BT plc Modern Slavery Statement

2019/2020

We believe that everyone is entitled to basic rights and freedoms, whoever they are and wherever they live. That's why we're against all forms of modern slavery, everywhere. They have no place in our operations. And that goes for those companies and people who work with us or on our behalf too, wherever they are in the world.

Our approach to combating modern slavery

- We're committed to being a responsible business and to respecting human rights
- Modern slavery is not acceptable in our own operations or in those companies who work with us or on our behalf
- We only want to work with people who choose to work freely, who have rights to equal opportunity, freedom of association and collective bargaining
- We talk to experts and listen to those directly affected to enhance our understanding of modern slavery
- We work closely with our people and suppliers to uphold our standards and to address the risks of modern slavery
- Our main risk is of forced labour in our direct suppliers' supply chains. Forced labour can be prevalent in certain countries, particularly where there are high numbers of low-skilled or migrant workers.

What we've done this year, at a glance...

With technology

- **Strengthened major global data hub on human trafficking victim cases** by improving its data standards and protection of victims' privacy
- **Collaborated on an interactive online map of tech solutions** to help policymakers deliver more effective anti-trafficking programmes
- **Helped the Modern Slavery Helpline to run round-the-clock**, supporting victims in distress and helping the public to spot the signs and report concerns

With our suppliers

- **Launched free online training to our high-risk suppliers** to help them understand and reduce forced labour risks in their supply chains
- **Assessed modern slavery risks of suppliers prior to shortlisting for BT contracts**
- **Further developed our existing conflict minerals due diligence to include cobalt,** aligning with new best practice
- **Reviewed human rights standards in our Australian supplier contracts** to engage and align suppliers to strongly support Australia's Modern Slavery Act

With government policymakers

- **Engaged with UK Government officials to improve standards for business** in how they eradicate modern slavery from their operations and supply chains
- **Advocated to international governments for a stronger role for technology in combating modern slavery**

About us

We're one of the world's leading communications services companies. Based in the UK, we serve customers in around 180 countries.

We build and maintain communications networks in the UK and around the world. We develop products and services that run over those networks. And then we sell them to consumers, businesses and the public sector. We have a total of around 32m customers. Of these, almost 30m are consumer customers, over 1m are business and public sector organisations in the UK and Republic of Ireland and around 4,000 are multinational corporations.

We sell fixed-voice, broadband, mobile, and TV products and services to consumers across the UK. For business customers, we offer communications services ranging from phone and broadband services through to complex managed networks, IT solutions and cybersecurity protection that stretches around the globe.

We also provide network propositions and services to more than 650 UK communications providers.

You can find out more about us here.

Our company structure

Our organisational structure reflects the different customer groups to which we provide communications products and services via our customer-facing units: Consumer, Enterprise, Global and Openreach. The customer-facing units are supported by internal corporate units: Technology, Strategy & Transformation, and Corporate functions including procurement and property management.

You'll find details of our company structure on our website. BT Group plc is the listed holding company for the BT Group of companies. British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group.

We conduct all of our commercial activity through BT plc and its subsidiaries. The BT Group companies must stick to our code of ethics and use our centralised procurement and recruitment policies and processes. For details of our subsidiaries and their locations, see our Annual Report.

This year...

For the first time, we are required to report on our Australian subsidiary in compliance with Australia's Modern Slavery Act 2018. BT Australasia Pty Limited provides business connectivity, communications and IT services to major multinational corporations as part of BT's Global customer-facing unit. It has around 300 employees across offices in Melbourne, Perth and Sydney. Its local management was closely consulted in the preparation of this Statement by the human rights team in BT's Corporate functions unit.

Our people

We have 105,300 employees working in 58 countries. Around 78% of our people are in the UK, where we're one of the largest employers. Outside the UK, our people are employed by local BT Group subsidiaries (though many have a reporting or management line into UK-based people).

We work with around 1,800 agency people. They help us with peaks and troughs in our workflow, mainly in customer-facing and specialist roles.

This year ...

- We converted just under 450 agency workers to permanent staff, 300 of whom were in contact centres
- Excluding acquisitions, we hired almost 15,100 people (11,100 in the UK)

We consult extensively with unions (the Communications Workers Union and Prospect, in the UK), works councils and employee representatives to make sure we maintain a healthy and positive relationship with our people.

This year...

We're giving our people a louder voice through our new Colleague Board. It's chaired by our chief executive, and attended by our group human resources director and group general counsel. Anyone from across the business could apply to join, and 12 colleagues were selected. The Colleague Board met for the first time in January 2020, discussing topics such as BT's purpose and values and steps to keep colleagues informed of key changes in the business. It will meet at least four times a year to share ideas, with a direct line to the BT Board via a non-executive director, who is a member of the Colleague Board.

Our suppliers

We buy from more than 14,000 direct suppliers in nearly 100 countries.

95% of what we spend is with suppliers based in low-risk countries.

We buy a vast range of things from network and IT hardware to corporate clothing and waste disposal services. 10,000 of our suppliers sell to us on an ad hoc basis – 'off the shelf' items or localised services, which are supplies not made specifically for us. These include office supplies, stationery, postal, and courier services.

Some of these products and services we use in our own business (like catering) and some we use as part of what we sell to our customers (like IT equipment). We don't make things ourselves so we don't own any factories or manufacturing facilities, nor do we handle raw materials – we rely on our suppliers to do that for us.

This year ...

We spent £13.8 billion with our suppliers, 69% of which was with 100 suppliers.

Our policies

We have a number of policies in place to set expectations of how we – and everyone who works on our behalf – will work to prevent modern slavery.

Policies	Scope	Refers to...	Relevance to modern slavery
The BT Way	This is our code of ethics. It sets out our values and explains how to behave. Available in 14 languages, it applies to all BT people globally and all those acting on our behalf.	• International Bill of Human Rights • United Nations Guiding Principles on Business and Human Rights • United Nations Global Compact	It covers our respect for human rights (including our requirements on working conditions) and is explicit that modern slavery is never acceptable in our own operations nor those who work with us or on our behalf. It gives a case study and a link to watch a short video we made on spotting the signs of modern slavery. It also points people to our human rights team, our Speak Up hotline and the UK Modern Slavery Helpline if they need support.
Human Rights	This pulls together our existing policies on human rights into one place, covering our potential impacts on human rights, and what we do to address these. It applies to all BT people globally and all those acting on our behalf.	• International Bill of Human Rights • International Labour Organisation's Declaration on Fundamental Principles and Rights at Work • United Nations Guiding Principles on Business and Human Rights	This policy reaffirms our commitment to prevent modern slavery and human trafficking in our business operations and supply chains. It makes clear that we only want to work with people who choose to work freely, with rights to equal opportunity, freedom of association, and collective bargaining. As part of the development of our policy, and with the help of a law firm, we assessed our human rights impact in the UK and in key countries outside the UK. We looked at potential impacts on our employees and our UK procurement processes.
Sourcing with Human Dignity	This sets our standards for a fair and ethical workplace, where workers are treated with dignity and respect. It applies to all our suppliers and their supply chains, globally. The standard is translated into nine languages other than English and accessible to 99% of our Tier 1 (direct) suppliers.	• Universal Declaration of Human Rights • International Labour Organisation (ILO) conventions	This details our expectations of freely chosen employment, prevention of underage workers, working hours, wages and benefits, humane treatment, non-discrimination, freedom of association, collective bargaining, and health and safety.

Policies	Scope	Refers to...	Relevance to modern slavery
Recruitment (internal policy, not public)	Our principles for recruiting responsibly. It applies to BT people in the UK on permanent or fixed-term contracts, except for Plusnet and Mainline employees.	• Our code of ethics, The BT Way • Aligned with the Employer Pays Principle	Explicitly states that modern slavery is not acceptable in our own operations nor those who work with us or on our behalf. We won't charge recruitment fees either directly or indirectly to candidates as part of the recruitment process, and we extend this to our 'Refer a Friend' recruitment programme, which considers applications from people known to employees. A referral in itself doesn't carry any weight in the fair selection process.
Anti-Corruption & Bribery	Sets out our zero-tolerance approach and procedures to prevent and detect bribery and corruption.	• Our code of ethics, The BT Way	Highlights 'red flags' that are also potential indicators of modern slavery, such as cash payments; unusual payments to be made in a third country or to a third party; or any close family, personal or business ties that a third party or partner has with government officials.
Conflict minerals	Describes our commitment to responsible sourcing of minerals and to identify, and remove, conflict minerals from our supply chain. Applies to all BT people globally, and all those acting on BT's behalf.	• United States Dodd-Frank Wall Street Reform and Consumer Protection Act 2010	Some minerals and metals used in electronic devices have been found to be mined using forced and child labour in areas of conflict or political instability, such as the Democratic Republic of Congo (DRC). The proceeds of sale of those minerals may fund conflict and further human rights violations.

Governance

Our Digital Impact & Sustainability Committee, a sub-committee of the BT Board, governs and directs the strategy of our human rights and modern slavery programme.

This year ...

- The committee reviewed our progress on modern slavery in December. The discussions focussed on challenges in our supply chain.

Day-to-day, our human rights team works on integrating the United Nations Guiding Principles for Business and Human Rights into our business, including training and supporting the people who bring our human rights policy to life across the company.

This year ...

- We raised our Board's awareness of emerging human rights issues for the tech sector, including modern slavery risks, through an expert briefing session for our Digital Impact & Sustainability Committee.

Monitoring compliance and effectiveness

We check our people understand and comply with our key policies through mandatory training. People also tell us what they're thinking by contributing to employee representative forums, a number of works councils and through trade unions. Twice a year, we encourage people to use our anonymous 'Your Say' employee survey to let us know about their own experience of working with us.

This year ...

- We improved overall employee engagement, up from 77% last year to 79%
- Our employees' perception of our ethical performance stood at 93%, up from 86% last year
- We established the Colleague Board, which allows senior management to understand the views of our colleagues. It sits alongside BT's existing employee forums, people networks, unions and engagement methods.

Employees can also raise concerns about policy non-compliance with our human rights team, our ethics team or our Speak Up hotline – see page 12 for details.

Our Sourcing with Human Dignity standard applies to all our direct supplier contracts: we require them to cascade it to their direct suppliers, and so on. Our procurement team regularly review suppliers' performance and any changes in the modern slavery risk profile of a supplier. Any concerns or non-compliance triggers a risk assessment and potential improvement actions – see page 14 for details.

We monitor the performance of our medium and high-risk suppliers' actions by using qualitative and quantitative indicators to check they're being effective. If they're off track, we help them correct their course and check they've put things right.

We talk about our other performance indicators throughout this document. You can read a summary of the key performance indicators (KPIs) on page 21.

Risk assessment and due diligence

We want to reduce the risk of modern slavery in our own operations and help our suppliers and our customers do the same. We're doing this by:

1. Understanding our risks and uncovering opportunities to combat modern slavery by talking to experts and listening to people who are directly affected
2. Assessing where the risks and opportunities are in our business and supply chains
3. Developing and applying anti-slavery measures through policy, training, collaboration and technology solutions

This means we're working closely with our people, our suppliers and our stakeholders to continuously improve our approach in a way which respects human rights.

Writing policies is the easy part: we're working hard to make sure that what we say in those policies happens in practice.

Last year, independent experts Business for Social Responsibility (BSR) checked our risk assessment approach and found it robust, practical, and aligned with best practices.

This Year...

We introduced a pre-qualification questionnaire at the earliest stage of shortlisting potential suppliers. Previously, we'd asked only medium and high-risk suppliers who had been shortlisted about specific vulnerabilities to modern slavery. Now we ask these questions to potential suppliers before we decide to shortlist them, flagging potential risks at the earliest stage. Next year we will review our supplier risk questionnaires to check we're asking the most relevant questions to identify our human rights risks, including modern slavery. We'll also put more focus on labour agents and prohibition of recruitment fees in our review.

Highest risk areas

Our risk assessment identified our highest risk areas for modern slavery and human trafficking are in our:

- supply chain, with the companies selling their products or services to our direct suppliers
- construction and engineering services for our infrastructure
- guarding and monitoring services for our properties and infrastructure
- catering and cleaning services used in our business
- the manufacturing of network equipment

Common risk factors

These areas share two common risks: high-risk countries and low-skilled workers.

If workers for a supplier are highly skilled, they're generally at a lower risk of modern slavery and human trafficking. That's because they're more likely to be in demand, and are in a better position to make informed and independent choices about where they work and who for.

The flipside also holds true: the risk of modern slavery and human trafficking is higher for people in low-skilled jobs.

In high-risk countries, low-skilled jobs are often filled by migrant workers. They are particularly vulnerable as they mainly rely on labour agents to secure jobs prior to travel. Recruitment often happens away from the place of work, and outside of the country the worker will be working in. This makes it easier for exploitative labour agents to deceive them about job conditions. They can also demand recruitment fees which can bring a significant burden of debt. Workers may be unable to leave their jobs until the debt is repaid. These fees can include travel and accommodation costs or to cover medical checks. When they arrive migrant workers are often dislocated from their cultural community and in a country where their native language may not be spoken.

Conflict minerals

Mining the minerals and metals used in manufacturing electronic equipment is an area of high risk. We're particularly concerned about the risks of forced and child labour in mining related to tin, tantalum, tungsten, gold and cobalt from the Democratic Republic of the Congo and neighbouring countries where the rule of law is weakened by conflict and civil war. As a member of the Responsible Minerals Initiative (RMI) we follow their guidance by using their Conflict Minerals Reporting Template with our suppliers. For details see our Conflict Minerals Disclosure.

This year...

We explored the human rights risks of cobalt mining through the RMI and at a techUK Responsible Minerals Dialogue event.We decided to add cobalt into our Conflict Minerals Policy and to ask in-scope suppliers to disclose their use of cobalt.

We used the RMI's Cobalt Reporting Template which was launched in December 2018. This was the first full year we adopted it. Many of the suppliers replied that cobalt is not used in their products and for those that do, 50% have responded that they have a publicly available policy on cobalt and survey their suppliers on cobalt use.

Recruiting our people

We're determined to reduce the risk of modern slavery right from the start of our recruitment process. We support the Employer Pays Principle of not charging fees to people joining BT. We also prohibit our external recruitment agents from charging recruitment fees. These fees can be significant and indicate forced labour, when a person is forced to work to pay off this debt. Whilst our UK recruitment policy includes this prohibition, we need to do more to embed this principle across our global business.

How does our recruitment process work?

We log our job vacancies on an online system, updating the system at appropriate sign-off levels as we progress through the process. Each job application has to pass through the system gateways, including sign-off by the appropriate manager and the HR specialist overseeing that vacancy, before we can make the decision to employ someone. At that point, the system will generate an employment contract.

The final stage of the recruitment process includes a 'right to work' check, where we check the candidate's references and verify their right-to-work status. This gives us a final layer of verification so we can be confident that our recruitment team are following our procedures. External agencies go through the same procurement processes we apply to our supply chain. All recruitment agents have to contract with us on our standard procurement terms, including our Sourcing with Human Dignity standard. We have regular review meetings with them, which cover any concerns about agency staff.

Outside the UK local entities employ our workforce, though many have a reporting or management line into UK-based or Global people. That creates further checks and balances to make sure we treat our people consistently, fairly, and equally, wherever they are.

Once people join us, we give them plenty of support, education and training. If they don't behave ethically at work we'll consider taking disciplinary action against them, which ultimately could lead to dismissal. We disciplined 171 employees in the UK as a result of ethical misconduct this year, and 83 left the company. The most common issues related to inappropriate use of company vehicles and falsification of records; none of these issues had anything to do with modern slavery.

We listen to what people say

We encourage our people to tell us what they're thinking.

Our company-wide employee survey includes questions asking whether they feel comfortable to speak out and raise risks at BT.

We work hard to create a culture where anyone who is worried about an ethical issue feels confident they can speak up about it, even if they're only harbouring a suspicion. They can report their concerns on the phone or online through our independent Speak Up service, anonymously if they prefer (subject to local laws). We emphasise that all reports are confidential and people don't need to have evidence to raise a concern. It's open to employees, contractors and suppliers.

We're constantly looking for areas where we may have to do more to raise awareness or share any recurring themes that crop up.

This year ...

- We introduced a new internal policy and standard to explain more clearly how the Speak Up process works and provide more information about everyone involved in the process for investigating concerns
- 593 people raised concerns about a range of ethical issues, 13% more than last year
- We took further action on 38% of the cases we closed, including a mix of disciplinary action, coaching or training, and improvements to our policies or procedures.

We found that the rest of the cases were unsubstantiated, duplications or follow-ups of existing cases. We redirected some to more appropriate channels.

Case study

Prompted by our modern slavery training, a BT employee raised concerns of potential migrant worker exploitation related to some agency workers at one of our UK distribution warehouses. We raised a Speak Up case and the concerns were swiftly investigated on-site by our procurement team.

There were no findings to support the concerns but some areas for improvement were identified for the labour agency that supplies the people working on site. These included building modern slavery guidance into their recruitment process.

We help our suppliers do the right thing

We work with our suppliers to reduce their risks and improve their labour rights practices, but with more than 14,000 direct suppliers in nearly 100 countries we need to prioritise suppliers with higher risks of modern slavery and human trafficking.

We've based our supplier risk assessment process on guidance, resources and supplier audit reports from the Responsible Business Alliance (RBA), EcoVadis and our own checks.

We don't just assess the risks of potential suppliers before we shortlist and enter into a contract with them. We re-assess them at least every two years during the contract and at any time before that if we have concerns.

We use an ethical standards questionnaire, which determines the risk level based on where we're buying the product or service from, what it is that we're buying, and the skill levels of the workers involved in its production or supply. This information determines what we do next. It could be as simple as a phone interview to clarify some minor concerns. Or we might arrange a more detailed on-site assessment with one of our assessors.

We require our direct suppliers to comply with our contractual Sourcing with Human Dignity standard on worker rights and to cascade them down their own supply chain. On-site assessments help us understand how well the supplier has implemented the standards and what the impact has been on their workers.

We also expect our suppliers to promote our Speak Up hotline or equivalent local grievance mechanism to their workers so they can raise complaints and concerns in confidence.

We check this is happening by talking one-to-one with a handful of workers during on-site assessments. This gives us a worker's own perspective on their working conditions and gives them an opportunity to raise any concerns they may have.

If we spot that the supplier needs to make improvements, we'll work with them to address the problems. Typical recommendations for improvements include drawing up process documents for their employees, tightening pre-employment security checks, educating their workers on The BT Way, and paying better attention to health and safety. We report and monitor progress of any improvement actions through regular review meetings and further on-site assessments.

Assessing supplier risks

Registration and shortlisting

Triggers and inputs: Tenders | Change in the supplier's risk profile | At least every two years | Ethical concerns

Low risk categories do not require ethical or environmental assessments → Consider purchase category

High and medium risk scores are considered for further validation → Suppliers complete BT Self Assessment Questionnaires[1]

High risk suppliers based on country/product type/worker skill-level are put on workstack for on-site assessments → Consider high risk factors[2]

On-site assessments are focused on improvement, and not purely compliance to our standards → On-site assessment[3]

Supplier improvement actions

Group Procurement function discusses, validates and agrees the scope with the procurement buyer.

Define and validate → Plan assessment → Perform

Decide the time, location, people involved, roles and responsibilities, pre-assessment checks, timetable, agenda and inform the supplier.

BT assessor performs the tasks as agreed in the agenda.

Report → Improvement plan → Follow up

Share initial findings with supplier, write detailed report, share report with procurement buyer and then supplier.

Agree with the supplier improvement actions and dates to complete them by.

Procurement buyer reviews progress with a follow-up by the assessor after the actions are completed.

[1] Aligns with EcoVadis bronze and silver assessments
[2] Modern slavery country risk maps from Maplecroft are consulted
[3] Equivalent checks to RBA's Validated Audit Programme. We check first to see if RBA or EcoVadis have already recorded an audit report for the site before proceeding

What we've done this year, digging into the detail…

We collaborated on an interactive map of anti-trafficking tech solutions

Digital technology could be playing a much stronger role in combating modern slavery. That's why we co-founded the Tech Against Trafficking coalition in 2018. The coalition brings tech companies and global experts together to address the challenges and opportunities that technology presents in helping to bring an end to modern slavery. We've identified many of the ways that tech's already combating slavery around the world.

This year…

- We continued our research to identify anti-trafficking tech solutions, increasing our findings to over 300 solutions
- We made it easy to search and analyse these solutions in a publicly available interactive map
- We presented our findings to the anti-trafficking community at international conferences and roundtable events.

We strengthened a major global data hub on human trafficking victim cases

We believe that for anti-trafficking policymakers to get a better understanding of what's happening to whom and where, they need to have access to information about victims' experiences, which is robust and easy to analyse. All of this needs to be done in a way that protects individuals' privacy and anonymity. To help with this challenge Tech Against Trafficking collaborated with the International Organisation for Migration on the Counter Trafficking Data Collaborative (CTDC) initiative. It provides online access to a global anonymised dataset on human trafficking cases and analyses of trends. The dataset covers over 108,000 individual cases involving 175 nationalities exploited in 164 countries.

CTDC is shaping anti-trafficking efforts worldwide, since it's not based on prevalence estimates, but on actual case data of victims. Tech Against Trafficking addressed the two main challenges for them: how easily new data could be brought in to enhance the dataset, and the need to further protect the identity of victims. Both concerns had limited how far they could analyse and share the data. Tech Against Trafficking helped by creating a new draft data standard, bringing a stronger approach to preserving the privacy of victims and provided guidance to CTDC to help get more support. CTDC now helps users target their anti-trafficking funding more accurately to where it's needed most at a national and international level – without jeopardising the safety of those who have suffered the most.

TECH AGAINST TRAFFICKING

We helped the Modern Slavery Helpline to run round-the-clock

We think helplines should play a bigger role in tackling modern slavery. Low public awareness of the signs of modern slavery and knowing what to do when you spot it are key challenges in tackling modern slavery. That's why, in October 2016, we set up the UK's Modern Slavery Helpline (08000 121 700) with Unseen, a UK charity focusing on tackling modern slavery. The Helpline's open round-the-clock, every day of the year.

If people suspect someone is a victim of modern slavery, or they're a victim themselves, they can call the helpline to report their suspicions. It also gives the public, statutory agencies and businesses information and support.

We worked with Unseen to create a short video when we launched the Helpline to promote their free service and explain the signs of modern slavery. The video has had more than 13,200 views.

But we wanted to do more to help, so we worked with Unseen to co-design, develop and deliver a smartphone app to extend the reach of the Helpline. The free-to-download 'Unseen' app gives users tips on how to spot the signs of modern slavery and makes it easy to report suspected cases to the Helpline. Endorsed by the National Police Chiefs Council, many police forces are now using the Unseen app to help them in their work. Since it launched the Helpline has taken over 41,500 calls, online reports, and app submissions, indicating more than 16,500 potential victims of modern slavery. In 2019, almost 50% of modern slavery cases reported to the Helpline were related to those in situations of forced labour, from across a diverse range of sectors.

This year...

- We significantly increased our funding to the Modern Slavery Helpline

In response to a downward trend in grant funding, Unseen launched their first public fundraising appeal this year, to raise emergency funds to support the Helpline.

As a proud founding partner to the Helpline, we're committed to helping them operate this crucial service for the long term. We already provide funding to more than cover the costs of the Helpline's communications and IT equipment and services. But we decided to significantly increase our funding this year to a total of £150,000 to support their appeal. The Helpline not only provides a critical lifeline for those who need it most, it also provides crucial information that helps those combating modern slavery better understand how and where to help those affected. It a lynchpin to the UK's national response and essential in the fight against modern slavery.

Unseen also offer support services to victims of modern slavery. These are provided to individuals in safe houses or living in the community. Next year we will partner with Unseen to pilot a project providing mobile phone services to some of their clients because we believe access to a phone and getting online is key to survivors' well-being. It can help them feel connected to family and friends, wherever they are located. We think it will help them to take greater responsibility and control of managing their own needs and to develop skills to support their independence. Unseen will monitor the benefits and report their findings publicly.

modern slavery helpline

We’ve identified and engaged with our at-risk suppliers

We assess and follow up with all the high-risk suppliers that we purchase directly from. That’s Tier 1 of our supply chain. But we’re also checking standards further down the chain among suppliers that are less visible to us. We identified 95 high and medium-risk direct suppliers this year, and followed up with all of them within three months to request more information and to decide whether we need to take any further action. Our engagement with them demonstrated that they need to do more to push improvements in respecting human rights and combating modern slavery within their direct suppliers (our Tier 2). That’s why we’ve focussed more of our on-site assessments this year on lower tier suppliers in high-risk categories and countries, including the supply chain of suppliers that provide services to us, such as engineering and call centre services. Our procurement specialists led 53 on-site assessments, mainly in China and India, a majority of which were on our Tier 2 suppliers.

This year we identified indicators of potential forced labour 25 times during our on-site assessments. These suppliers were given improvement plans which we will continue to monitor. Common issues for suppliers in China that required improvement were excessive overtime, health and safety issues and lack of management engagement to deliver high standards. For suppliers in India and their supply chains, awareness and understanding of human rights issues was low and there was a lack of senior management support.

On-site assessment of contracted suppliers	2019 /2020	China	India	UK
Tier 1 (direct)	15	10	2	3
Tier 2	33	23	10	0
Tier 3	5	5	0	0
Total	53	38	12	3
Requires improvement	**22**	**13**	**9**	**0**

Case study

Working with suppliers to improve

We uncovered some issues this year during an audit of one of our SIM card suppliers that subcontracts its manufacturing to a company in Taiwan.

We assessed both companies – our direct (Tier 1) supplier and the subcontractor – and found several areas where they weren’t meeting our standards. Some workers were being fined for sub-standard work, migrant workers in Taiwan had been charged recruitment fees, and we spotted health and safety issues too. We spoke to the suppliers to explain what we’d found and demanded urgent action to remedy the issues.

The Tier 1 supplier has since produced a development plan to rectify the issues and hired a dedicated manager to make sure it’s implemented. Workers are already seeing improvements. Recruitment fees have been reimbursed to migrant workers and other issues have also been resolved as the supplier enhances its focus on areas such as health and safety.

Case study

Allegations of forced labour in China

In March 2020, media began reporting that over 80 global brands – including 17 of our direct suppliers – were linked to allegations of forced labour in China. We have contacted all our direct suppliers named in the report, asking them to investigate and report back to us. We've made it clear in all communications that forced labour is never acceptable in our own operations or those of our suppliers. We've encouraged those suppliers to work collaboratively with the RBA or other ethical trade associations to engage with governments, business groups and relevant stakeholder groups to investigate these issues further. On-site assessments as part of the investigations were delayed due to travel restrictions during the Coronavirus pandemic, but are expected to start early next year. We will report on the investigation in our Statement next year.

Looking deeper into our supply chain

Around 26% of everything we spend with our suppliers is on electronic equipment, a high-risk category when it comes to forced labour. In this complex, multi-layered supply chain one of our biggest challenges is how we assess companies beyond our Tier 1 (direct) suppliers. We're not alone in this: it's common for many companies in our sector.

One way we do this is through the Responsible Business Alliance (RBA), which gives us and other members access to in-depth assessments of shared suppliers, particularly in the lower tiers of our supply chain.

Another way we're assessing risks is by mapping the supply chains of some of our products. For one of them, a cordless phone made in China, we followed the chain to assess suppliers at each tier down to the Tier 4 supplier that makes the plastic granules used to make the moulding that goes into one of the components of the phone itself. We did a similar mapping for a home hub, also made in China. Our on-site assessments showed no increase in forced labour risks between the different tiers, but some common challenges such as excessive working hours exist. We are working with these suppliers to drive improvement.

We've also found that whilst our direct suppliers are supportive, as we dig deeper down the supply chain our leverage wanes. Being able to influence disclosure in Tiers 3 and 4 – where we don't have a direct contractual relationship and where suppliers are concerned about disclosing commercially sensitive information – becomes increasingly tricky. It's acknowledged by the Ethical Trade Initiative that mapping supply chains is a resource and time intensive process which may not be possible to complete.

We reviewed our approach in light of these challenges and next year plan to explore the use of artificial intelligence to help map our supply chain and to do more to engage our suppliers to collaborate with us to improve supply chain visibility.

We're giving our suppliers free online training

We're providing our suppliers with free access to online training, created and hosted by the RBA, to help them recognise and address the risks of modern slavery. We're initially targeting our high-risk suppliers to complete the training modules on recognising and preventing forced labour, hours of work, health & safety and environmental protection. These are available in English and Chinese Mandarin. Take-up has been slow as the training was launched at the onset of the Coronavirus pandemic.

We'll continue to coach and support our direct suppliers on:

- practical improvement plans when we identify concerns (see our risk assessment process for more details on page 14).
- coaching them to manage risks with their suppliers
- completing our online training

We reviewed human rights standards in our Australian supplier contracts

In light of Australia's Modern Slavery Act 2018 we reviewed our supplier contracts in Australia and engaged with 14 suppliers to improve their contractual commitment to respecting human rights and tackling modern slavery. We checked their alignment with our Sourcing with Human Dignity Standard and we're working with them to update these contracts.

We collaborated with experts

While there's always more we can do in our own business and supply chain, working with others helps to address systemic issues that lead to modern slavery. And we don't know everything – we need advice, guidance, and insight from the experts. So we regularly attend external events, sharing our views and experiences, and learning from other organisations and experts.

This year...

We got involved in 30 events to discuss modern slavery. We're also members of regular working groups addressing modern slavery issues:

- Responsible Labour Initiative and Responsible Minerals Initiative within the RBA
- Human Rights Working Group hosted by BSR
- Sustainable Supply Chain working group with techUK, a membership organisation for UK technologies companies. Their members represent about half of all tech sector jobs in the UK.

We engaged with UK Government to improve standards for business

We share our experience to inform the UK Government's policy and approach on how businesses can get more engaged in addressing human trafficking and modern slavery risks.

This year...

- We gave the Home Office feedback at the development stage to help shape their Modern Slavery Assessment Tool, which is designed to help businesses benchmark the steps they are taking on the issue and show where improvements can be made.
- We responded to the public consultation on section 54 of the Modern Slavery Act, which requires certain organisations to develop a modern slavery statement like this one each year.
- We met with the UK Independent Anti-Slavery Commissioner to discuss how businesses can become more engaged.
- We participated in the Business Against Slavery Forum discussions hosted by the Home Office and a roundtable event hosted by the Cabinet Office alongside other leading businesses to share best practices.

We advocated to international governments the role of tech in combating modern slavery

We believe the role of technology is crucial in the fight against modern slavery and seek to influence policymakers at international levels to make better use of technology.

This year...

- We presented at an international conference in Vienna hosted by the Organisation for Security & Cooperation in Europe (OSCE) – the world's largest security-oriented intergovernmental organisation. We spoke to delegates from the 57 member states about partnership and collaboration in the role of technology, which was the focus of this annual conference on human trafficking. We also supported the demo of the Unseen App we helped to create.
- We presented at an international event in Strasbourg hosted by the Council of Europe – the continent's leading human rights organisation. We spoke to delegates from 47 member states about the human rights challenges facing the role of technology to combat human trafficking.

Training our people and raising awareness

Everyone who works for us has to complete training on The BT Way (our ethics code) and our anti-corruption and bribery policy when they start.

The eLearning course for The BT Way includes a human rights module, which addresses modern slavery. Employees have to repeat that training every year, and we monitor the number who've done it through our eLearning platform. We send reminders to anyone who's due to do their training.

This year...

- 99.4% of BT people have done the training

This excludes those on maternity, paternity or long-term sick leave or other extenuating circumstances. Our Audit and Risk Committees and Regional Governance Committees monitor – at least quarterly – how we're performing against our mandatory training targets.

This year...

We asked the teams most likely to come across human rights issues – including colleagues involved in legal affairs, procurement and security – to complete a new additional online training module on human rights. Over 800 people completed this course which helps them understand how to deal with potential real-life scenarios that could affect human rights, including how to spot modern slavery and report it. We've made the course available to everyone in BT. Next year we'll be reviewing how to further improve peoples' understanding of human rights.

All our procurement buyers have to complete training on our Sourcing with Human Dignity standard.

We train our procurement buyers in more depth on how to spot the signs of forced labour, report concerns, and how it affects our business. These people are in key roles working closely with third parties where they are most likely to come across forced labour indicators. As part of the training we've shared case studies, answered their questions and shown them the practical steps they can take in their day-to-day jobs to prevent modern slavery in our business and supply chain. These training resources are available to everyone in our business through our online Academy platform.

This year ...

We developed and planned to deliver updated interactive training on modern slavery for key procurement roles in Q4. We paused delivery during the unanticipated Coronavirus pandemic. Later in 2020 we'll make the training available online to all BT people, and report on progress in our Statement next year.

Raising awareness

We promoted awareness of modern slavery through internal BT News articles three times this year, which included links to our human rights policy, our work with Tech Against Trafficking and the Unseen app we created last year to support the Modern Slavery Helpline.

Last year we identified that awareness on forced labour was lower with our people in India than it was in the UK. We had planned to raise awareness in India in Q4 this year with a tailored awareness campaign, tied in with the launch of updated modern slavery training for key roles, but both were postponed to later in 2020 due to the business impact of the Coronavirus pandemic. The campaign will be delivered in BT offices across India, highlighting three jobs which are more vulnerable to forced labour: security guards, catering staff and cleaners. Our people will be signposted to further details and training on how to spot and report concerns of forced labour.

Our commitments

We made a number of commitments last year and plan to do more next year to prevent modern slavery.

Who we're looking at	What we said we'd do this year	Did we do it?	What we're going to do next year	Key performance indicators
Our suppliers	• Provide training to high-risk suppliers with low awareness as part of any improvement plans • Explore the human rights risks of cobalt mining in our supply chains • Continue to map and assess the risks in the supply chains of two Consumer products • Prioritise our on-site risk assessments on lower-tier suppliers and high-risk categories • Improve our assessment of modern slavery risks when shortlisting potential suppliers	✓ See page 18 ✓ See page 10 ✓ See page 18 ✓ See page 17 ✓ See page 9	• Strengthen our use of expert sources used in supplier risk assessments • Begin a phased programme to map out the supply chains of BT/EE/ Plusnet branded products • Bring more focus on recruitment fees and labour agents in supplier questionnaires	• Percentage of key roles in suppliers completing online training (7% since training launched in March 2020) • Number of on-site supplier assessments (53 this year) • Percentage follow-up within three months for all suppliers identified as high or medium risk (100% this year) • Number of concerns identified with suppliers which indicate potential forced labour (25)
Our people	• Develop and deliver mandatory training on modern slavery for key roles* • Engage our people in India with a campaign to raise awareness of forced labour situations*	See page 20 See page 20	• Develop and deliver mandatory training on modern slavery for key roles • Engage our people in India with a campaign to raise awareness of forced labour situations • Review our recruitment policies globally to see what more we could do on our 'no fees' approach	• Percentage of key roles trained (new measure) • Effectiveness score for key-role training (new measure)
Our other stakeholders	• Collaborate with high-potential tech solutions to accelerate and scale up their impact through Tech Against Trafficking • Continue our operational support, funding and promotion of the UK Modern Slavery Helpline and smartphone app	✓ See page 15 ✓ See page 16	• Collaborate through the Tech Against Trafficking coalition to promote best practices using tech in anti-slavery work • Continue our operational support, funding and promotion of the UK Modern Slavery Helpline and smartphone app • Partner with Unseen on a pilot project providing mobile phone services to survivors of modern slavery in the UK	• Number of contacts to the helpline (9,570 this year) • Number of multi-stakeholder events (with a focus on modern slavery) that we engaged in (30 this year)

*Although the preparatory work was completed in Q4, the unanticipated Coronavirus pandemic caused a delay in implementation until later in 2020.

Scope of this Statement

This is BT's fifth annual Modern Slavery Statement and covers the financial year ended 31st March 2020. You can read our previous Statements here. We welcome feedback to humanrights@bt.com

The boards of directors for the following companies[1] have approved this Statement:

- British Telecommunications plc
- BT Australasia Pty Limited
- BT Global Services Ltd
- BT Lancashire Services Ltd
- BT Ltd
- BT Managed Services Ltd
- Communications Networking Services (UK)
- EE Ltd
- Mainline Digital Communications Limited
- Openreach Limited
- Plusnet plc

They all delegated authority to Philip Jansen to sign this Statement on their behalf.

Philip Jansen
Chief Executive & Director,
BT Group plc

Signed 2 July following board approvals in June 2020.

[1] From this year we will no longer report on BT Fleet Ltd or BT Facilities Services Ltd as both were sold to external parties.