	11	13	13	13
Brake fluid	1	1	1	2	2
Mixed fuel	2	4	46	27	36
Oil contaminated waste	12	12	14	12	14
Paint solvent/thinners	1	0	0	1	2
Tyres	485	438	547	615	546
Accident Vehicles	0	0	172	132	131
Total	822	808	1097	1040	1114
Misc Electrical Equipment	1441	3377	3651	4309	1843
General Scrap Metal	1411	4416	5244	5965	1405
Telephone directories	268	920	655	220	168
Telegraph Poles	5103	6122	5689	5554	4984
Computing Equipment	755	1470	1292	1433	461
Clothing	2	0	0	0	0
Catering Oil	44	25	24	24	13
Catering Equipment	19	15	22	0	0
Fluorescent Tubes	0	11	47	32	43

Furniture					276
Waste Oil	0	0	1592	1690	2662
Other (e.g. Mixed, rubble)	25	21	14	16	1330
Total	9069	16378	18229	19243	13185
Total waste recycled	27626	37421	42340	40007	36937
General Waste	79677	73201	59665	54921	42822
Total weight for all catagories	107303	110622	102005	94928	79759

waste recycled (as % of total waste)	26%	34%	42%	42%	46%
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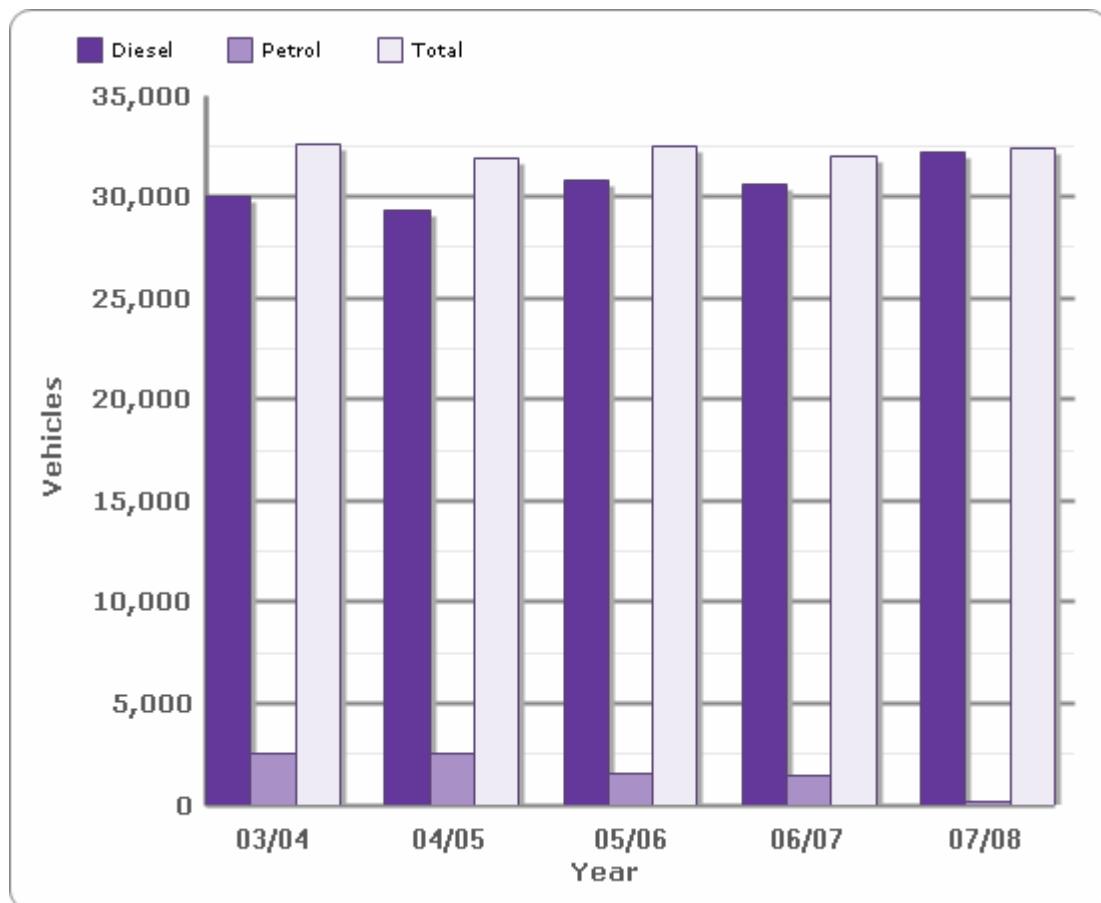
Total income	£3.9 million	£2.9 million	£3.23 million	£4.48 million	£6.7 million
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Total expenditure	£9.9 million	£7.4 million	£7.97 million	£5.15 million	£7.27 million
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Landfill tax savings	£0.38 million	£0.54 million	£0.76 million	£0.84 million	£0.89 million
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Total savings/costs	- £5.6 million	- £3.96 million	- £3.98 million	£0.17 million	£0.32 million
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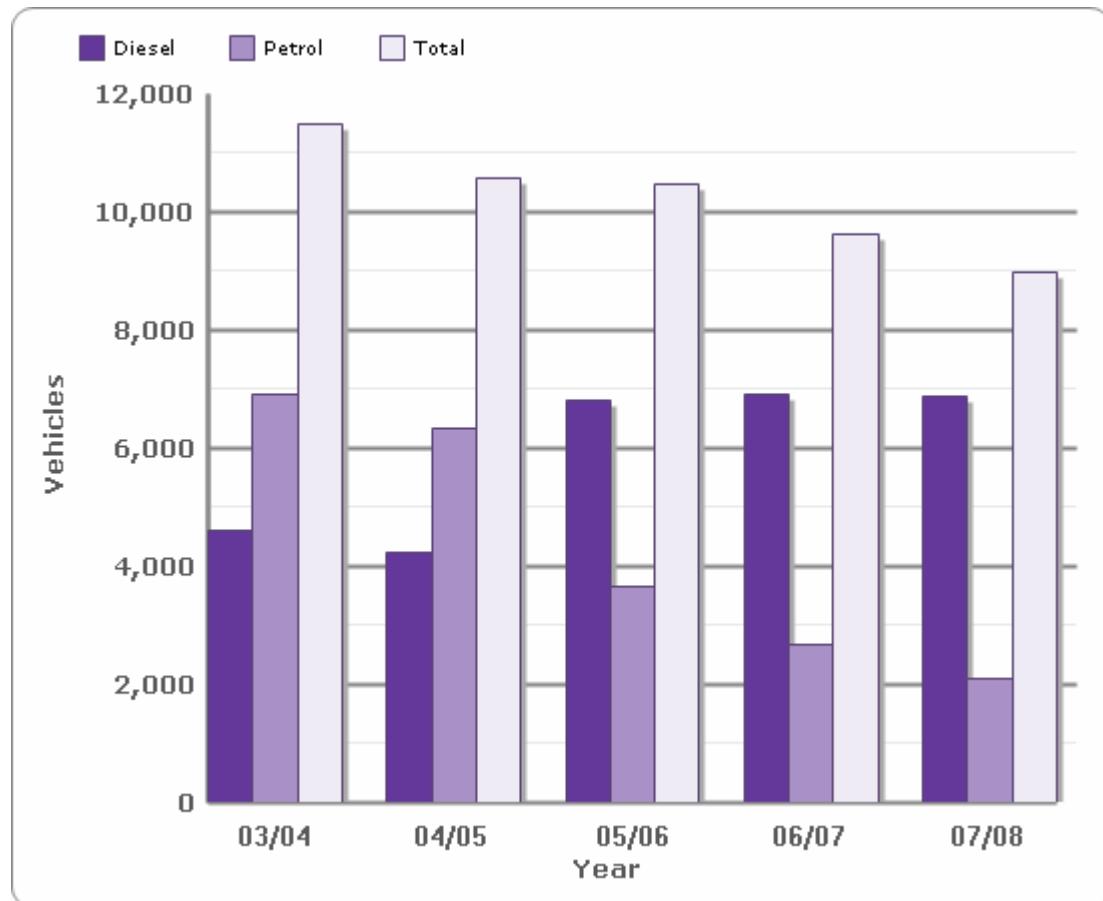
Number of Vehicles in BT's Commercial Fleet



Excludes BT Global Services outside the UK

Source: BT's Vehicle Database

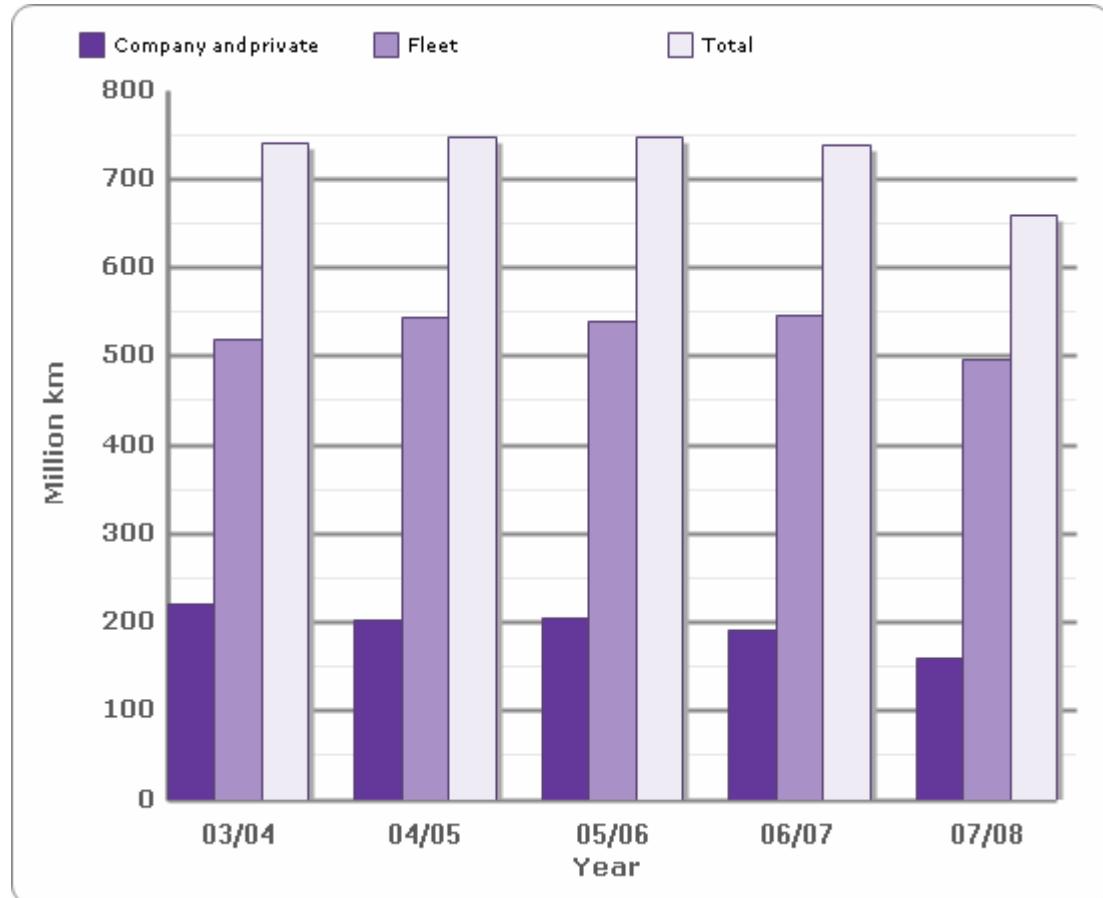
Number of Vehicles in the Company Car Fleet



Excludes BT Global Services outside the UK.

Source: BT's Vehicle Database

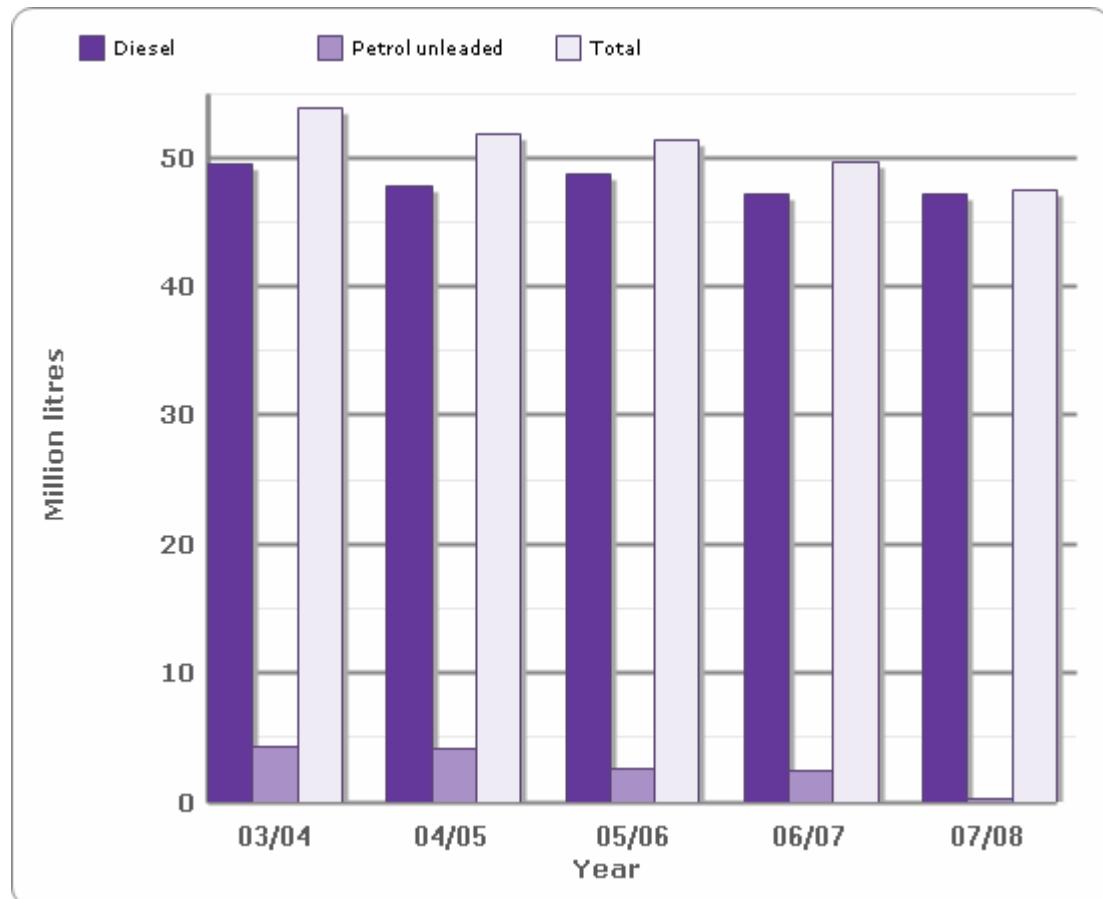
Distance travelled by vehicles on BT Business



Excludes BT Global Services outside the UK.

Source: BT's Vehicle Database & Business Expense Claims

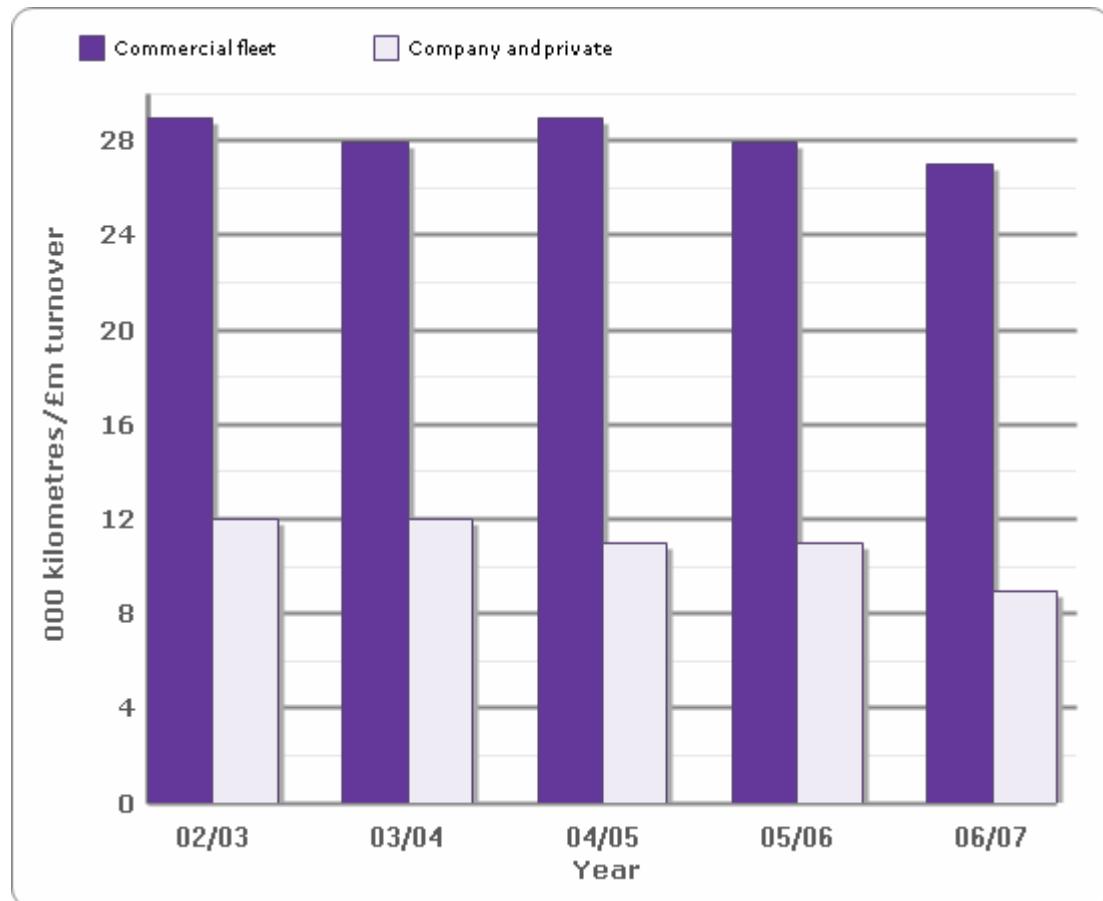
Fuel used by BT's Commercial Fleet



Excludes BT Global Services outside the UK

Source: BT's Vehicle Database

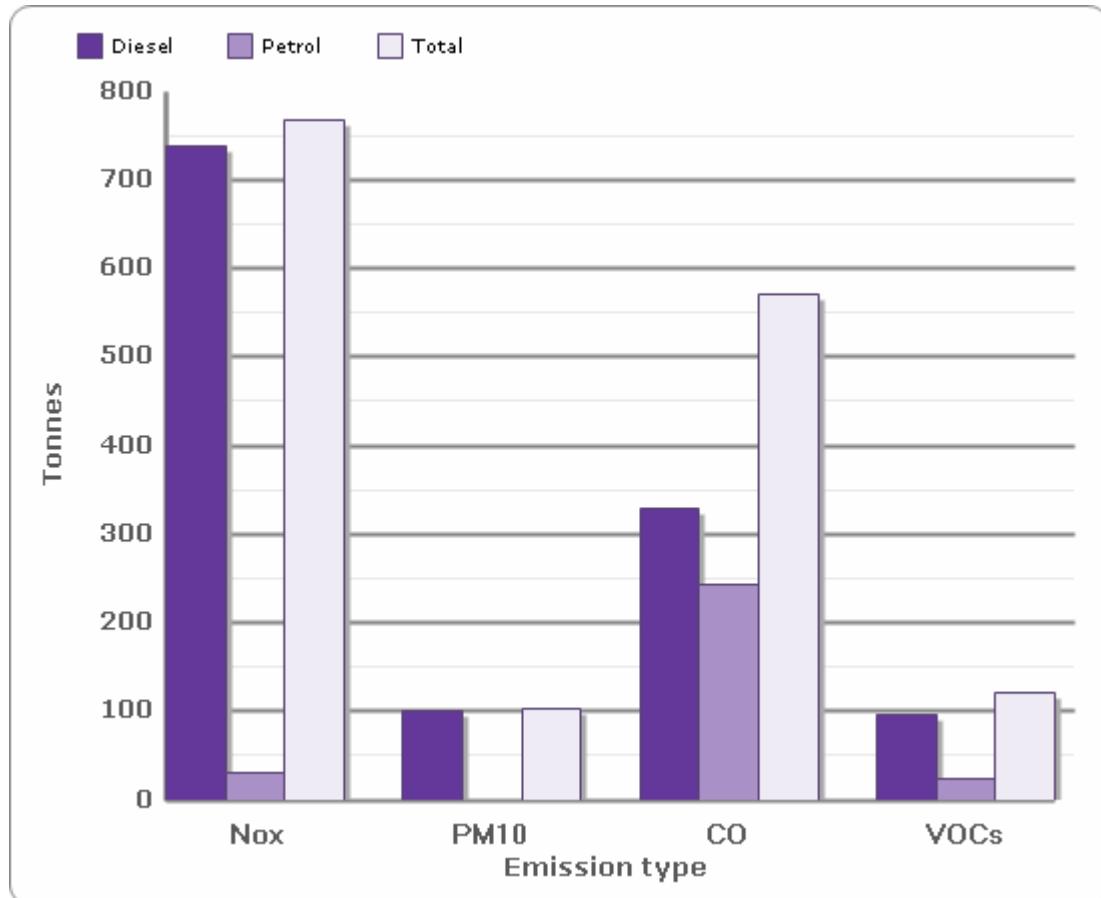
Distance Travelled per £m Turnover



Excludes BT Global Services outside the UK

Source: Annual Report & Accounts, Transport Database

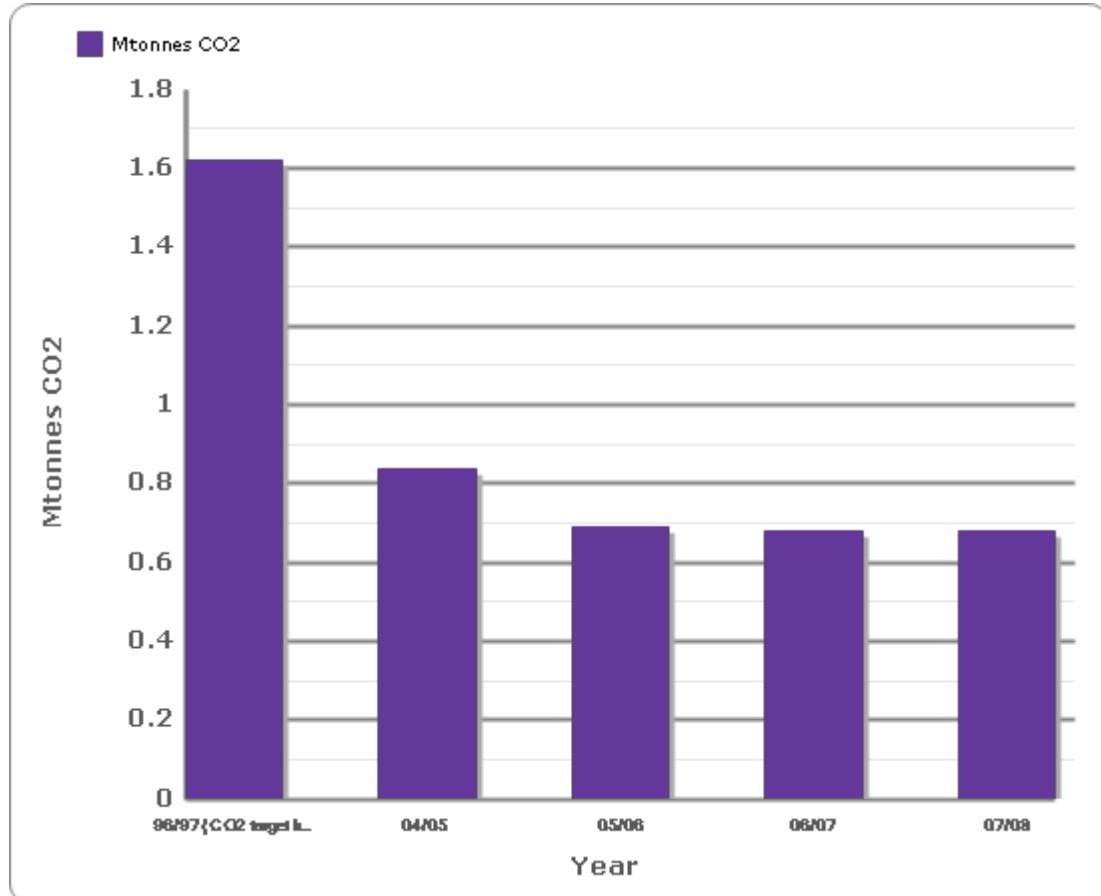
Emissions from vehicles travelling on BT Business



Excludes BT Global Services outside the UK.

Source: NETCEN (AEA Technology)

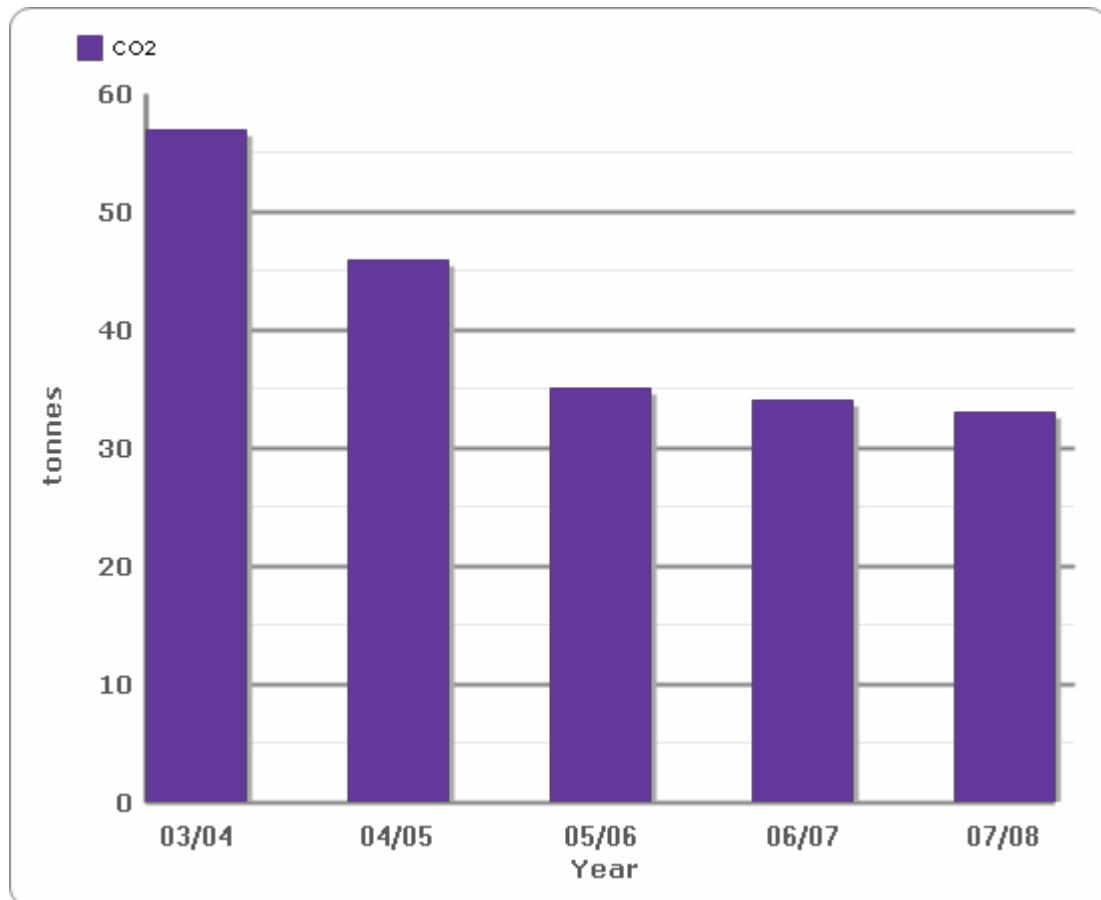
CO2 equivalent emissions



Excludes BT Global Services outside the UK. This year we have recalculated our figures back to the 1996 baseline, to take account of the updated Defra CO2 conversion factors.

Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR, AEAT NETCEN

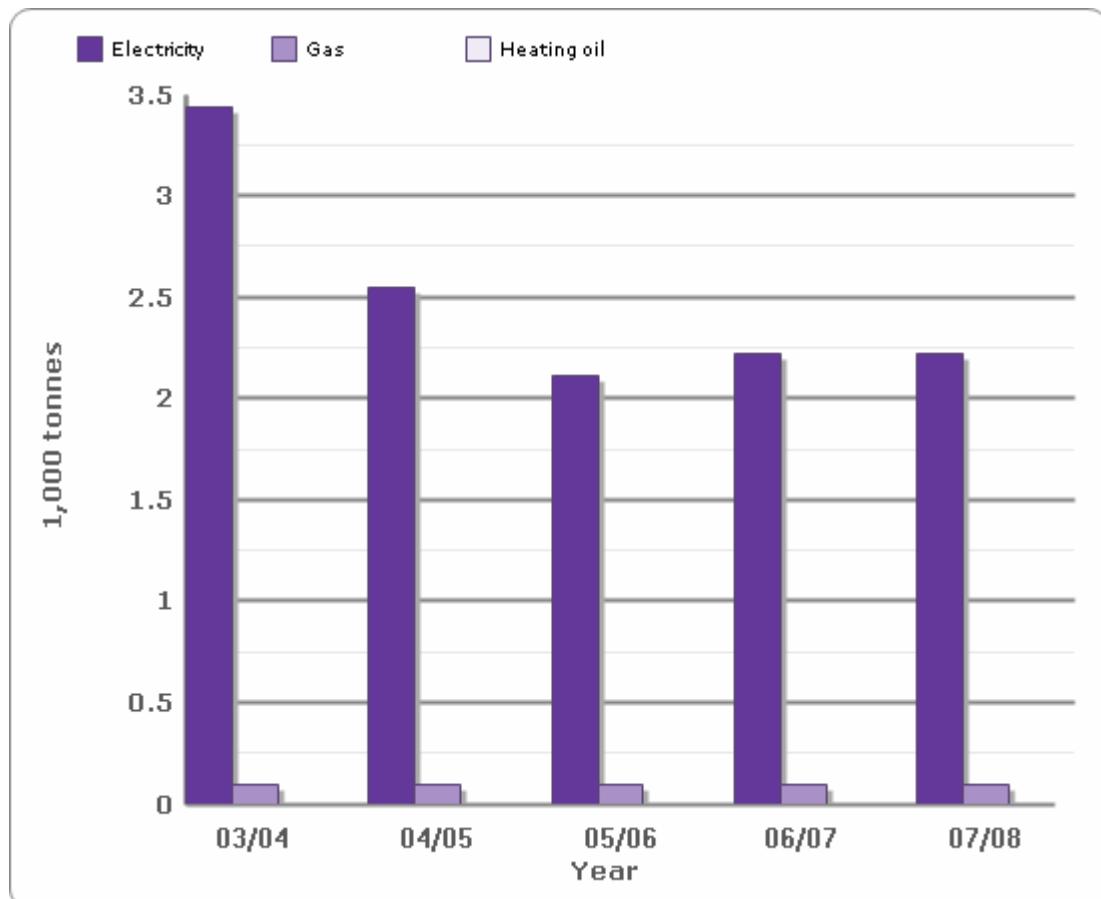
CO2 emissions per £m Turnover



Excludes BT Global Services outside the UK.

Source: Annual Report & Accounts, CO2 Model

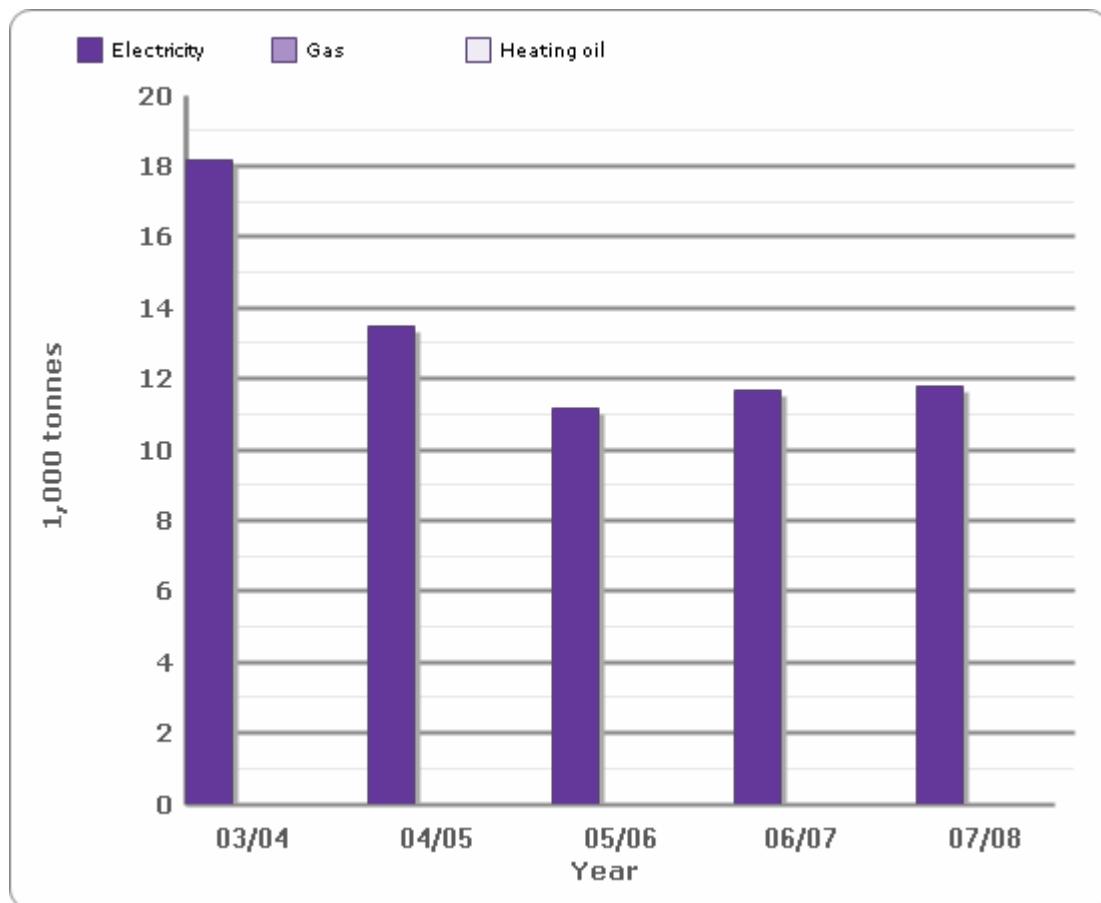
Emissions of Nox



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

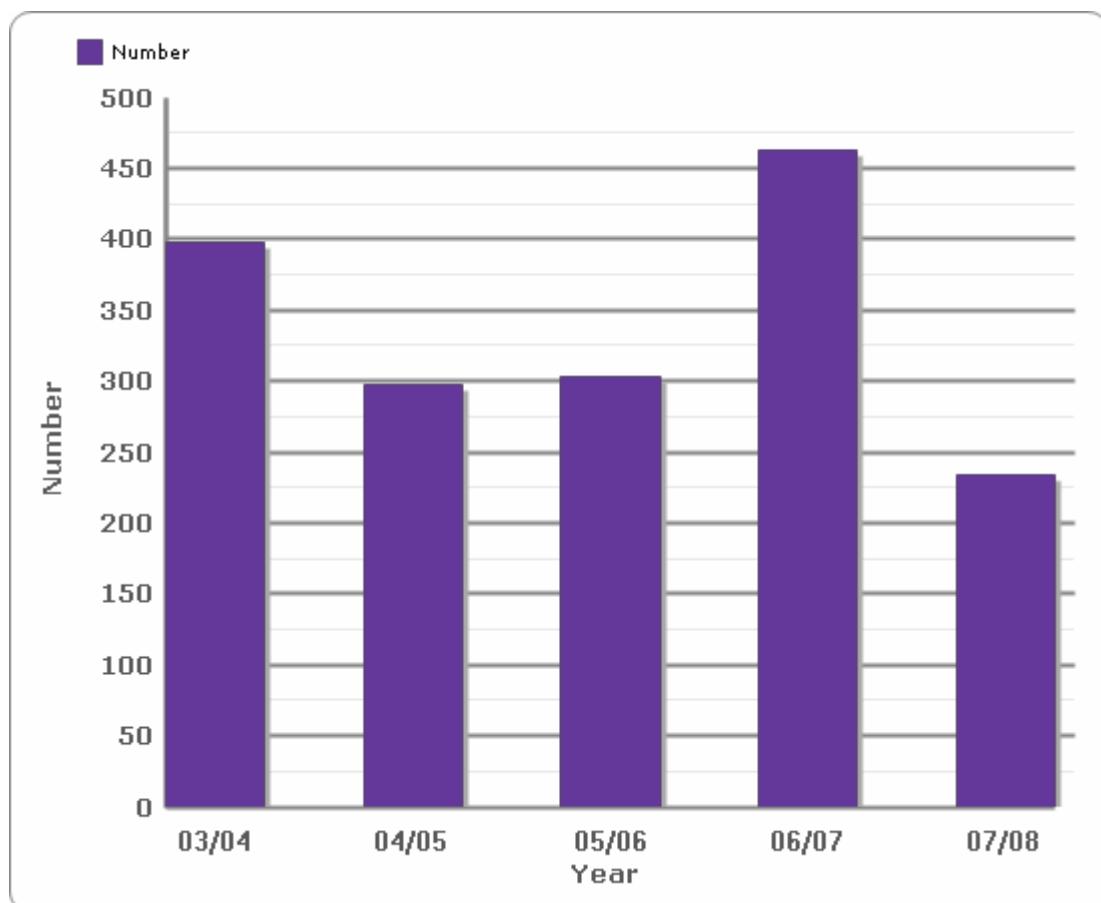
Emissions of SO2



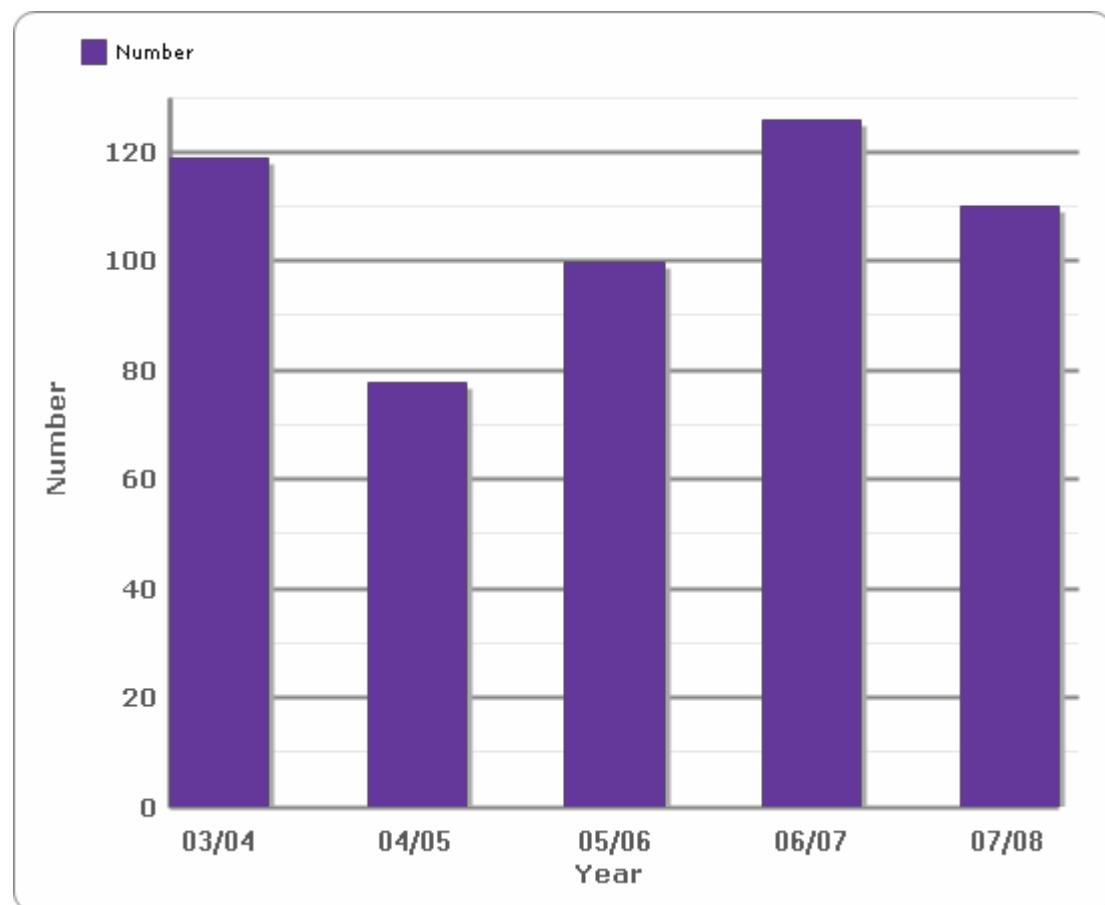
Excludes BT Global Services outside the UK

Source: Emissions derived using Government conversion factors. Figures include BT plc, BT Northern Ireland & Manx Telecom. Figures exclude Subsidiary companies and BT Tenants

Number of Environment assessment questionnaires (GS13) completed



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





Bringing it all together

BT's Sustainability Report

2008

Climate change



let's make a **better** world

Climate change

Climate change looks certain to bring major social and environmental shifts that affect businesses, governments and individuals worldwide.

For example, the likely widespread introduction of carbon taxes and/ or caps on greenhouse gas emissions, coupled with rising energy prices, will make energy an increasingly significant business cost.

All customers, from consumers to governments and large corporations, will require ICT products and services that help them reduce energy consumption. Our ability to respond to this growing demand will affect our profitability and our reputation.

We expect our operations to be affected by changes in the climate. For example increases in extreme weather conditions could affect our network infrastructure. For this reason climate change is one of our key CSR risks.

Climate change strategy

Our climate strategy covers our global business and has four elements:

- Reducing the impact of our operations
- Empowering customers to reduce their impacts by offering innovative products and services
- Influencing our suppliers to provide more energy efficient products and services
- Encouraging our employees to reduce their carbon footprint at home and at work.

We have set targets in each area to focus our efforts. Carbon reduction is one of our key performance indicators.

Governance

Bruce Stanford, Managing Director, Major Programmes. BT Wholesale, sponsors our climate change strategy. An environment and climate change taskforce meets regularly to agree objectives and drive progress. Members include senior representatives from our major lines of business and central functions including BT Design, BT Operate and our procurement functions.

Advocacy

We intend to lead the business response to climate change and help drive efforts to create a low-carbon economy.

In 2007, BT's Chief Executive Ben Verwaayen chaired the UK's Confederation of Business and Industry's (CBI) Climate Change Task Force, which brought together chairmen and chief executives from 18 major UK companies. BT and the other taskforce members have agreed challenging targets, all of which are set out in the [CBI report](#).

BT has also supported initiatives such as The Prince of Wales's May Day Business Summit on Climate Change, for which it was National sponsor, and we have contributed to regional climate change initiatives across the UK and around the world.

Our operations

Our target is to reduce our UK climate change impact by 80% below 1996 levels, by 2016. At the end of 2007, we had achieved reductions of 58%, with 42% of our energy coming from renewable sources.

This figure is lower than the 60% we reported last year primarily due to changes in electricity conversion factors published by the UK government.

The Department for Environment, Food and Rural Affairs (Defra) [Greenhouse Gas conversion factors](#) for company reporting were revised in June 2007. We have therefore recalculated our carbon model back to our 1996 baseline.

Reducing our global carbon footprint is essential but difficult because our business is growing very rapidly outside the UK. We have therefore set a new target of reducing our worldwide CO₂ emissions per unit of BT's contribution to GDP by 80% from 1996 levels by 2020. This approach will enable BT to meet increasing customer demand at the same time as controlling its greenhouse gas emissions, and is in line with the approach expected to be adopted by the successor to the Kyoto protocol.

In order to be able to report progress against this target in 2009 we are now establishing and testing processes for collecting and verifying our greenhouse emissions globally.

Integrating carbon management is a priority when we acquire new businesses. We see this as a two way process and aim to learn from good practice in the companies we acquire. For example, BT I.Net a recent acquisition in Italy uses a system of wells to cool data equipment instead of conventional air-conditioning.

We have developed an abatement cost curve to identify and prioritise carbon reduction measures. This helps BT managers assess the cost of different reduction options, the carbon cuts that can be achieved and the payback period.

In this section we discuss;

- Energy Efficiency
- Green Energy
- Transport

Transport

BT fleet

BT operates a large fleet of commercial vehicles and we aim to reduce the climate impact of our fleet by purchasing more efficient vehicles and by encouraging our drivers to adopt fuel-efficient driving techniques.

More details are given in the transport section of this report.

Employee travel

We monitor our employee travel carefully in order to detect new trends and to identify opportunities for improvement.

This year we have noticed a substantial increase in the use of diesel cars. Although this was partly balanced out by a reduction in the use of petrol vehicles, we intend to determine the reasons for the increase so that we can identify ways to remedy it.

We also saw an increase in the numbers of long haul flights. Flights can be expected to increase as the number of customers we serve overseas continues to grow, but we will continue to explore all options for limiting flights which do not have a negative impact on customer experience.

Energy efficiency

Data centres

Data centres are major consumers of energy. The number of data centres operated by BT has increased as we manage data on behalf of more customers. In addition we expect our own needs for computing power and data storage to increase.

We audited energy consumption at 10 UK data centres and 3 European data centres in 2008. A wide range of improvements were identified and these are now being taken forward, subject to business case approval.

We aim to improve the design of our data centres and build in energy efficiency measures. In 2008 we developed design specifications for BT's Data Centre of the future. These include:

- Spacing equipment racks more widely and using outside air for cooling, rather than air conditioning
- Server virtualisation – using fewer, more efficient servers, which can substantially cut the number of computers required.

Our network

We have a major opportunity to improve energy efficiency as we roll out our 21st Century Network. In particular, our new network uses fresh air cooling which means that the electrical chiller units only have to operate on the hottest days. It also uses direct current power which reduces the losses due to conversion from alternating current.

We are implementing a sub metering strategy at our key sites to help us monitor energy use in more detail and identify potential savings

Office efficiency

We launched 'Project Axe' in 2008 to increase energy efficiency in our UK offices by decommissioning unauthorised computer equipment.

A Boiler Replacement Programme has also been initiated to change top oil boiler burners to gas or biomass boilers, and a programme of energy audits has now been completed at 14 major offices. Results of energy saving measures are being reviewed and where these are found to be successful they are being introduced into all of our offices.

We have also done studies on the lighting at two of our warehouse sites. These identified potential improvements that should yield a 67% saving in energy usage – some 1,016 tonnes of CO₂.

Green energy

Our UK green energy contract, which we renewed this year until 2010, is one of the largest in the world. We have also negotiated low-carbon energy contracts in Germany, Belgium and Italy.

Supplies of green electricity are limited in most countries – just 4.5% of total UK electricity production for example – and are becoming more expensive as demand grows. In 2007, BT announced its intention to develop its own wind-farms. This is the UK's biggest corporate wind power project outside the energy sector and will produce up to 25% of our UK electricity consumption, by 2016. We are identifying suitable sites and expect to start generating power in 2012. We are also exploring renewable projects outside the UK. Our office complex at El Segundo in California is to be powered by photovoltaic panels that will deliver around 500KW of renewable electricity.

Employees and climate change

Changing behaviour is key to tackling climate change. As a major employer we are well placed to influence the behaviour of over 100,000 people directly and reach many more through our employees' families and communities.

As members of the CBI Task Force we have committed to work in partnership with our employees to achieve major cuts in their emissions both at work and at home. Our target is for 20% of our employees to be actively engaged in reducing their carbon footprint at work and at home by 2012.

We aim to make employee engagement fun, creative and viral, and to bring about a real desire for change.

Activities last year included:

- Launching a series of Carbon Clubs around the business to engage employees and generate ideas for reducing our footprint. 83 Clubs have been set up worldwide so far involving over 650 employees.
- Holding our first 'Living Lightly Day' encouraging employees to reduce their carbon footprint. Over 8,000 pledges were made.
- Running our first Creative Challenge Award, which asked BT people, and students from the London College of Communication for carbon reduction ideas. Many innovative entries were received and the finalists and winning entries are described [here](#).
- Updating our climate change [website](#) with suggestions for action in the home and the community. The site also includes a carbon calculator to help visitors understand their own climate impact.
- Running several climate change clinics and road shows in the UK, Europe, and the US. These gave our people the opportunity to hear what we're doing and to tell us what more they want us to do.

Customers and climate change

Tackling climate change requires innovative products and services. We are embedding sustainability into our product design processes as part of our [sustainable economic growth](#) programme.

We are developing new products and services to help all our customer groups reduce their energy use.

Corporate and public sector customers

We launched our Sustainability Practice in 2007. This helps our large corporate and public sector customers reduce their carbon footprint by using ICT and changing behaviour. Our first service is the BT Carbon Impact Assessment. This helps organisations calculate their CO₂ emissions and finds ways to reduce them. Examples include data centre consolidation, collaborative and remote working tools and other networked IT services.

We are also promoting services that help companies implement flexible working practices. We use our own experiences in this area to demonstrate the [benefits](#) for the company, employees and the environment.

Small and medium businesses (SME)

We have developed a website for SME customers with a carbon calculator and tips for improving energy efficiency and reducing business travel. We held a conference and webinar for our SME customers on reducing energy use and cutting costs.

Consumers

Consumers are potentially in a strong position to fight climate change because of their demand for environmentally friendly products and their influence on government. However, this influence is yet to be strongly felt. Businesses need to provide consumers with better information and more choice. As members of the CBI [Task Force](#), we have committed to develop new products and services that empower UK households to halve their emissions by 2020.

This year we launched our range of Green Phones, which consume around half the electricity of previous models. The phones are available on bt.com and from Argos. This is the first stage of a £2 million commitment to improve the energy efficiency of our entire home-phone range. We estimate that the replacement of all our cordless and fixed-line phones with more energy-efficient equivalents will result in an overall reduction in CO₂ emissions, for our customers, in excess of 195,000 tonnes over the next three years.

We also have an "[Interactive House](#)" on our climate change website to help customers understand and reduce their carbon footprint.

Suppliers and climate change

In order to continue reducing our carbon footprint, and to help our customers to do the same, we need the products we buy to be as energy efficient as possible. We have therefore established a set of [procurement principles](#) that support our climate change strategy.

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 0.68 million tonnes, 58% below the 1996 level (See Note 7)	2016 CO2 emissions to be 80% below 1996 levels.

Note 7: 2008 figures recalculated to take account of updated Defra Company Reporting Guidelines (2007) (Annex 1)

Employees and Climate Change - 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 5.04 during the 2008 financial year (see Note 3)	BT will maintain the 2007/08 level of employee engagement, 5.04, as measured by its annual employee attitude survey.
Global Warming CO2 emissions	A measure of BT's climate change impact	2007 financial year UK CO2 emissions were 0.68 million tonnes, 58% below the 1996 level (See Note 7)	2016 CO2 emissions to be 80% below 1996 levels.

Note 3: In 2007/08 the Employee Engagement Index was based on an average of the mean results across a reduced number (4) of key questions so a comparison with the 2007 score of 65 is not possible. Using the same calculation method the 2007 EEI was 5.07.

Note 7: 2008 figures recalculated to take account of updated Defra Company Reporting Guidelines (2007) (Annex 1)

Climate change Targets

Start Date	End Date	Description	Update	Target Status
April 2008	December 2020	BT Group will reduce its CO2e emission intensity by 80% against 1996/7 levels by December 2020.		New
April 2008	March 2009	BT will conduct a trial of electric vehicles in two of its lines of business in association with two manufacturers to assess the financial and operational use of the vehicle type.		New
April 2008	March 2009	BT will trial the use of Bio-diesel in association with a fuel supplier and vehicle manufacturer		New
April 2008	March 2009	80% of BT contracts placed will take energy consumption and / or environmental impact into consideration in the award of business		New
April 2008	March 2009	30% of BT 'product or service replacement contracts' awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)		New
April 2007	December 2016	BT will reduce its UK carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.	On track to achieve target with current levels 58% below the base year. Note that this year we have recalculated our 1996 baseline figure to take account of the updated DEFRA CO2 conversion factor for 1996.	On Target
April 2007	December 2012	20% of BT's employees will be actively engaged in reducing carbon footprint at work and at home.	We are well on track to achieve this target with a significant number of BT people now actively engaged.	On Target
April 2007	March 2009	BT will complete the design for BT's Data Centre of the future and start rolling out to the estate.	We have completed the base design and are now moving towards a detailed systems design. We are on target to deliver on time.	On Target

Employees and Climate Change Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will maintain the 2007-8 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey		New
April 2007	December 2016	BT will reduce its UK carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.	On track to achieve target with current levels 58% below the base year. Note that this year we have recalculated our 1996 baseline figure to take account of the updated DEFRA CO2 conversion factor for 1996.	On Target
April 2007	December 2012	20% of BT's employees will be actively engaged in reducing carbon footprint at work and at home.	We are well on track to achieve this target with a significant number of BT people now actively engaged.	On Target

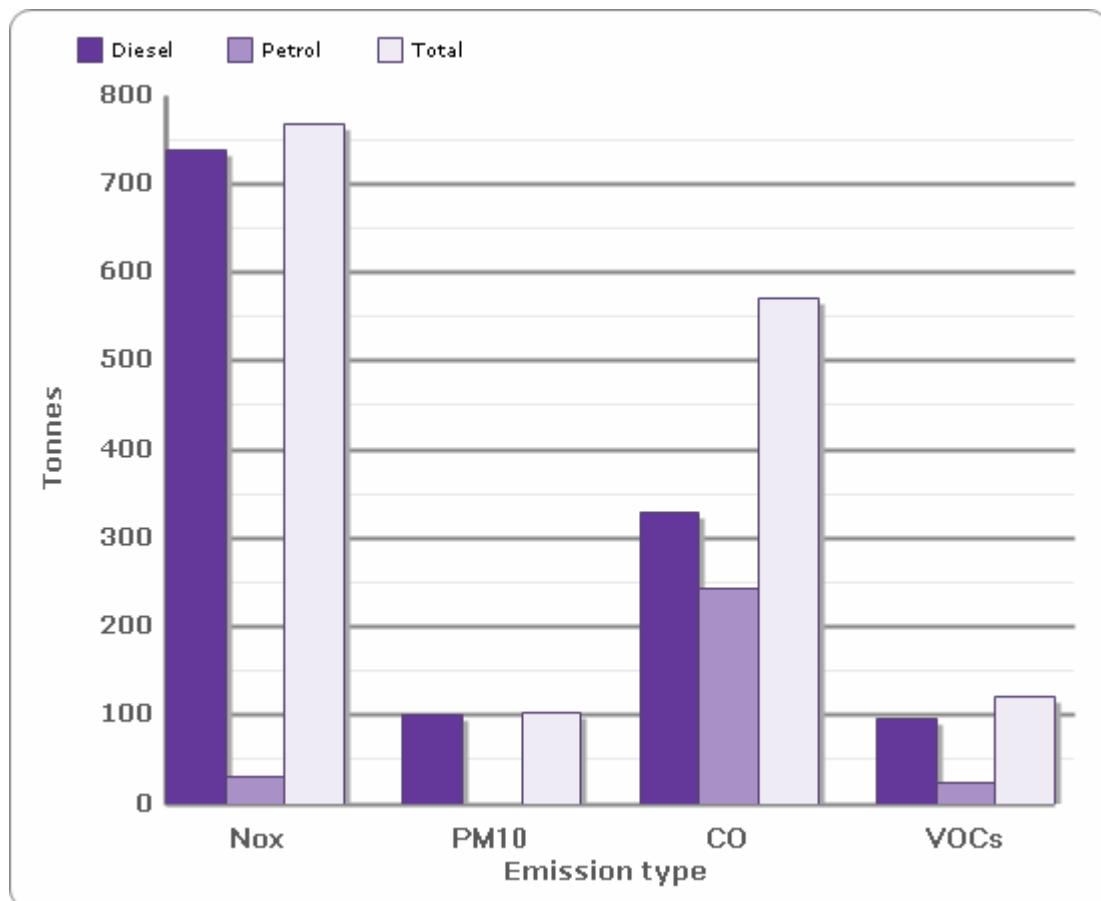
Customers and Climate Change Targets

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"	A supplier conference was held on 18/06/07. Slides are available from this URL Supplier Conference	Completed
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 impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor. 	The procurement principles have been implemented and training sessions held.	Completed

Suppliers and Climate Change Targets

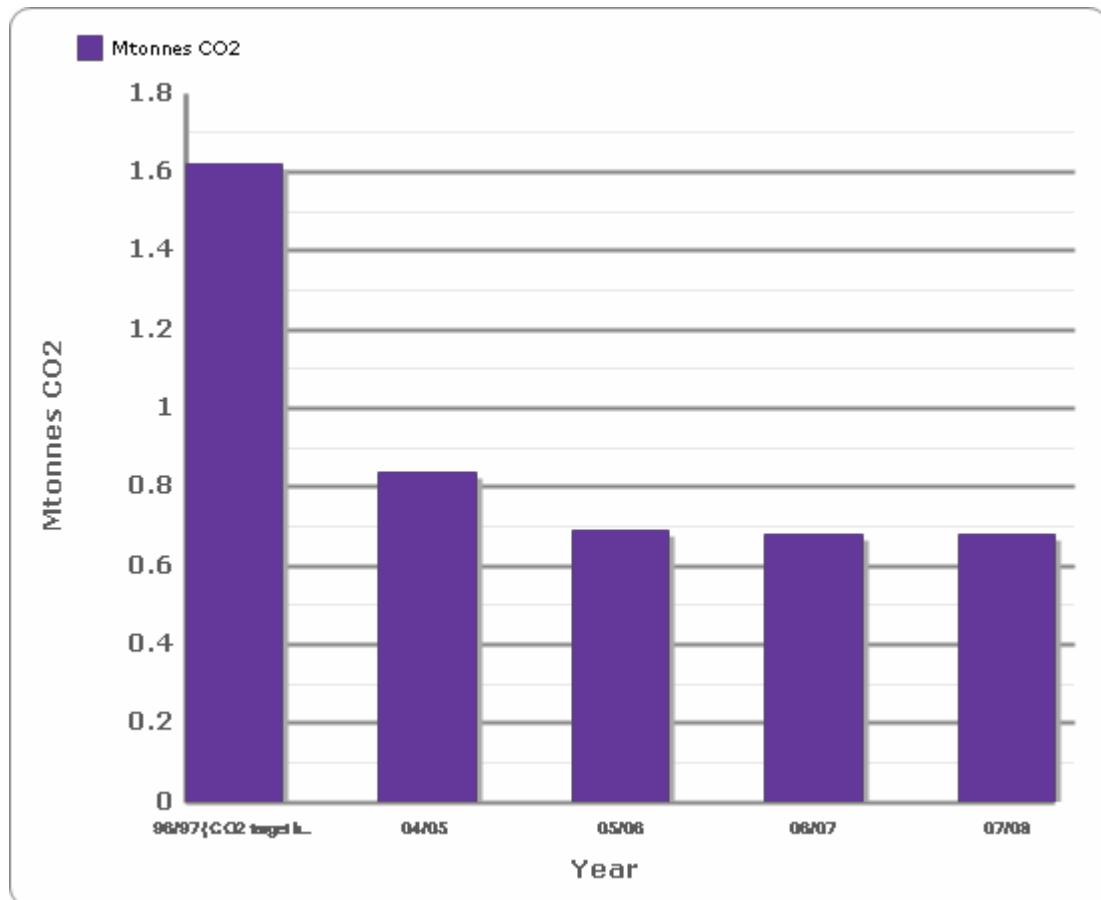
Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	80% of BT contracts placed will take energy consumption and / or environmental impact into consideration in the award of business		New
April 2008	March 2009	30% of BT 'product or service replacement contracts' awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)		New
April 2007	March 2008	BT will produce a study of energy efficiency options, possible targets and labelling for key business products.	During the year we have looked at the whole lifecycle of a product; manufacture, in-life operation and recycling and are engaged with manufacturers of the equipment as they have the major role in improving energy efficiency at the design stage e.g. Cisco, Nortel and HP. Through the engagement process we can influence through our procurement principles and the importance of reducing carbon emissions and push for clear unambiguous targets from these suppliers.	Completed
April 2007	March 2008	BT will produce a report on energy efficiency options, possible targets and labelling for key consumer products.	Although we have failed to meet this target, BT Retail has appointed a Head of Sustainability to accelerate our plans in this area. We have already undertaken a significant amount of work to improve energy efficiency e.g. more efficient power supply units, DECT phone ranges which use on average 50% less energy than their predecessors. The BT Home Hub also now features the new efficient power supplies. We are keen to label equipment to ensure the new power efficient products are easily recognised and are currently undertaking a review of the most effective ways of labelling in the UK.	Failed

Emissions from vehicles travelling on BT Business



Excludes BT Global Services outside the UK. Source: NETCEN (AEA Technology)

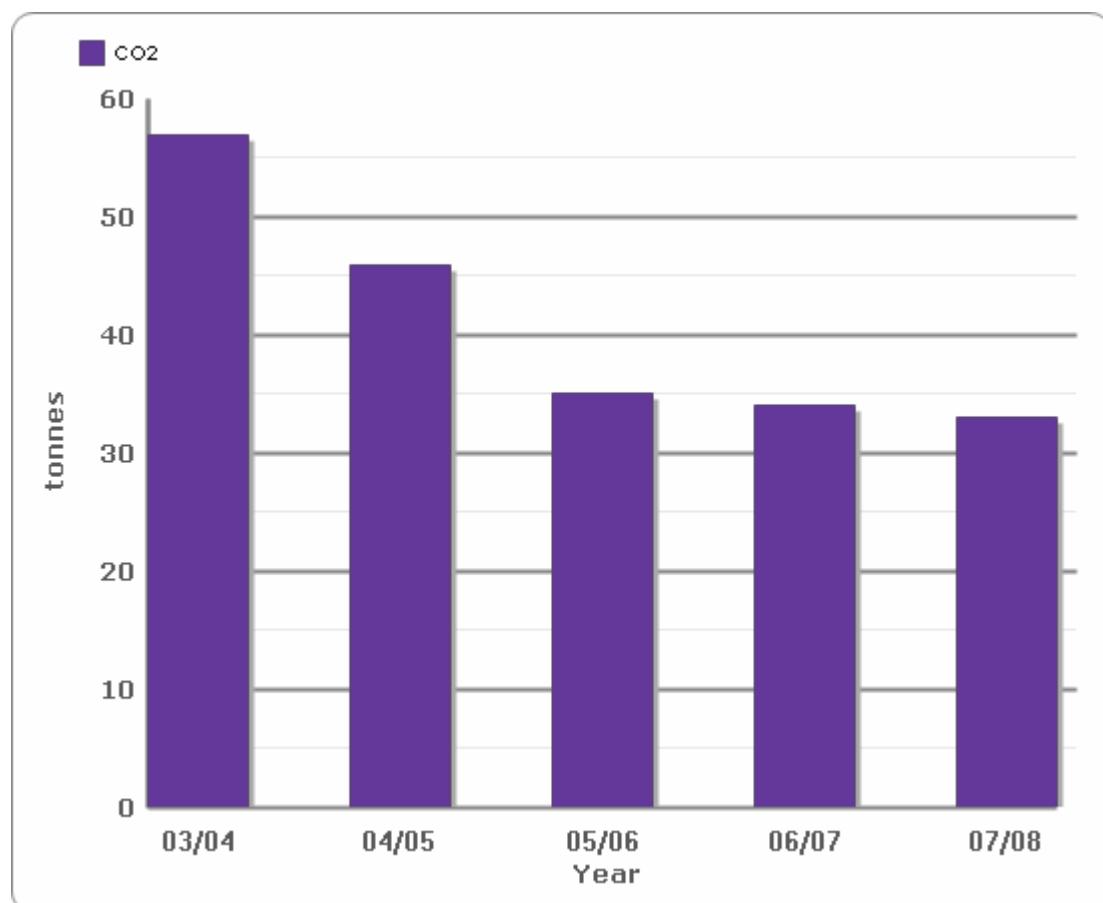
CO2 equivalent emissions



Excludes BT Global Services outside the UK. This year we have recalculated our figures back to the 1996 baseline, to take account of the updated Defra CO2 conversion factors.

Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR, AEAT NETCEN

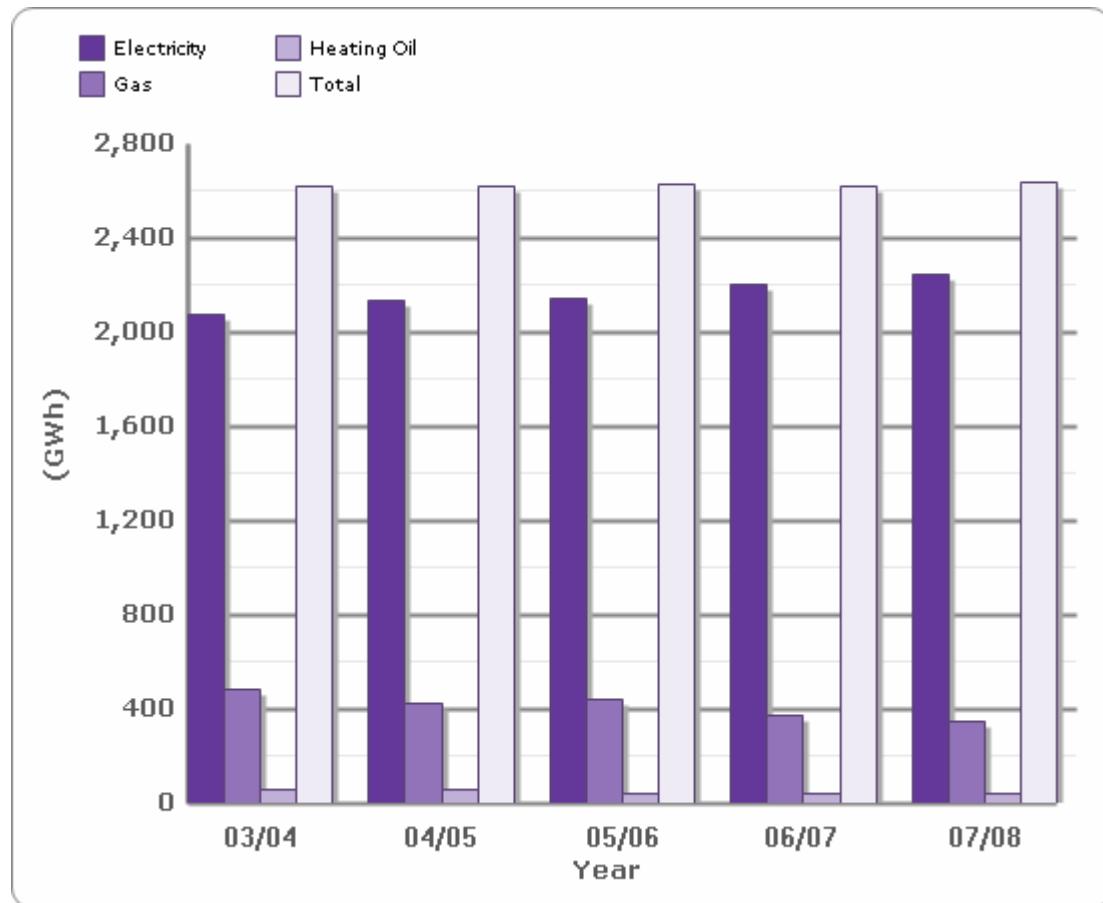
CO2 emissions per £m Turnover



Excludes BT Global Services outside the UK.

Source: Annual Report & Accounts, CO2 Model

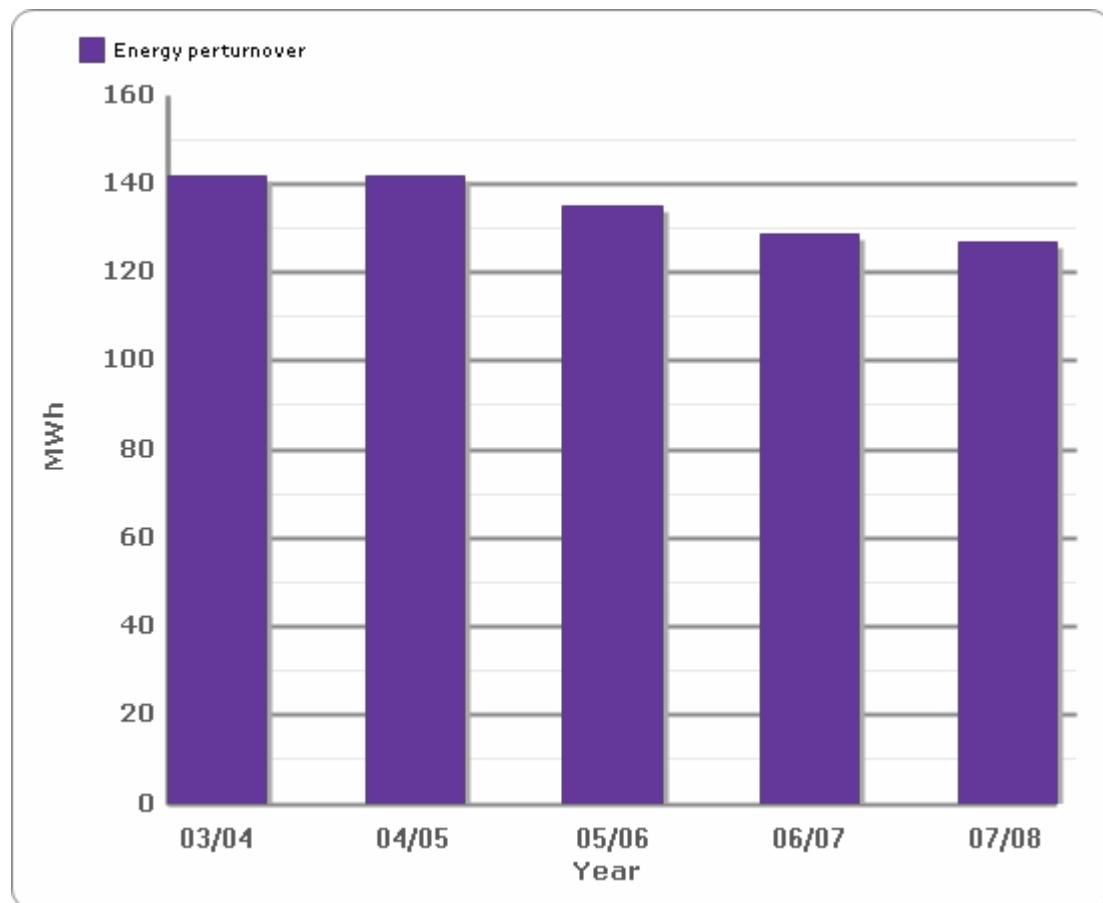
Energy consumption



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

2008 International Data

	Electricity	Gas	Oil	Water	Total Waste	General Waste	Waste Recycled		Travel													
									kWh	kWh	litres	litres	Tonnes	Tonnes	Air miles Domestic	Air miles short haul	Air miles long haul	Car miles Petrol	Car miles Diesel	Hire Car Petrol	Hire Car Diesel	
USA	63647800	2,466,115			23,111,398	202	156	46	11,850,669						21,655,681							
Argentina	5,599,200				4,500,000											27,836	425,000			64000		
Australia	533,672					29	4	25	343,597		50,385		8,091,429									
Belgium	4,313,308	1,336,771	3,600	4,042,000	682,110	529,014	153,096			1,068,999		1,117,186	106,151	16,535,371								
Brazil	300,000																					
China	179,186								385,828													
Columbia	1,243,728		997	996,000		6	1	5	114,186		60,884		1,096,311	130,391								
Costa Rica	26,772			48,000		1																
El Salvador	78,492			480,000		3																
France	4,055,813		1,700						147,435		717,786		587,781									
Germany	78,124,834		110,000	355,000	303	132	171	3,089,239	4,548,469	3,984,059				22,000,000								
Guatemala	8,520					0																
Honduras	89,760			48,000		1																
Hong Kong	288,926								218,088		3,754,410											
Hungary	366,109								638,131		110,791											
India	2,053,430			1,123,630																		
Ireland	95,238,014	5,373,717	723,695	18,929,000	1,085	758	327	387	99,267		78,716	351,259	2,217,136									
Italy	32,594,400	2,470,406		51,429,000	51		51															
Korea	73,381																					
Malaysia	34,915																					
Netherlands	31,003,265			202,000	128	54	74	100	1,656,749	1,414,009												
Nicaragua	65,628			30,000	0	0																
PanamÃƒÂ¡	139464				2																	
Peru	438,840			1,200,000	9			22,780	53,400	19,000	237,600		56000									
R. Dominicana	85,867			30,000	1	1																
Singapore	285,536				9		9	51,510	21,796	7,047,387												
Spain	51,869,128			16,574,000	25		25	691,923	1,648,316	1,855,349	254,613											
Sweden								59,219	709,493	70,814												
Switzerland								266	759,556	786,500												
Taiwan	37,363			783,000						15,542	58,614											
TOTALS	372,737,988	11,647,009	839,992	123,098,028	683,967	530,121	153,830	16,757,138	12,251,319	51,697,259	1,505,014	40,752,507	120,000	0								

Note 1 - Waste data consolidated for all sites

Note 2 - Most international countries recycle their waste

Note 3 - LRQA assurance process was limited to a check that data had been correctly collated from country submission and did not include testing of source data and internal controls (limited assurance).

2008 UK CO2 Mode

Emission Source		BT Carbon Dioxide (CO2 equivalents) Model		Base Year		2004/05		2005/06		2006/07		2007/08	
		1996/97 (Base)		Amount (kg)		Amount (kg)		Amount (kg)		Amount (kg)		Amount (kg)	
		Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)
SCOPE 1	Stationary Combustion												
	Oil Combustion - Electricity Generation	12,078,458	12,033,000	6,849,137	3,504,142	1,661,878							
	Gas Combustion	107,947,064	79,059,984	81,589,349	69,395,018	64,465,045							
	Oil Combustion - Heating	66,778,054	14,410,161	10,383,618	10,095,460	10,512,817							
	Refrigeration Gases (HFCs and SF6 only)	500,000	2,406,894	1,433,998	3,240,410	2,731,592							
	Commercial Fleet Diesel	167,232,000	126,699,464	129,340,509	125,686,194	124,124,316							
	Commercial Fleet Petrol	18,480,000	9,603,799	5,933,994	5,162,533	660,928							
	Company Car Diesel	24,021,000	11,153,473	15,392,853	15,937,594	23,061,808							
	Company Car Petrol	16,296,000	17,303,091	12,072,696	9,273,486	6,009,163							
	Total Scope 1 Emissions	413,332,576	272,669,866	262,996,155	242,294,837	233,227,548							
SCOPE 2	Purchased Electricity												
	Purchased Electricity	1,149,604,890	506,276,419	372,042,552	383,736,997	390,231,795							
	Total Scope 2 Emissions	1,149,604,890	506,276,419	372,042,552	383,736,997	390,231,795							
	Combined Scope 1 & 2 Emissions	1,562,937,466	778,946,285	635,038,706	626,031,834	623,459,342							
SCOPE 3	Homeworker Emissions	0	8,066,479	9,014,642	6,717,074	5,751,895							
	Cars on BT Business (Diesel)	864,094	600,826	1,805,450	1,642,309	2,502,607							
	Cars/Motorcycles on BT Business (petrol)	4,882,118	3,785,867	1,420,477	1,033,503	805,521							
	Refrigeration Gases (CFCs and HCFCs only)	13,074,389	7,763,662	4,375,817	6,388,124	4,517,461							
	Rail travel	11,454,803	13,484,611	14,594,061	13,826,495	15,161,055							
	Air Travel (short haul)	7,861,956	6,006,193	7,553,833	7,328,436	6,975,822							
	Air Travel (long haul)	8,098,223	6,029,284	7,864,527	8,802,487	11,296,724							
	Hire Cars (Diesel)	904,141	2,670,362	2,085,571	2,896,157	4,655,901							
	Hire Cars (Petrol)	10,589,626	12,777,391	5,409,009	9,340,850	9,690,058							
	Total Scope 3 Emissions	57,729,350	61,184,675	54,123,386	57,975,436	61,357,043							
Total CO2 emissions (kgs)		1,620,666,816	840,130,960	689,162,092	684,007,270	684,816,385							

Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DEFRA, AEAT NETCEN

% Reduction =	0%	48%	57%	58%	58%
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Bringing it all together

BT's Sustainability Report

2008

Community



let's make a **better** world

Community

We donate money, time and expertise to make a difference to the communities where we operate around the world.

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 2008, this investment in society was worth £22.3 million.

In 2007, we undertook a pilot project to assess the effectiveness of our community investment programmes using independent auditors. Each project was scored against four broad questions:

- Are we investing in the right projects?
- Are we managing those projects effectively?
- Are the projects effective?
- Are we learning and continuously improving?

Scores for the individual projects were then amalgamated to produce an overall score of 70%. We repeated the exercise in the 2008 financial year for projects representing approximately 70% of our community investment. This produced an overall score of 79%, exceeding our target of 75%.

Campaigns and partnerships

Our Better World Campaign gives disadvantaged young people the skills they need to succeed in life and to improve their world. The Campaign includes education programmes in the UK and internationally, such as projects run in partnership with children's charity UNICEF.

Our employees also raise money for our fundraising partners UNICEF and ChildLine.

How this relates to our CSR strategy

The Better World Campaign and our partnerships support our broader [CSR strategy](#) particularly our climate change and inclusive society goals:

- [Inclusive society](#) - our support for communications skills is helping to build an inclusive society where young people celebrate difference. The Campaign also helps reduce digital exclusion by giving young people the ICT skills they need to succeed in life.
- Climate change – we are supporting our climate change strategy through the Better World Campaign education programme. We have developed free climate change and environmental resources for teachers. We are also encouraging our employees to join [Carbon Clubs](#) as part of our BT Volunteers programme.

Employee engagement

Our employees are critical to the delivery of our programmes, providing valuable in-kind support. This is good for the communities they support, and also gives our people new skills and experiences.

Our annual employee survey shows how important these activities are to how they feel about the company. We encourage our employees to get involved in all our community through our intranet and regular mailings.

Employee volunteering

We encourage our employees to volunteer their time to support good causes, primarily through the [BT Volunteers](#) programme. This gives our people the chance to contribute to our [Better World Campaign](#) by teaching lessons on communication skills in schools and youth clubs. 3,000 of our current and former employees volunteer in over 150 clubs around the UK. In 2008 they delivered lessons on communication skills to over 146,000 young people.

We also encourage employees to give their time to other roles, and have specific arrangements for those volunteering as school governors, in the Territorial Army (BT has a squadron) and as JPs (Justices of the Peace). School governors, for example, are allowed four days paid leave a year for their duties and can use BT resources to help their schools.

Employees can also volunteer for activities associated more closely with BT, for example at our Network Management Centre in Oswestry, or the Satellite Earth Station at Madley where they show visitors around the sites and make presentations to school children and visitors.

We encourage employees to help tackle climate change by joining Carbon Clubs. These are initiatives designed to raise awareness and encourage action on climate change at home, in schools and the wider community. The Clubs are being aligned with the BT Volunteers programme, to take advantage of existing infrastructure and support. This gives the volunteers access to equipment, such as video cameras and data projectors, and time off for their activities. For more information see [Employees and climate change](#).

Community Champions

[BT Community Champions](#) recognises BT employees who volunteer in their local community during their spare time. The scheme allows BT employees world-wide to apply for grants of up to £500 cash or sports kit (for an under 18s

football team or a disabled adult team) for the local community group, charity or school, where they volunteer. In 2008, 842 grants were made worth £200,000.

Chairman's Awards

The annual [BT Chairman's Awards](#) recognises employees who make an outstanding commitment to community 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 £2,000.

The winners for the 2008 financial year were Sally Wilson, Steve Packer, Ronald Smith and Lorraine Reade. Lorraine's valuable work with Youth in Unity in the North West over the past 18 years earned her the Outstanding Achievement Award.

Employee giving

We run payroll giving schemes in the UK, US, Spain and Ireland. We encourage all our people to give to charity, employees can make donations to their charity of choice and the company will match their contribution, up to a total employee contribution of £1million annually.

Over 10,000 BT people world-wide donate to charity via our Employee Giving scheme. In the UK, we have one of the largest payroll giving schemes. In 2008 employees gave just under £2.4 million which was matched with an extra £1 million contribution from BT.

Charity partnerships

BT supports charities, aligned closely to our business, where we can make a real difference and add value to the charity's activities. This is more than donating money as there are many ways we can help using our professional expertise. For more information see [charity partnerships](#).

Emergency disaster relief

BT responds to calls for help when disaster strikes or humanitarian aid is needed. This has included sending engineering teams into disaster zones to provide essential communications for the relief effort, setting up temporary call centres for victims and their families, and providing the mechanisms for donations online or by phone, working with the Disaster Emergency Committee (DEC) for more information see [charity partnerships](#).

We have a three-year partnership with the Red Cross to support disaster relief worldwide.

Telethons

In the 2008 financial year, we helped the Disasters Emergency Committee, Sport Relief and Children in Need run telethons which raised over £70 million in total. Over £40 million was raised 'on the night' for the events using our network and call centres. £4.5 million was donated through the e-donate platform which we have developed.

Judging awards

We involve our employees in projects we support, by asking them to judge awards. For example, our employees select winners from 7,000 nominations for The Teaching Awards. BT sponsors the Primary Teacher of the Year award category. Children of BT employees are also chosen to judge awards such as the ChildLine Awards, Seen and Heard Awards, Circles of Influence events and the Big Fat Voice partnership with the Guardian newspaper.

Arts and heritage

BT is the world's oldest communications company. Established in 1846 as The Electric Telegraph Company, we have helped the world to communicate for over 150 years.

We are proud of our heritage and are committed to preserving a record of how communications technology has evolved and how it has shaped society.

BT also helps to show the UK's art collections to the world. In partnership with the Tate, we use our technology to help thousands of people access the gallery's art works, exhibitions and events over the internet.

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 through our heritage programme, known as Connected Earth, and making it available to the widest possible audience through the Connected Earth website and partner museums across the UK.

Connected Earth exhibitions are now on show at:

- FutureWorld@Goonhilly, Cornwall
- Avoncroft Museum of Historic Buildings, West Midlands
- Amberley Working Museum, West Sussex
- Connecting Manchester, Museum of Science & Industry, Manchester
- Communicate!, National Museums Scotland, Edinburgh.
- Milton Keynes Museum, Wolverton.

Objects from the collection can also be seen in Porthcurno Telegraph Museum in Cornwall, the Museum of London and the Science Museum. Over 600,000 people were able to view BT's heritage collection in 2007 through visiting our partner museum Connected Earth displays and exhibitions.

The Connected Earth online museum

This [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. There were 1,400,000 visits to the site in 2007.

Free downloadable teaching resources that support the UK National Curriculum are available from the [Connected Earth Learning Centre](#).

BT Archives

The [BT Archive](#) documentary, image and film collections date back to 1846, reflecting our history as the world's oldest communications services 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.

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 66,000 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 and design expertise, hosting and online broadcasting. Tate Online had over 30 million visits in the calendar year 2007.

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 and 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 support the Philharmonia Orchestra's educational website [The Sound Exchange](#). Via online initiatives, our relationship focuses on making the music and expertise of the orchestra more readily available online and accessible to a wider audience.

Community - Key Performance Indicators

Indicator	Description	Measure	Target
Community contribution	A measure of our investment in society	During the 2007 financial year BT provided 1.02% of its profits 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 2008 financial year was 79%.	To achieve a minimum of 82%

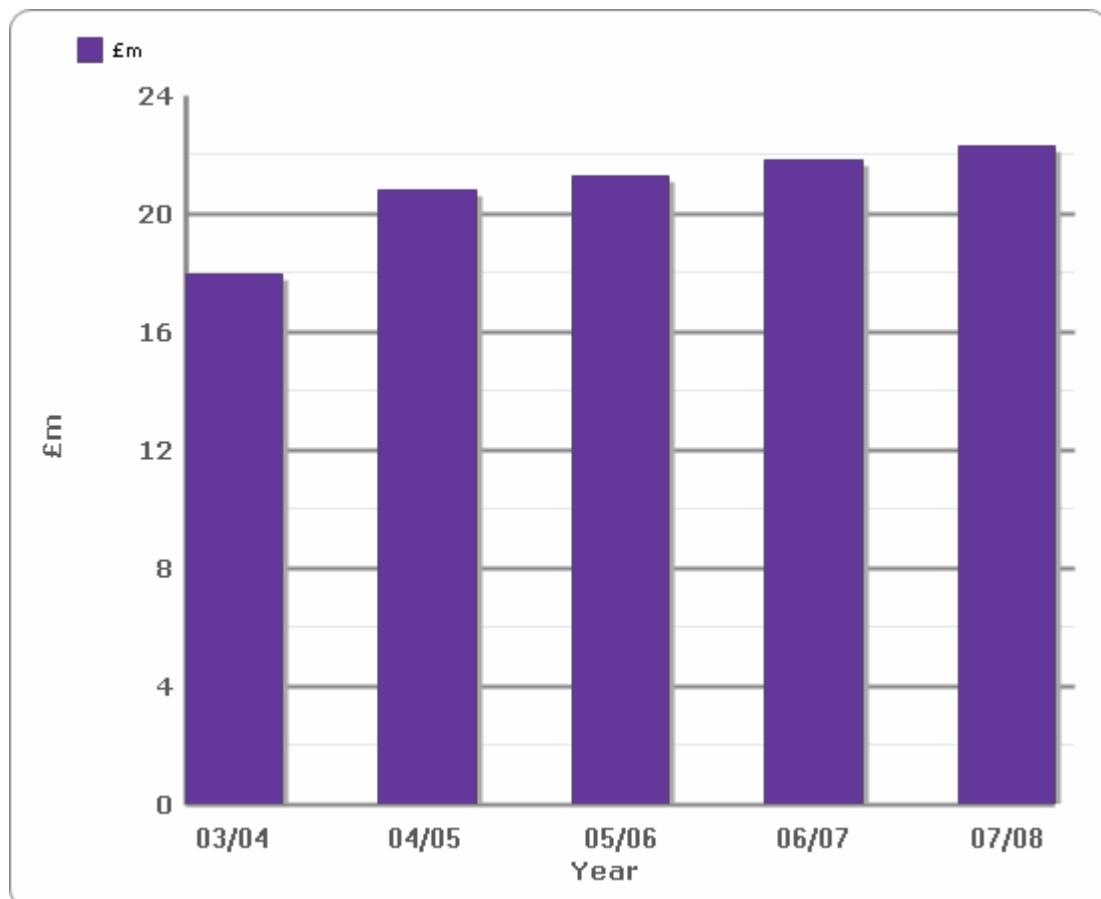
Community Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will provide a minimum of 1% of our 2006 financial year UK pre-tax profits to activities in support of society, either through direct funding or through support in kind		New
April 2008	March 2009	BT's fundraising initiatives, we will raise over £4million for our selected charity partners in the 2008-09 financial year		New
April 2008	March 2009	BT will increase the number of BT employees who join the payroll giving scheme by 10% from March 2008 numbers		New
April 2008	March 2009	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
April 2008	March 2009	BT will launch a community project in Brazil - the second phase of the Inspiring Young Minds programme (in partnership with UNICEF). BT will support with central donations of £500k and aims to raise a further £140k through employee and customer fundraising for the project.		New

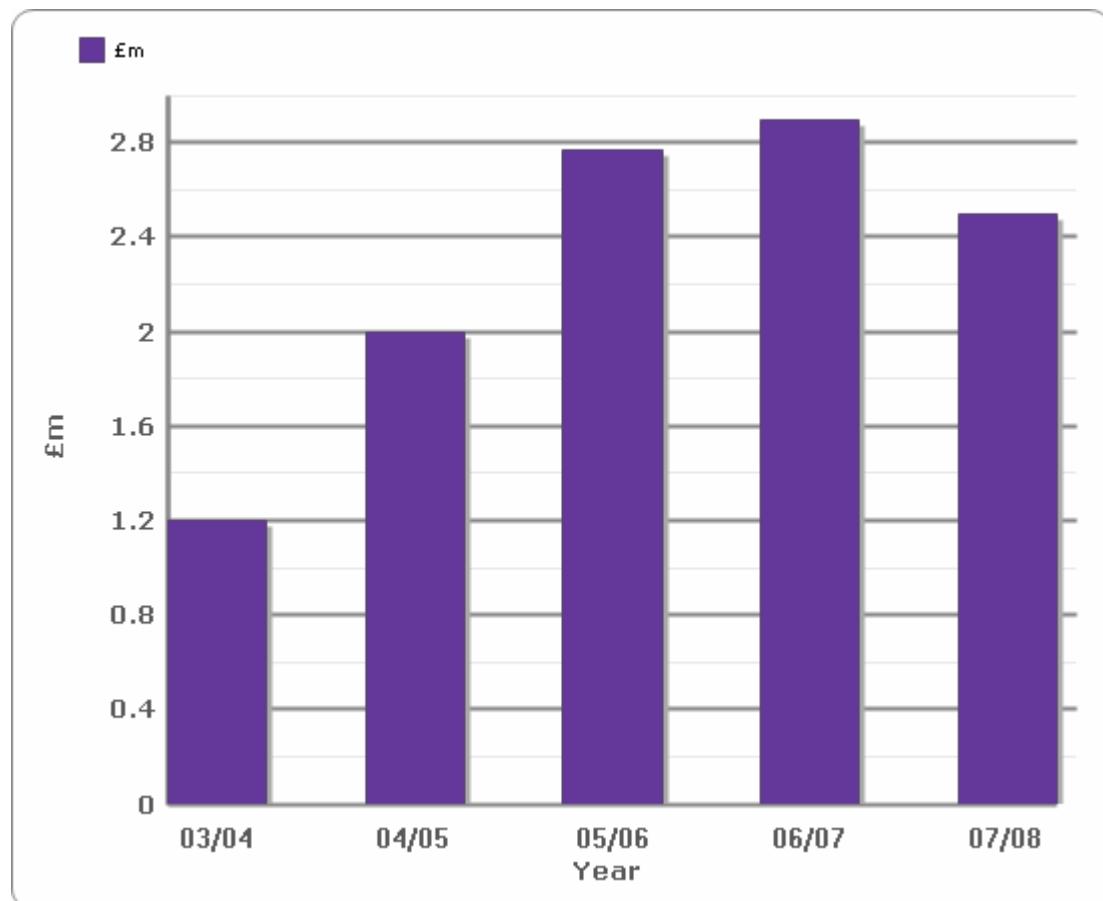
Campaigns and partnerships Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will improve its Community Effectiveness Measure score to 82%		New
April 2008	March 2009	BT will provide a minimum of 1% of our 2006 financial year UK pre-tax profits to activities in support of society, either through direct funding or through support in kind		New
April 2008	March 2009	BT's fundraising initiatives, we will raise over £4million for our selected charity partners in the 2008-09 financial year		New
April 2008	March 2009	BT will increase the number of BT employees who join the payroll giving scheme by 10% from March 2008 numbers		New
April 2008	March 2009	BT will launch a community project in Brazil - the second phase of the Inspiring Young Minds programme (in partnership with UNICEF). BT will support with central donations of £500k and aims to raise a further £140k through employee and customer fundraising for the project.		New

Investment in Society - Funding and support in kind



Direct contribution to charity





Bringing it all together

BT's Sustainability Report

2008

Inclusive society



let's make a **better** world

An inclusive society

Communications technology can promote social inclusion, by giving individuals and communities the opportunity to participate in the global economy. Unfortunately millions of people still lack access to, and the skills to use, technology.

Contributing to a more inclusive society, where the benefits of communications technology are widely shared, is a key part of our CSR strategy.

This section covers our approach:

- Our inclusive society strategy
- Making our technology widely available
- Designing inclusive products and services
- Increasing affordability
- Building the capability of excluded people to use technology.

Other aspects of our inclusion strategy are covered elsewhere in this report, including: Diversity and inclusive workplace practices; Global sourcing; and Flexible working at BT.

Our inclusion strategy

Our goal is to use enhanced communications to help create a fairer, more inclusive society where everybody has the opportunity to participate, benefit and contribute. We do this through our business practices and many of our community investment programmes.

Our inclusion strategy includes:

- Increasing access through better availability, design and affordability
- Increasing skills for individuals to communicate and collaborate effectively
- Role modelling inclusive behaviour in BT and with suppliers and customers. Our [inclusive workforce policies](#) are one of the ways we do this.
- Using enhanced communications to help charities, the young and the disadvantaged. For example through our [UNICEF](#) partnership.
- Increasing awareness of the social benefits of enhanced communications
- Promoting opportunities for community engagement that create social change (eg [volunteering](#))

Many of our inclusive society programmes are delivered in partnership with charities and other organisations.

In October 2005, data from the UK Office of National Statistics (ONS) showed that 36% of adults had not accessed the internet in the last three months. We have set a target to reduce this percentage by 10% (to less than 32.4%) by 31 March 2010. The most recent ONS data shows that in August 2007, 33% of adults had not accessed the internet in the last three months.

Whilst many of our inclusion programmes are focused within the UK, we are increasing our support for inclusion activities internationally, particularly in [emerging markets](#).

Governance

Jane Hobbs, Director HR for BT Openreach, sponsors our inclusive society programme. A taskforce has been set up to agree objectives and drive progress. Members include representatives from our major lines of business and central functions including human resources and BT's Chief Technology Office.

Advocacy

BT is a core member of the [Alliance for Digital Inclusion](#). This is an industry body which promotes the use of information and communication technologies (ICT) to help improve social inclusion and community regeneration. This year, the ADI held a series of workshops on telecare/ telehealth, measuring the impact of digital inclusion, and virtual learning environments.

Availability

In the UK we can help increase digital inclusion by providing a range of different connections, at home, in the office or on the move and by making these widely available.

In this section we explain our approach to:

- Broadband and WiFi
- Payphones
- Developing online content and services that benefits communities
- BT Community Connections award scheme

BT Community Connections

We support increased availability through the [BT Community Connections](#) programme. This 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 the Community Connections scheme has:

- Enabled over 5,500 groups to get online, from older 'silver surfers' to youth groups, cultural organisations, environmental initiatives and sports clubs
- Benefited an estimated six million people
- Won both the Business to Community category and the Overall Sponsorship award at the European Sponsorship Awards 2007
- Won a prestigious Business in the Community Award for Excellence 'BIG TICK'

Feedback from Award winners has been very positive:

"The award has made a huge difference to our team and all of the families that we support. The best part is that we didn't just get a PC (which is brilliant) but we were helped with installation and training which shows that you understand the problems of small community groups and our total absence of an IT department."

Broadband and WiFi

High-speed broadband 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. 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.

More than 99.8% of UK homes and businesses are connected to broadband-enabled exchanges.

The challenge is to encourage more people to recognise the benefits of broadband, particularly those individuals who have most to gain from being able to use the technology

Broadband speeds

Broadband speeds are set to increase with the roll out of our 21st Century Network. This will apply across the UK, not just in city centres. Speeds of up to 24Mb/s will be increasingly available, although actual speeds will depend on a variety of factors including distance from the exchange.

WiFi

BT Openzone provides public wireless Broadband access to the internet at over two thousand premium locations, in the UK. We have also developed Wi-Fi coverage extensively across 12 UK city centres, including Westminster, Newcastle and Birmingham.

Payphones

BT has a legal duty – known as our Universal Service Obligation – to make basic telephone services available to all UK consumers throughout the country and at affordable prices. This includes an obligation to provide payphones to meet the reasonable needs of end - users.

In Great Britain, we currently have 61,662 public payphones in operation, with a further 14,980 managed payphones. There are 1,673 public payphones and 996 managed payphones in Northern Ireland.

Calls from payphones have fallen considerably in recent years, mainly due to increased mobile use. Many payphones are now unprofitable to maintain. During 2008, we removed 492 public payphones. In all cases, local authority consultation was undertaken in line with Ofcom guidelines on kiosk removals.

Content that benefits communities

We provide content on our own websites to benefit communities, small businesses and individuals and we help other organisations to do the same. This can help to increase internet use among excluded groups. Here are a few examples:

- Charities – We work with Recipro Limited to provide free, simple-to-build [websites](#) to UK schools, charities and community groups. More than 5,100 organisations have benefited so far. See our case study for an example of how this has helped [Morley Archives](#).
- 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 have produced a British Sign Language (BSL) [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 – Some people find using the internet difficult, perhaps because of worries about learning something new, the cost or because they have a disability. We provide information on computers and accessories to help people overcome these problems. See [Publications](#).

- For information on how we are putting the UK's leading arts collection online see [Arts for All](#). See BT's [Heritage Collection](#) to read about how we are making the history of communications available online.

International efforts

We also promote digital inclusion in the developing world by providing content and services that benefit communities. For example, our LifeLines project in India is a phone-based information service providing important veterinary and agricultural information to rural farmers. Farmers dial the LifeLines number, often using a community telephone, and record their question on an automated message system. Over 98% of questions are answered within 24 hours with information from a panel of experts

Since it was launched in November 2006, we extended coverage so that an estimated 2 million farmers from 700 villages in regions of northern India can access the service. On average, 350 calls to the service are received each day, far exceeding initial expectations.

In December 2007, we extended our LifeLines India programme to provide a new education service. Teachers and higher grade students in the rural area of West Bengal are supported by a panel of subject-matter and teaching experts who answer queries on curriculum, subject content and classroom management issues.

Case study

Preserving the history of Morley

This year we helped the volunteer group Morley Archives to get online. The group works to preserve the rich heritage of Morley, a historic town in the UK.

Morley Archives was recently bequeathed a collection of photographs of the town by local historian David Atkison but did not have the money or resources to publish the collection. BT provided free web hosting to enable the group to display the photographs and to tell the story of the town online. As well as enabling people around the world to see the photos, the collection is now preserved electronically.

The site has helped to raise awareness of the town and is used by historians, students, and the media.

Design and customer service

Accessible product design and customer service help more people benefit from communications, particularly the elderly and people with disabilities.

Accessibility is good for our customers and our business. One in four customers in the UK are disabled or have a close friend or relative that is disabled; and nearly half of our retail customers are over 45 and 23% are retired.

We believe BT can add most value by making accessibility a consideration in all product design. We aim to improve access right across our core product range, rather than focussing on specialist accessibility products.

In this section we discuss;

- Our approach
- Inclusive design in BT
- How we engage with stakeholders

Our approach

We have had an Age & Disability Team since 1984, to champion accessible product design within BT and work with local communities to improve access to communications.

In the 2008 financial year we reviewed our approach to ensure we are putting customers at the heart of what we do and embedding accessibility across our product range.

We established a new Consumer Affairs and Inclusion team to lead our inclusion strategy in BT Retail. Their work will cover two main areas:

- Digital Inclusion
- Inclusive Design

Our goal is for BT to be recognised as a communications provider with a first class track record of delivery for older and disabled customers and a forward thinking approach to inclusion which enables the benefits of the digital age to be shared more widely.

Inclusive design

In 2007, we set up a centre of excellence to support inclusive design at BT Retail. The centre's role is to ensure that inclusivity issues are thought about at the outset of the design process and that our teams have the tools and support they need to make all BT products as inclusive as possible.

This year, over 130 BT Retail product managers were trained on inclusive design. The training covered all aspects of inclusive design and was led by some of the UK's leading organisations in the field, including the University of Cambridge Engineering Design School and Sagentia, a technology consultancy.

We also launched an inclusive design toolkit, developed in partnership with i-design (a business and academic consortium). This is publicly available at www.inclusivedesigntoolkit.com. The toolkit explains the benefits of inclusive design and provides guidance for product designers within BT and other businesses. It includes an “exclusion calculator” to help product teams understand how they can increase the potential market for a particular product by considering customers with reduced capabilities. We developed a computer based training programme for BT employees based on the new toolkit in order to raise awareness of the business case for inclusive design.

We are using the toolkit to increase awareness of inclusive design amongst the next generation of product designers. The toolkit was publicly launched at New Designers, a leading graduate design event. We also supported the RSA's Inclusive Worlds programme, a design competition to reduce the number of people excluded from everyday products and services. Our inclusive design toolkit is available as a resource for competition entrants.

The toolkit received over 1.3 million hits in the first nine months after its launch.

Mainstream products

We aim to incorporate accessible features into our main product range. The BT Converse 1200 corded phone is one example. It has an incoming call flashing light and a speech amplifier for people who are hard of hearing; quick speed dials prominently positioned for people with poor eyesight; and a hands free function for anyone with dexterity problems.

By encouraging new concepts, ideas and innovation, we are exploring how accessibility features can be included in our mainstream products. Some recent examples include:

- TwoTone Phone - designed for BT by the Helen Hamlyn Centre, to help older people contact their friends and relatives more easily. The phone has six ‘presence’ buttons that light up when friends and family are online. Users can then dial without needing to input a long telephone number and speak to a person first time, rather than connecting to an answering service.
- BT Balance - is a motion sensing laptop that allows users to manipulate menus and applications without the need for a keyboard or a mouse.

Inclusive products

We also have a number of products with inclusive features suitable for people with disabilities. These include:

- The BT Big Button 100 - a development of the original phone launched in 1998 with an easy-grip handset and larger keys that help elderly customers and those with limited mobility.
- TextDirect - which enables people with hearing impairments to have real-time telephone conversations with anyone they choose.
- The cordless Freestyle 6300 - with larger buttons and an amplification button for people with visual or hearing impairments, who require the convenience of a cordless phone.

Publications

We publish guidance on accessibility issues and information on suitable products and services from BT on our [Inclusion website](#). For example:

- Communications Solutions – our guide to the full range of BT products with accessibility features
- Sound Connections Guide - our guide to hearing better on the phone
- The Internet: It's easier than you think – our guide encouraging people to get online.

Engagement on accessibility

We seek to understand customer accessibility requirements and raise awareness of these across BT.

External engagement

We have long-standing relationships with many consumer advocacy bodies including the National Consumer Council, Citizen's Advice Bureau, Ofcom and specialist age and disability organisations.

We are starting to take a more proactive approach in our interactions with these key stakeholder groups so that we can better understand the needs of the people that they represent. This will help to ensure that customer feedback and accessibility requirements are fed into our product design processes.

Through our digital inclusion projects we work with partners to help older people and disadvantaged communities and individuals gain ICT skills they can use to improve their lives. See [Capability](#).

Please see our [stakeholder engagement](#) section for our approach with other stakeholders.

Internal engagement

It is important that accessibility and inclusion are considered in all aspects of our customer experience from product development, to advertising and the service provided by our contact centres.

Our Consumer Affairs and Inclusion team is responsible for raising awareness of accessibility issues across BT. Channels currently include:

- An inclusion intranet site providing guidance and background information for employees
- Our main online news service, BT Today

We have set up an Inclusion Communications Forum which has representatives from across BT, to co-ordinate initiatives and improve awareness of inclusion activities.

Capability

Technology gives people the opportunity to improve their lives. For example, using the internet, people can apply for jobs and government services, shop and keep in touch with friends and family.

Despite widespread availability, many people in the UK still do not use the internet and other new communications technology. Research such as the UK Online Centre's "Digital Inclusion, A discussion of the evidence base" report (July 2007), shows that lack of skills, confidence and motivation can act as barriers to the effective use of ICT.

Through our digital inclusion projects we work with partners to help older people and disadvantaged communities and individuals gain ICT skills they can use to improve their lives.

Our contribution is important but on our own we cannot hope to reach all the people in need of assistance. We aim to increase our impact by working in partnership, developing projects that are sustainable and replicable by others, and by raising awareness of the role of ICT in promoting inclusion.

We support other organisations doing similar work through our sponsorship of the eWell-Being awards. These awards, run by the sustainable development charity UK CEED as part of their [SustainIT](#) initiative, celebrate the social, economic and environmental benefits of ICT.

We also promote [inclusive design](#) in our products and services.

Community projects

People on low incomes are less likely to benefit from communications technology. Data from "The Internet in Britain 2007" report by Oxford Internet Surveys shows that people in the highest income category are more than twice as likely to use the Internet (91%) than those in the lowest income category (39%). We work with partners to improve access to technology in disadvantaged communities.

Everybody Online

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.

During the last year, four new projects were launched: in Edinburgh, the City of London, Andover and a county wide project in Dorset. This brings the total number of active projects to thirteen. The projects:

- Enabled 12,000 people to attend sessions to try out new technology in locations where they feel comfortable
- Helped almost 5,000 of these to significantly improve their skills
- Developed local networks, bringing in over 150 new volunteers
- Helped 75 people into employment, saving an estimated £670,000 in state benefits
- Developed projects in art, music and multimedia to engage people in ICT using the things that matter to them
- Achieved growth in internet use in project areas above the national average

The European Commission have included a best practice case study highlighting the achievements of Everybody Online projects in their [European e-Inclusion Initiative](#) (see page 42).

Crossing the divide

Our work with Citizens Online has shown us that lack of confidence is one of the main barriers to digital inclusion.

BT is running a trial with participants across the UK to better understand the 'fear factor' for people who are daunted by the prospect of using computers or accessing the internet for the first time. Individuals have been given the technology and support to help overcome these fears.

Participants are recording their experiences throughout the process and the findings will be shared with policy makers, charities and other businesses. We hope this will improve understanding of the barriers to access and help organisations bring the benefits of the internet to more people across the UK.

See [Crossing the Divide](#) for more information.

Helping older and disabled people

Older people

Data from the Office of National Statistics suggests that 71% of people aged 65 and over have never used the internet. Many older people don't realise the potential benefits of ICT or are concerned that they lack the skills to use it.

We have been working with the charity Age Concern since 2005 to help older people get online, learn about new technologies and use ICT to improve their quality of life.

Recognising the importance of working collaboratively with other organisations, for instance training providers, Age Concern has developed a Digital Inclusion Network. Since it was launched in 2006, more than 60,000 older people have been trained by network members, of whom 42% were first time learners.

BT has provided more than £100,000 funding for grants which have been awarded to network members, to support 67 digital inclusion projects. This has had a direct impact on the lives of 2,874 older people, 70% of whom were using computers for the first time.

In the 2008 financial year, BT also supported Silver Surfer Week, 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.

We supported an awards ceremony at the Houses of Parliament in 2007 to recognise the Internet Ranger and Silver Surfer of the year, and raise the profile of these two initiatives.

Helping people with disabilities

There are approximately 1.5 million people in the UK with a communication impairment and up to 600,000 of them cannot communicate verbally at all without specialist equipment. BT has been working with disability charity, Scope, to help develop communication devices to give them a voice.

Project Wheeltop was set up to design a communication device for a student at Beaumont College who was able to use voice automated technology through moving just one knee. The Wheeltop device works like a laptop on a wheelchair and allows much greater communication through text and e-mail. Two BT apprentices who have cerebral palsy are also contributing to this three year project.

Affordability

Cost is one factor that affects take-up of technology. At BT we aim to be the best provider of communications services for everybody in the UK - including those on low incomes.

This section explains;

- our phone services for low income customers,
- our policy on direct debit payments and
- our approach to disconnections.

Low income customers

Phone services

A phone service can act as a lifeline. We provide a basic telephone service for everyone, including people on low incomes or those who have trouble paying their bills.

On 30th April 2007 we launched [BT Basic](#), for new customers, a low-cost line rental scheme designed to help customers on low incomes who would otherwise have difficulty affording a home phone service. The scheme is currently running along with Light User Scheme and In Contact Plus. We will contact customers on these schemes about moving to the new service during 2008.

Features include:

- Very clear pricing for all phone costs to helping customers budget.
- An automated 'Call My Bill' service which tells customers how much they have spent since their last bill.
- Premium Rate Call Barring service.

Other services for low-income customers include BT Pay & Call, a 'pay as you go' service. It provides a BT fixed line service which is pre-paid by credit or debit card or by using BT's Pay & Call Payment Card (cash payments at PayPoint). Around 50,000 customers use the service.

Charges for non-direct debit payment

BT customers who choose not to pay their bill by direct debit pay an additional £1.50 per month. These charges were introduced for a number of reasons. Non-direct debit payments cost BT substantially more to process on average and there is a much higher risk that customers will either pay late or forget to pay a bill. BT's payment processing fee for non-direct debit customers is not applied to customers on special packages for those on low incomes.

We believe this approach supports our aim to be the operator which offers customers the widest choice of payment options. Our leading competitors either only accept customers who pay by direct debit or charge them a heavier premium (up to £5 a month).

Disconnections

We regard a disconnection as a failure and make every effort to avoid it. We offer flexible payment options to help customers budget for bill payment. If customers have temporary payment difficulties, we are eager to work with them

to avoid having to disconnect their service. For example, by agreeing payment plans to help customers pay over a longer period than usual.

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

Our Bill Payment Code of Practice describes our procedures for requesting payment and the help customers can expect if they have problems paying.

For more information, see BT Customer Service

Inclusive Society - Key Performance Indicators

Indicator	Description	Measure	Target
Customer Service (See Note 1)	A measure of satisfaction across BT's entire customer base	Increase in right first time performance of 9% for the 2008 financial year.	To improve customer service in line with the corporate scorecard and to achieve an even greater year on year improvement in Right First Time (RFT) (See note 2)
UK Internet Usage	% of UK population who have not used the internet in the past three months.	33% 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

Note 1: Revenue weighted.

Note 2: Customer service is defined as - 'Right First Time' (keeping our promises) and 'Cycle Time' (the speed at which we deliver service). In 08/09 The Group target will be focused on Right First Time.

Inclusive Society Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will provide a minimum of 1% of our 2006 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 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% (i.e. to 32.4%) over a three year period, commencing in 2007.	The target requires a reduction in the UK percentage of people digitally excluded to 32.4% by March 2010. We have been actively progressing our own programmes and working closely with national, regional and local government agencies, the 3rd sector and, in some cases, other corporates, to address digital inclusion and are well on the way to target achievement.	On Target

Our inclusion strategy - Key Performance Indicators

Indicator	Description	Measure	Target
Customer Service (See Note 1)	A measure of satisfaction across BT's entire customer base	Increase in right first time performance of 9% for the 2008 financial year.	To improve customer service in line with the corporate scorecard and to achieve an even greater year on year improvement in Right First Time (RFT) (See note 2)
Community contribution	A measure of our investment in society	During the 2007 financial year BT provided 1.02% of its profits in funding and support in kind.	Maintain a minimum investment of 1% of pre-tax profits.
UK Internet Usage	% of UK population who have not used the internet in the past three months.	33% 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

Note 1: Revenue weighted.

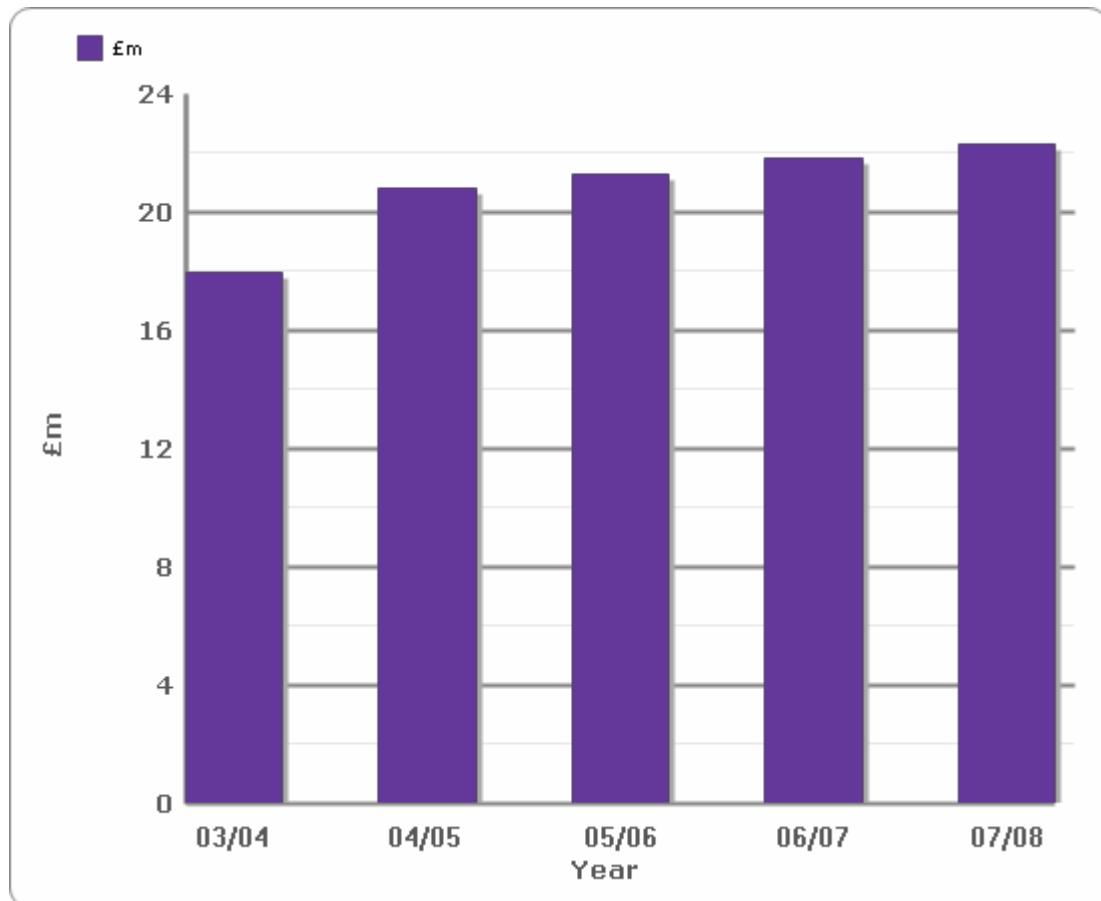
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Our inclusion strategy Targets

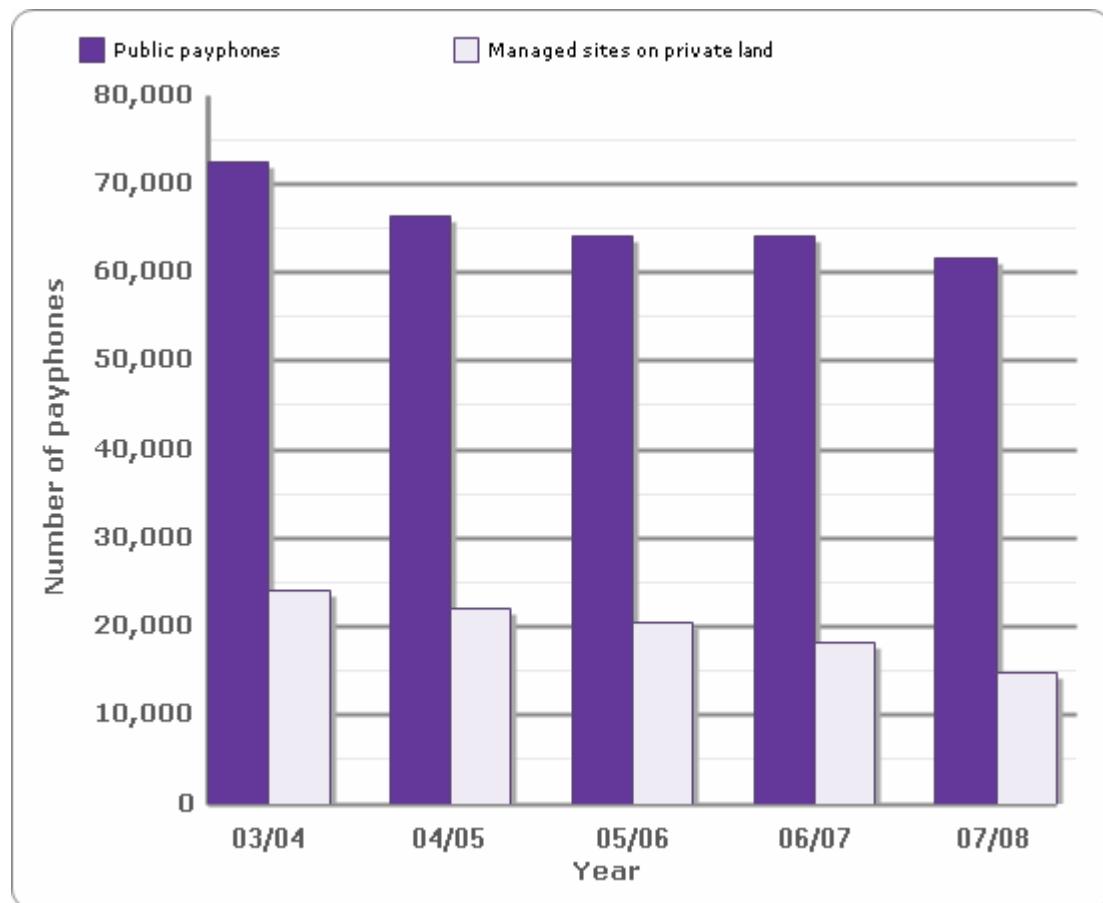
Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will provide a minimum of 1% of our 2006 financial year UK pre-tax profits to activities in support of society, either through direct funding or through support in		New

		kind		
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% (i.e. to 32.4%) over a three year period, commencing in 2007.	The target requires a reduction in the UK percentage of people digitally excluded to 32.4% by March 2010. We have been actively progressing our own programmes and working closely with national, regional and local government agencies, the 3rd sector and, in some cases, other corporates, to address digital inclusion and are well on the way to target achievement.	On Target
April 2007	March 2008	BT will improve customer service in line with the corporate scorecard target as overseen by the Board remuneration committee.	This year we achieved an increase in our 'right first time' performance of 9% against a target of 11%. Looking forward to 08/09, our target is to achieve an even greater year on year improvement.	Failed

Investment in Society - Funding and support in kind



Payphones



Excluding NI