



Employees

Better World – Our Commitment to Society

Contents

Employees	page 4
Health and safety	page 5
The principles of BT’s health and safety strategy	page 5
Lines of business.....	page 5
Employment	page 7
Employee relations	page 8
Industrial relations.....	page 8
Employment tribunals.....	page 9
Employee communications	page 9
Trade Unions	page 11
Communication Workers Union.....	page 11
Objectives	page 11
Local structure	page 11
National structure.....	page 12
Connect	page 12
BT European Consultative (Works) Council	page 13
Recruitment and retention	page 14
Pay and benefits	page 15
Learning and development	page 16
BT Learning and development principles	page 18
Commitments.....	page 18
Personal capabilities	page 20
Employee attitudes	page 22
CARE 2000.....	page 22
People Satisfaction Index.....	page 22
Investor in People	page 24
Equality and diversity	page 25
Leadership	page 25
Ethnic minorities.....	page 26
People with disabilities	page 26
Work-life balance	page 27
Equal pay	page 28
Valuing difference.....	page 28
Learning and development	page 28
Networks	page 29
External contacts and benchmarking	page 29
Opportunity now benchmarking 2001 (gender) – BT results	page 30

Race for opportunity benchmarking 2001 (ethnic minorities) – BT results . *page 30*
Diversity *page 31*
Discrimination related litigation *page 31*

BT equal opportunity policy page 32

Employees targets page 33

Employees target summary page 34

Employees new targets page 35

Employees

We know that our people are critical to our success. Which is why we aim to attract, recruit, develop and motivate the best people. Research shows that the way a company treats its employees influences consumer decision making and a reputation as a good employer helps us to win and retain customers.

As of 31 March 2001, BT employed around 137,000 people throughout the world, with the majority in the UK, making us one of the UK's largest employers.

Our commitment to the way we treat our employees is contained in BT's Statement of Business Practice. This can be viewed at www.groupbt.com/betterworld/businessprinciples

In essence, BT will:

- create a work environment that is open, honest and unprejudiced and which encourages people to achieve their full potential
- value people's individual and team contributions, and offer opportunities to share in the company's commercial success
- recruit, employ and reward on ability and contribution
- provide opportunities for personal growth and professional development communicate and consult with employees in appropriate ways
- promote a healthy lifestyle.

Find out more about:

- Health and safety at www.groupbt.com/betterworld/healthandsafety
- Employment at www.groupbt.com/betterworld/employment
- Equality & Diversity at www.groupbt.com/betterworld/equalityanddiversity

Health and safety

The principles of BT's health and safety strategy

BT is committed to the highest standards of health and safety across all areas of our business.

We accept responsibility for ensuring that the way in which we do business does not harm the health and safety of our people or anyone else who might be affected by our activities, products or services.

Our key principles are that BT will:

- comply with all applicable laws and regulations and take whatever additional measures we consider necessary to meet best practice
- provide all necessary training in health and safety for employees
- provide customers, contractors and their employees with adequate health and safety information
- sell products that can be manufactured, properly used and disposed of safely without adverse health and safety effects
- require all employees, as a matter of priority, to exercise personal responsibility and seek to co-operate in preventing harm to themselves and others
- consult regularly with employee representatives on health and safety
- pursue continuous improvement in health and safety performance
- encourage our subsidiaries and associate companies to establish health and safety policies consistent with this strategy.

These principles will be supported by the creation of:

- a proactive safety culture and style
- a strategy based on the management of risk and the control of losses
- a single agenda for health and safety, recognised and supported at all levels
- a cohesive and integrated approach across BT plc.

Lines of business

Each of BT's lines of business has a number of health and safety responsibilities:

Health and safety champions	to appoint a health and safety champion who is a direct report of the Business Unit Leader (i.e. Executive Committee member)
Health and safety plan	to produce an annual health and safety plan
Health and safety report	to prepare an annual health and safety report
Hazard inventory	to maintain a comprehensive inventory of physical, chemical and psychosocial hazards
Risk assessment	to carry out formal risk assessment and profiling on all hazards within the inventory

Hazard information	to put systems in place to ensure that managers, employees, contractors and customers receive appropriate advice
Hazard control in the workplace	to put systems in place to ensure all hazards have been evaluated and control measures implemented
Health surveillance	to ensure that arrangements are in place for the health surveillance of those identified as requiring it
Professional support	to arrange for sufficient professional support in the areas of safety, health and hygiene
Reporting	to ensure compliance with the reporting requirements laid down by the BT health and safety champion.
Audit	The BT health and safety champion will ensure adequate independent audit of the management of health and safety.

Employment

The UK government passed the Human Rights Act 1998, which became law in October 2000.

The Act incorporates the European Convention of Human Rights into English law and makes it unlawful for any public authority to act in a way that is incompatible with a convention right.

Full details of the Human Rights Act are available at: www.homeoffice.gov.uk/hract/hramenu.htm

Although BT is not a public authority, it has implemented a comprehensive review of all its employment policies to ensure that we operate both within the law and within the spirit of the Act.

BT's Employment Policies cover:

- employee relations
- recruitment and retention
- pay and benefits
- learning and development
- equality and diversity

For further information on any of these areas please visit www.groupbt.com/betterworld/employment

Employee relations

Industrial relations

In the UK, BT recognises two trade unions: the Communications Workers Union (CWU), which represents 85,000 non-management grades, and Connect, which represents some 17,000 predominantly first and second-line managers and professionals. Find out more about CWU and Connect at www.groupbt.com/betterworld/employeeerelations

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

BT also runs a European Consultative (Works) Council which provides an annual opportunity for trans-national dialogue with representatives from the UK and our operations in continental Europe. Find out more about the Council at www.groupbt.com/betterworld/employeeerelations

Managers are expected to consult their employees and relevant trade union officials prior to implementing change.

The unions, for their part, have a track record of co-operating with change over the last decade and very few days have been lost through industrial action.

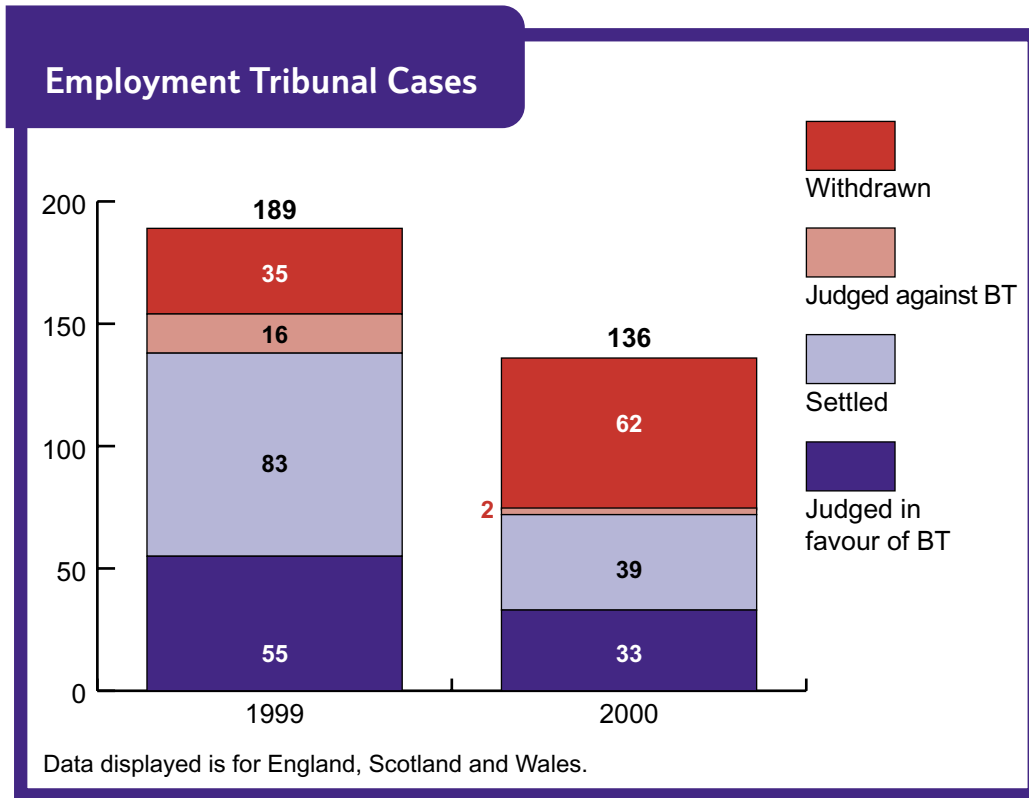
In 2000/2001, as in many other years, no days were lost.

In 2000/2001, there have been no instances of legal action taken against BT concerning anti-union practices.

BT has a series of robust processes which underpin our relationship with our people.

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

Employment tribunals



Employee communications

Our people are crucial to our reputation and success. They are our unofficial ambassadors, our public face. They represent us in every walk of life, not only while on BT business, but out of hours as well. Perhaps over the garden fence, at the pub, or in the supermarket queue.

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

We do this using every means at our disposal, whether it's a traditional paper-based in-house newspaper, a face-to-face event, or the latest, state-of-the-art technology. Although we always endeavour to select the best channel for the job, we also mix and match, using a variety of channels to ensure the message hits home.

BT's intranet is one of the largest in Europe and its most popular sites receive anything up to ten million hits a month.

Our other communication channels include:

- BT Today, our monthly tabloid newspaper, sent to all employees and many BT pensioners
- the on-line BT Newsdesk, updated 24 hours a day, the first port of call for company and industry news
- BT Vision, our internal broadcast television programme, which can be viewed at hundreds of sites throughout the UK
- Communique, a quarterly e-zine for BT people outside the UK
- BT Newslite, a taped news service, which attracts 20,000 listeners a month.

...as well as regular face-to-face employee briefings and events in every part of the organisation.

We sincerely believe in two-way communication and our upward feedback mechanisms include:

- team meetings, where units meet with their line manager to exchange news and views
- employee surveys which check for the receipt and understanding of company messages.
- our annual Communications and Attitude Research for Employees (CARE) survey, in which everyone in the company is invited to take part. (Find out more about CARE at www.groupbt.com/betterworld/employeeattitudes)

Trade Unions

Communication Workers Union

The Communication Workers Union (CWU) was formed on 26 January 1995 as a result of a merger between the Union of Communication Workers (UCW) – a mostly postal union with some telecommunications members – and the National Communications Union (NCU) – a mainly telecommunications union with some postal members.

The CWU represents 300,000 members employed in the postal, telecommunications, information technology and related industries.

The CWU is the seventh largest union in Britain. It is the largest communications union in the country and the second largest in Europe.

Objectives

The main objectives of the CWU are to protect and promote the interests of members and improve their working lives. As an industry-wide union, the CWU is committed to achieving the highest possible membership levels in all communications companies, since this is the best way to protect individual employees, improve general working conditions, and increase the influence of the union, both with employers and with other bodies such as the Government, industry regulators and the European Commission.

The union has made this statement of its values:

The CWU exists to protect, advance and serve the interests of its members throughout the communications industry. In pursuit of its aims, the union will seek:

- to provide first-class collective and individual representation for all its members
- to offer security of employment for all members
- to offer individual membership services of the highest quality
- to expand trade union membership throughout the communications industry
- to promote, by industrial and political means, the success of the industries in which our members work
- to campaign against all forms of discrimination
- to further these objectives by promoting the influence of the union throughout the national and international community.

Local structure

Every member of the CWU is part of a branch. Branches and their elected officers provide the main point of contact for individuals with problems and difficulties. They provide information to members on union activities and are often involved in local negotiations. There are about 239 Branches of the union throughout the UK.

Every branch elects delegates to, and determines policies to be debated at, the annual conference – the supreme policy-making body in the union on industrial as well as general issues. The conference also has the power to change the rules of the union. The annual conference is held in May or June each year.

National structure

Between conferences, the policy decisions are the responsibility of the National Executive Council (NEC). The NEC is elected every year by secret ballot from five constituencies which reflect the industrial and occupational background of the members. The constituencies are: Clerical, Engineering, Operator & Ancillary, Postal, and Postal Technical Services.

The NEC is responsible for the general management of the union, dealing with all central matters such as organisation, recruitment, finances, services and general policy.

Industrial issues are dealt with by two Industrial Executives which comprise NEC members from particular industries and occupations. One deals with the telecommunications and financial services, the other handles postal issues.

Connect

Connect is a specialist union run for and by managerial and professional people. It represents BT's managers and professionals and works with the company to improve the terms of employment for these members and to manage change effectively.

Connect also represents members individually and is a resource that members can use throughout their working lives.

There are a number of specialist networks for Connect members, including: salespeople, personal contract grades, women and graduates. These networks help Connect to keep in touch with the concerns of particular groups of members.

Connect offers professional advice, support and information plus a unique package of individual services, including:

- free legal assistance
- sickness benefit
- 24-hour accident insurance
- independent financial advice
- shopping discounts
- access to training at special rates.

All Connect members belong to a local branch, normally based on the workplace or area. These branches are run by local representatives.

BT European Consultative (Works) Council

BT is a genuinely global company. At the same time as we have been defending and growing our traditional market here in the UK, we have been expanding into selected markets around the world.

Mainland Europe is our home market, where we have taken advantage of market liberalisation to establish a family of alliances and ventures.

We believe that the interests of the business – and the welfare of all those involved in it – are best served by there being a joint understanding of the performance of the business, of its operating environment and market places, and of other matters of mutual concern throughout our European operations.

The establishment of the BT European Consultative Council (BTECC) is intended to provide an appropriate trans-national forum for the exchange of information and views between management and employee representatives.

BTECC covers all BT's operations in Europe, irrespective of whether a particular country is a member of the European Union.

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

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

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

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

There is a joint secretariat to the Council – one representative of the Chairman and one nominee of the trade unions.

Meetings are conducted in English and translation facilities are made available if necessary.

BT bears the costs of the venue and accommodation, translation services and the travel costs of the employee representatives.

Representatives are given time off with pay from their normal duties to attend any pre-meeting and the meeting itself.

They are also given reasonable travelling time.

Recruitment and retention

BT's long-standing commitment to developing and promoting our own people was further strengthened this year by the launch of "NewStart" – a major re-skilling initiative.

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

If we are to be successful in the global marketplace, our people must reflect the rich diversity of our customers and be able to contribute fully and equally to meeting customers' changing needs.

Our advertising and recruitment aims to be truly inclusive, reaching out to all the communities we work in, particularly minorities and those under-represented in our business world. Find out more about recruitment opportunities with BT at www.groupbt.com/careers/

In our previous Social Report (1999) we committed to achieving 250 New Deal employment opportunities within 2000. BT increased this target to 350 by April 2001, achieving this in December 2000. Our target for 2001/02 is to provide a further 100 New Deal employment opportunities. At 10 October 2001 BT has provided 37 further New Deal Opportunities.

37 per cent of this year's graduate campaign applicants are female and 25 per cent of applicants have declared themselves to be of ethnic origin. With an overall 15% increase in applications this matches well with the numbers achieved last year (38 per cent and 25 per cent, respectively).

Of all external job offers made by BT in the 2000/2001 financial year, 86 per cent were accepted.

Because we want to recruit the best, we have an interest in there being a good supply of talent, which is why we are also actively involved in encouraging the young into higher education, especially in information and communications technology (ICT) subjects.

This has led, for example, to our support for the Oxford Access scheme, which provides science summer school places for students from inner city backgrounds and ethnic minorities seeking university places.

We also offer around 700 undergraduate placements each year.

We are particularly concerned at the shortage of women with ICT skills and support a range of initiatives to encourage women into ICT work. These include the recent UK Cabinet Office initiative "Women unlimited", the UK's annual "Take our daughters to work" day, the DTI SET Returners Study and Project Portia. Find out more at www.portiaweb.com

To help address Europe's growing shortage of people with ICT skills, we are an active member of the Career-Space consortium, now seen as "*...the most important example of co-operation between the ICT companies...and the European Commission...to address the shortage of ICT professionals.*" (European IT Observatory – Feb 2001). Find out more about the Career-Space consortium at www.career-space.com

Of course, it's not just about getting the best people, it's also about keeping them. Our experience is that being as flexible as possible and providing continuous learning opportunities in an environment of exciting, challenging team work, pays real dividends. Find out more about our learning opportunities at www.groupbt.com/betterworld/learning

Pay and benefits

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

As well as a market-tested basic remuneration package (from 1st April 2001 our lowest main scale starting salary is £8,990 for a 37 hour week – i.e. £4.67 per hour), we offer a range of other benefits that promote employee ownership of the company and benefit society.

These additional benefits include:

- **Sharesave** – an opportunity for employees to take an option to buy shares at a discounted rate, either three or five years in the future
- **profit sharing** – employees are allocated shares on the basis of company performance (in 2000, over 107,000 – 98 per cent of those eligible – received shares)
- **special leave** – BT will continue to pay employees who are not at work because they are undertaking particular activities in their community or caring for relatives
- **flexible working** – many BT people have been able to agree flexible working arrangements without any decrease in their remuneration package
- **shorter working week** – our normal working week is now 37 hours (We recently reached agreement with the Communications Workers Union to introduce a more flexible non-management structure. Assuming that we realise the benefits of this, we propose further reductions in the working week to 36.5 hours from 31 December 2001, and to 36 hours from 31 December 2002.)
- **pensions** – The BT Pension Scheme is one of the largest funds in the UK, with assets of around £29 billion. Since 1 April 2001, new employees are given the opportunity of joining the BT Retirement Plan, a defined contributions scheme.

BT plays an active part in the equality remuneration debate generally, and we have undertaken our own pay gap audit and issued a statement about equal pay:

BT supports the principle of equal opportunities in all aspects of employment and has in place a range of initiatives, including training, education and communications to raise the level of awareness. As part of that principle, we are committed to ensuring that male and female employees receive equal pay, free of sex bias, for work of equal value. Additionally, pay decisions should be free from bias on other discriminatory grounds such as race or disability. In order to ensure that this is achieved, BT is committed to:

- communicating clearly the factors which influence the pay decision
- providing support and guidance to line managers involved in making pay and benefits decisions about BT's equal opportunities policy and fair implementation
- reviewing the implementation of pay reviews at various stages and carrying out regular monitoring for equal opportunities issues.

BT has also provided support and input – including the design and sponsorship of a website – for the Equal Pay Task Force on behalf of the Equal Opportunities Commission. Find out more at www.bt.com/equalpaytaskforce/

Learning and development

Only by actively encouraging learning and development in all our people can we be the “learning organisation” that our customers need to guide them through the personal and business impacts of the information and communications revolution.

Our commitment to our people’s learning and development are encapsulated in our Learning and development principles which can be viewed at www.groupbt.com/betterworld/learning

And this commitment has been externally recognised through our ongoing accreditation to the UK’s Investors in People standards. Find out more about IiP at www.iipuk.co.uk/

In January 2001 we achieved re-assessment against the new “outcomes-based” IiP criteria. We are – by a long way – the largest company so far to measure up to this new, more challenging test. Over the next year BT Group will maintain its IiP accreditation.

We deliver on our commitments through extensive development and training programmes and facilities, which are now managed and enhanced by e-Peopleserve, our joint venture with Accenture, and through the BT Academy.

Find out more about e-peopleserve at www.e-peopleserve.com

The BT Academy, a web-based corporate learning portal, is a key development in a continuous evolution that demonstrates our genuine commitment to lifelong learning.

It uses leading-edge technology and a new learning management system to deliver world-class e-learning to all BT people via our intranet.

The Academy is a one-stop shop that caters for users’ total learning needs, through the integration of all learning media, content, best practice and people development processes.

It recognises the diversity of needs amongst our people.

The BT Academy helps people to develop skills not just for their current role but also to help them take advantage of future career opportunities in an industry where the requisite skills are changing rapidly. We believe that people starting their careers will increasingly want to work in companies that make such a commitment to the long-term development of their employees.

One element of the BT Academy is our Internet College, which provides access to internet awareness modules. Find out more about the BT Academy at www.groupbt.com/betterworld/btacademy

BT also has an internet-based Computer Science degree and access course, developed and run in partnership with the Communications Workers Union and Queen Mary and Westfield College. Currently in its fourth year, the fifth course commenced during 2000/2001.

BT’s performance and development frameworks ensure regular face-to-face feedback and coaching for all BT people, promoting lifelong learning and career development.

Our Personal Capabilities, against which all BT people are selected, assessed and developed, specifically encourage lifelong learning and knowledge sharing. Our Personal Capabilities can be viewed at www.groupbt.com/betterworld/businessprinciples

We recognise that in today's fast moving world nothing stands still for long, either in life generally or in business. Our people have to cope with constant change as a result of market pressures and rapidly evolving technology. Our long-standing policy of growing our people's skills and capabilities was enhanced this year with the launch of our NewStart initiative, which provides a comprehensive toolkit to enable our people to plan for, react to, and deal constructively with change, whatever it may be.

Newstart provides career/life planning for our people, enabling them to establish a plan that includes the development and re-skilling actions that they and their line managers need to take.

Re-skilling in BT is managed through our Firstcall agency which provides the following services:

- professional career counselling
- 1-to-1 coaching
- access to the Firstcall job shop – up-to-the-minute availability of permanent and short-term secondments
- on-line job search tools linked into all currently advertised vacancies
- Career Focus, an on-line career development tool
- Development Highways, a structured re-skilling programme
- on-the-job development through job shadowing and agency secondments.

In 2000/01, Firstcall has helped around 1,000 BT people move to new roles.

BT learning and development principles

If BT is to achieve its vision of being “the most successful worldwide communications group”, our people must be an outstanding team of inspired individuals, totally committed to the long-term success of the company. And BT must create opportunities for every employee to develop and use his/her creativity, skills and potential.

BT is committed to the life-long learning and development of all our people. We are determined to establish a partnership with every employee – a partnership that promotes and sustains a culture of continuous learning and knowledge sharing, and which maximises personal performance, growth and employability.

The following mutual commitments capture this determination:

Commitments

BT will:

- develop and sustain a collaborative, knowledge sharing culture, in which all our people are able to maximise their opportunities for development and learning, while sustaining a healthy and fulfilling work/life balance
- provide our managers with the frameworks, resources and personal development opportunities to enable them to support and coach their people’s lifelong learning
- provide all our people with opportunities to develop their creativity, knowledge and skills beyond the requirements of their current job, encouraging them to take a global perspective and enabling them to maximise their future contribution, capability and employability and to deal confidently with organisational and commercial change
- provide all our people with information about the skills and behaviours we believe to be essential to future success and how such skills may be acquired
- seek and make accessible to our people new learning methods and media – actively exploiting our new technologies such as multimedia and the internet to bring personal growth opportunities for all
- provide learning and development opportunities as close to the workplace as practicable, maximising the use of on-the-job coaching and experiential development, with all structured development and training provided to ISO9001 standards
- continuously promote diversity as a learning opportunity and a business advantage
- encourage our people to use the personal growth opportunities that exist outside the work environment for the physical, mental and emotional growth which increases individual well-being and, consequently, overall business success
- provide induction processes which rapidly enable new employees and job changers to be confident, productive team members in their new environments.
- benchmark our learning and development provisions against world-class standards, (e.g. the European Foundation for Quality Management Business Excellence model), and sustain our recognition in the UK as an “Investor in People”.

Our managers will:

- continuously provide the encouragement, feedback, coaching, resources and personal support necessary to enhance the skills, behaviours and commitment to lifelong learning of their whole team
- operate performance, development and selection processes fairly and transparently, sustaining regular, constructive 1-to-1 dialogues with all their people
- role model “lifelong learning” by fostering collaborative knowledge sharing and by committing time and effort to their own continuous professional and personal development.

Our employees will:

- recognise that their willingness and ability to adapt and to learn new skills and behaviours is essential to sustain their employability in the fast-changing communications industry
- accept responsibility for managing their own careers, planning and progressing their development and continuously seeking to learn from all opportunities, inside and outside the company
- provide, welcome and act on constructive feedback
- keep up to date on company news, identify opportunities and seek to acquire useful new skills and behaviours.

Personal capabilities

BT's personal capabilities profile defines the competences, attributes, behaviour and style most critical for our future success.

It is against these, as well as the relevant professional and technical skills, that BT people will be selected, developed and assessed in the future.

These personal capabilities fully support and align with our business strategy, values, style and brand.

They make clear to everyone who works for BT what is needed to maximise their future contribution and to sustain the collaborative learning culture essential to continued success.

Each capability consists of two or three competences, the relative importance of which will vary from role to role. But all apply – to a greater or lesser degree – to everyone, both in their personal development and in their support of colleagues.

Capability: releasing potential – this is the ability to release people's full potential by creating trust and commitment through consistent integrity, honesty and openness, clear, positive communications and a personal commitment to continuous learning and improvement.

Competences:

- **create trust** – BT people should be open and honest, have no hidden agendas, deliver promises and consistently stand up for what they believe in.
- **communicate clearly** – BT people should communicate plans, opportunities and results simply and persuasively, thereby creating enthusiasm and a commitment to achieving success.
- **liberate potential** – BT people should actively coach and work to enhance their own and others' sense of fulfilment, opportunity and commitment to learning.

Capability: setting direction – this is the ability to shape, align and adapt business objectives, capabilities and resources to seize competitive advantage.

Competences:

- **plan boldly** – BT people should create, monitor and adapt bold plans and targets to seize competitive advantage across global markets, functions, technologies and cultures.
- **align resources** – BT people should focus on the big opportunities and issues, influencing key players, rapidly building capabilities and aligning resources to create growth and success.

Capability: seizing opportunities – this is the ability to understand our business and how the individual’s work contributes to success, consistently to deliver planned results and quality, while seeking imaginative opportunities to grow the business and increase profitability.

Competences:

- **drive business growth** – BT people should focus on market and business developments, understand the implications for their own role and identify new and emerging business opportunities.
- **deliver results** – BT people should persistently drive delivery to plan, develop imaginative solutions to seize and aggressively exploit profitable new opportunities, increase efficiency and/or reduce costs.

Capability: delighting customers – this is the ability to establish empathy with all our customers through real insight into their world and aspirations, being very easy to do business with and always striving to exceed their expectations.

Competences:

- **empathise with customers** – BT people should understand and anticipate their customers’ needs and aspirations, make them welcome, own their issues and focus on providing them with the most advantageous solutions.
- **Innovate** – BT people should be passionate about delivering high-quality service, vigorously seeking creative, faster ways of making things happen, enhancing BT’s innovative high-tech reputation and adding value for our customers.

Capability: working together – this is the ability to create trust-based relationships across the business and with our partners and suppliers, relationships that add value and break down organisational and cultural barriers.

Competences:

- **build relationships** – BT people should build relationships based on shared understanding, cultural sensitivity and mutual trust.
- **collaborate and share** – BT people should work together constructively as one big team, sharing ideas, knowledge and resources to create world-beating excellence.
- **value differences** – BT people should seek and value everyone’s unique ideas and contributions as the source of competitive advantage, relentlessly opposing prejudice.

Employee attitudes

In addition to the less formal ways of capturing upward feedback – including regular 1-to-1 meetings between managers and their people, team meetings, speak up events, and senior managers’ websites – BT runs a number of formal employee attitude surveys, the most important of which is the Communications and Attitude Research for Employees (CARE) survey.

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

It’s also a chance for managers (all managers with teams of more than eight people receive individual CARE feedback reports) to monitor the impact of their decisions and review their management style.

Managers work with their teams to analyse CARE feedback and to formulate and carry out action plans.

We often carry out smaller-scale surveys or run focus groups to determine our people’s attitudes towards specific circumstances at times of change.

CARE 2000

Towards the end of 2000, everyone in BT was given the opportunity to complete a CARE survey, during the working day and with guaranteed anonymity. 67 per cent of BT people completed the survey.

People Satisfaction Index

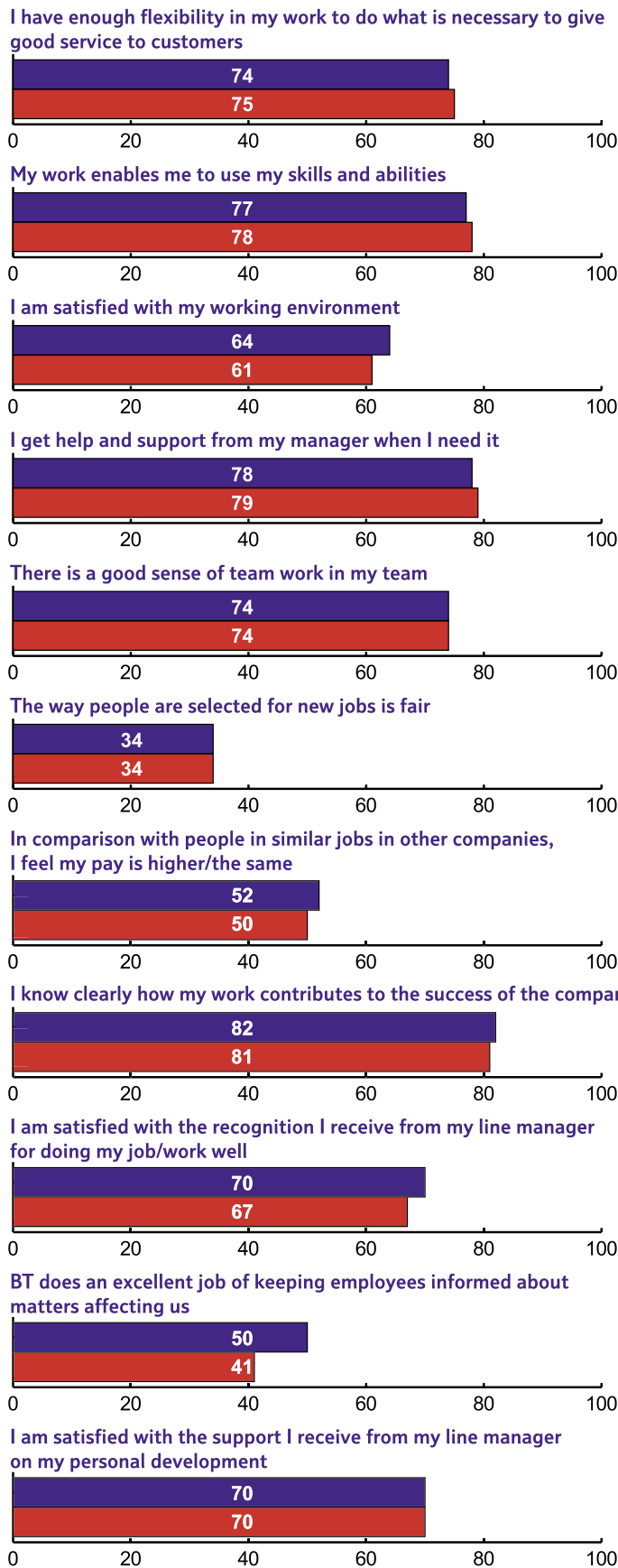
A key measure within CARE is the “People Satisfaction Index” (PSI). The PSI is created by grouping a number of questions together and averaging the responses.

The CARE 2000 PSI was 65 and compares well, given current operating conditions, with the CARE 1999 PSI of 66. Our PSI target for the next CARE survey is 67.

Statements in the PSI, with which respondents agree or disagree, include:

- **Health and safety**
82 per cent of CARE 2000 respondents agreed with the statement *“My manager takes health and safety issues seriously.”*
- **Organisational vision**
81 per cent of CARE 2000 respondents agreed with the statement *“I know clearly how my work contributes to the success of the company.”*

Employee satisfaction % of BT people who agree



Investor in People

In February 2001, BT achieved re-registration as an Investor in People (IIP). Find out more about IIP at www.iipuk.co.uk/

The assessment, against the new IIP standard, was carried out by The Assessment Network, whose comments against the indicators included:

- **Indicator – An Investor in People is fully committed to developing its people in order to achieve its aims and objectives.** People believe their contribution to the organisation is recognised.

Staff from all BT units confirmed that they feel that their contribution is recognised by managers and that they feel valued by them. Many examples of “bouquets” (letters of thanks from managers) and more tangible rewards were quoted to assessors as a reward for extra effort.

All of those interviewed confirmed that they received regular feedback from managers both through normal, informal communication and the formal 1-to-1 and annual appraisal processes.

- **Indicator – An Investor in People is clear about its aims and its objectives and what its people need to do to achieve them.** The organisation has a plan with clear aims and objectives which are understood by everyone.

A strong planning process, using techniques such as the Quality Plan and Budget process and the Balanced Scorecard, is still working effectively at all levels in BT.

People at all levels within the organisation are aware of the company’s aims and targets. This information is available from the intranet, various publications, team meetings, 1-to-1 meetings and the annual appraisal process.

- **Indicator – An Investor in People is clear about its aims and its objectives and what its people need to do to achieve them.** People understand how they contribute to achieving the organisation’s aims and objectives.

In BT this is ensured by the use of formal job descriptions, annual appraisals, 1-to-1 meetings and so on.

All BT staff interviewed were very clear about their roles and the contribution they make to the company’s objectives.

Equality and diversity

BT has, for some time, been at the forefront of the evolving equality and diversity agenda, and has been particularly active in establishing the business case for equality.

In our view, you cannot be a successful global business, competing in fiercely global markets, if the way you do business is based exclusively on a single set of cultural values.

The key to success is a recognition of the power of cultural, language and behavioural diversity.

Compliance with legislation is critical, but if we want to take a lead position in world markets, we need to be increasingly flexible, innovative, creative and able to accommodate a range of backgrounds and perspectives.

If we are to reflect the diversity of the markets in which we operate, we have to draw from the widest possible pool of talent.

We have a number of policies covering aspects of equality and diversity. These are headed by BT's Equal Opportunity Policy which can be viewed at www.groupbt.com/betterworld/equalityanddiversity

Leadership

BT's equality and diversity champion is Pierre Danon, CEO BT Retail who chairs the BT Global Equality and Diversity Forum.

The forum's membership is drawn from equality and diversity champions from each part of the business, as well as the champions representing specific groups, as defined by race, gender, age and disability.

The forum's role is:

- to create, sustain and deliver the global equality and diversity strategy for the BT group.
- to provide highly visible and inspirational leadership of the equality and diversity agenda
- to promote processes, practices and behaviours that actively drive equality and diversity in the BT group, relentlessly opposing inequality, prejudice and unethical behaviour
- to protect BT's reputation for being at the heart of the equality and diversity agenda, to ensure that this reputation is deserved, credible within the organisation and current around the world
- to agree and implement equality and diversity initiatives across the BT group and within individual lines of business
- to be spontaneous, open, honest, challenging, forward-looking, change-embracing role models for equality and diversity in business
- through equality and diversity action, to increase market value of the BT group.

Ethnic minorities

Over seven per cent of BT people have declared themselves to be of ethnic origin. This figure does not include those people who work in our subsidiaries, around 24,000 of our overall workforce of around 137,000.

We would like to see a better representation throughout the business, and our customer and supplier bases, and are, for example, encouraging students from inner city schools to seek university entrance, particularly in science subjects, through initiatives such as the Oxford Access Summer Science School. Find out more at www.oxford-access.org

Our Supplier Diversity Programme is at the leading edge of supply chain diversity and is designed to encourage minority businesses to participate in BT's procurement process. A website for our Supplier Diversity Programme is currently under construction. A website address for this will be added when the site becomes available.

BT is also a key member of Race for Opportunity, part of Business in the Community. Find out more at www.raceforopportunity.org.uk

People with disabilities

As a “two ticks” employer, BT guarantees job interviews for all suitably qualified disabled applicants and currently we have 2% of our workforce who have declared a disability. This figure does not include those people who work in our subsidiaries, around 24,000 of our overall workforce of around 137,000. Our target for the 2001/2002 financial year is to increase representation within our business to 2.5% of our workforce.

We are a founder member of the Employers' Forum on Disability and, for example, sponsored the forum's recent report, *Unlocking the Evidence – The New Disability Business Case*. Find out more at www.employers-forum.co.uk

During the year, BT supported the launch of AbilityNet's London Centre, based in one of our central London buildings. AbilityNet is a charity that brings the benefit of computer technology to adults and children with disabilities, both within BT and the communities in which we operate. New BT people benefit from pre-recruitment assessments designed to ensure they have the most productive and comfortable equipment available as soon as they join the company. Existing BT people benefit from easier access to expert assessment and advice, and earlier provision of appropriate reasonable adjustments to their working environment. People in the community also have access to expert assessments and advice. Find out more at www.abilitynet.co.uk

As part of our involvement in the Government's New Deal employment initiative, we have been able to offer sustainable employment options to over 400 people, many of whom had been unemployed for a considerable time. This was assisted by innovative partnerships, such as the “Reach for success” programme, in conjunction with the Prince's Trust.

BT's age and disability team looks after the interests of our elderly and disabled customers. Their mission is: *“To drive consideration of disability issues deep into the operations of BT so that we enable equality of access to BT's portfolio; and to communicate that effectively to our target audiences, so as to improve the quality of life of disabled people, and enhance shareholder value.”*

The age and disability team aims to achieve this by:

- consultation with disabled people and their representatives
- understanding and influencing legislation and regulation
- improving BT's product and service portfolio
- research and development
- providing practical, day-to-day assistance for disabled people
- raising awareness of disability
- enhancing BT's reputation in the disability arena.

Work-life balance

We recognise that working life is undergoing major change – markets are changing fast, technology is changing at unprecedented speed and demand for goods and services must be satisfied around the clock.

In our view, the traditional nine to five day no longer meets customers' expectations, and this has profound implications for recruitment and retention strategies.

We believe that if we are to recruit and retain the best people, we have to find innovative ways of helping them to achieve a balance between work and personal life.

All our work-life balance policies have been pulled together in one portfolio called "Achieving the Balance", which can be accessed by BT people on the intranet.

These policies cover flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

Currently, we have around 9,000 part-time employees, and around 4,000 who work from home.

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

We believe that flexibility in attendance patterns and place of work is hugely inclusive, opening opportunities for people with disabilities, caring responsibilities and women returning to work after a career break to find fulfilling work and careers.

BT is a key member of Employers for Work-Life Balance. Find out more at www.employersforwork-lifebalance.org.uk

BT was very pleased to make the final shortlist for the Queen Elizabeth Foundation's 2001 Ease of Access Service and Employment (EASE) Awards. BT received a significant number of nominations for the EASE Special Award for companies or organisations that deserve special recognition for their overall awareness of the needs of people with disabilities, both in terms of employees and customers. Find out more at <http://www.qefd.org/EASE%20AWARDS/default.htm>

Equal pay

BT plays an active part in the gender pay debate. We have undertaken our own detailed pay gap audits as well as issuing an equal pay statement and detailed guidance to all our line managers involved in our pay review. Find out more about our approach to pay and benefits at www.groupbt.com/betterworld/payandbenefits

Our pay audits have revealed a gender pay gap.

We do not believe that the gap has arisen because of active discrimination. Rather we believe it is a legacy of the fact that, traditionally, the BT workforce consisted of a large, primarily male engineering force, and smaller, mainly female clerical and operator workforces. Pay structures for the two groups were developed, to a large degree, in isolation.

This, combined with a previous incremental approach to pay on progression in the management structure, created a gap between those reaching management positions from engineering grades and those reaching it from clerical grades.

In response to this, we have implemented changes to our pay review processes which now include our equal pay guidance and a specific budget for equal pay issues.

In addition, the introduction of a universal non-management grading structure, Newgrid, has eliminated the scope for inequality by bringing together all our non-management pay structures into one cohesive scale.

BT has also provided support and input – including the design and sponsorship of a website – for the Equal Pay Task Force on behalf of the Equal Opportunities Commission. View the site at www.bt.com/equalpaytaskforce/

Valuing difference

All BT people are assessed against a set of Personal Capabilities as part of their annual performance review.

One of the core competences is valuing differences – *“BT people should seek and value everyone’s unique ideas and contributions as a competitive advantage, relentlessly opposing prejudice.”*

Celebrating the contribution, innovation and success of our people in promoting diversity and equality in the workplace is very important to us. And we stage the annual Valuing Difference awards as part of the BT Quality Awards. Our Personal Capabilities can be viewed at www.groupbt.com/betterworld/businessprinciples

Learning and development

Diversity training is a core part of BT’s training portfolio, and we have diversity coaches who act as local diversity champions. We have developed a series of diversity modules which all our people have access to through our diversity coaches. The modules currently include combating harassment and bullying and understanding cultural diversity.

Specific development programmes for women and ethnic minorities are available through BT’s training portfolio and through the BT women’s and ethnic minority Networks.

Networks

BT's networks for ethnic minorities, women and people with disabilities provide an essential voice for minority groups within BT. Find out more about the BT Ethnic Minority Network at <http://www.groupbt.com/emn/>. These networks are actively supported by BT's most senior management and use BT technology to reach members across the globe. BT has recently launched a new minority network for lesbian, gay and bisexual employees. Called Kaleidoscope, this network will provide career development opportunities, mentoring opportunities and offer its members mutual support.

Other specific mentoring programmes are available through BT's ethnic minority and women's networks.

We're also pleased to be a supporter of the Government-backed People into Management Network, which offers work placement and senior mentoring opportunities, in the public and private sector, to young people from ethnic minorities. Find out more at www.pmn.org.uk

External contacts and benchmarking

Equality and diversity issues are not, of course, exclusive to BT. And we are working with a range of not-for-profit organisations, the Government and other employers in both the public and private sectors to share ideas and best practice.

We are members of the following organisations:

- Business in the Community – www.bitc.org.uk
- Employers Forum on Disability – www.employers-forum.co.uk
- Opportunity Now – www.opportunitynow.org.uk
- Race for Opportunity – www.raceforopportunity.org.uk
- Employers for Work-Life Balance – www.employersforwork-lifebalance.org.uk
- Employers Forum on Age – www.efa.org.uk

BT has taken part in the external benchmarking of our policies and results regarding gender and ethnic minorities by Opportunity Now (gender) and Race for Opportunity (ethnic minorities).

Benchmarking was against other large and medium-sized employers in the public and private sectors.

Opportunity Now benchmarking 2001 (gender) – BT results

181 organisations from the public and private sector took part in the Opportunity Now benchmarking exercise. BT's sector classification was Information and Communication.

	<i>Sector norm</i>	<i>BT score</i>	<i>Standard</i>
Demonstrating commitment	65	89	Gold
Making the investment	79	89	Gold
Changing behaviour	76	87	Gold
Communicating ownership	73	90	Gold
Sharing ownership	74	89	Gold
Overall	74	89	Gold

Platinum standard indicates a score of 95-100, Gold indicates a score of 80-94, Silver 50-79 and Bronze 20-49.

Race for Opportunity benchmarking 2001 (ethnic minorities) – BT results

93 organisations from the public and private sector took part in the RFO benchmarking exercise. BT's sector classification was Information and Communication. We are pleased to report that as well as achieving the top performance in this sector, BT also achieved the top performance of all private sector organisations taking part in the exercise.

	<i>Sector average</i>	<i>Total benchmark average</i>	<i>BT score</i>
Leadership	64	57	86
Making the investment	67	51	89
Planning and policy	61	58	91
Communication	61	52	75
Marketing	73	55	93
Sharing ownership	37	42	77
Employment	68	61	99
Community involvement	66	56	93
Supplier development	50	25	100
Results/impact	54	50	94
Overall	60	51	90

BT received a Gold Standard for our overall average score.

Platinum standard indicates a score of 95-100, Gold indicates a score of 80-94, Silver 70-80 and Bronze 60-70.

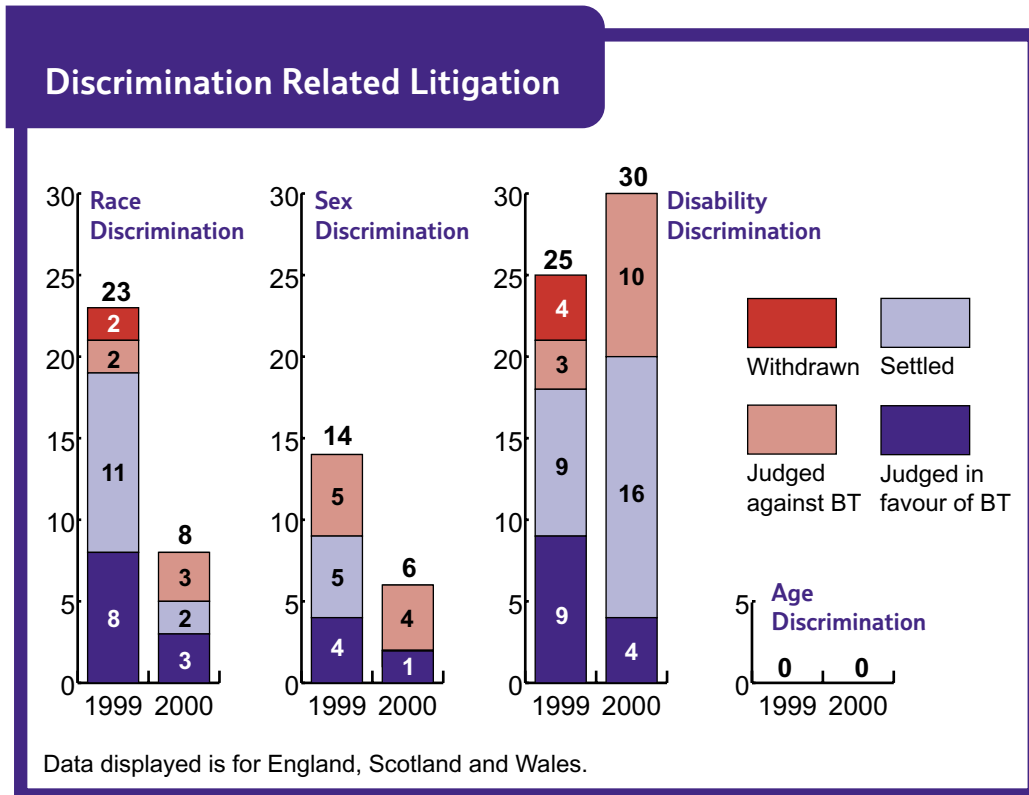
Diversity

The following figures show the percentage of our people who are women, have declared themselves from an ethnic minority, or have declared a disability. These figures do not include those people who work in our subsidiaries, around 24,000 of our overall workforce of around 137,000.

	<i>Management</i>	<i>Non-management</i>	<i>All BT</i>
Women	24.0%	27.3%	26.4%
Ethnic	7.3%	7.5%	7.5%
Disability	1.0%	2.4%	2.0%

Data as at 31st March 2001

Discrimination related litigation



BT equal opportunity policy

BT is an equal opportunity employer and it is the aim of this policy that all persons, wherever they are in the world, should have equal opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work. It is BT's policy that no job applicant or employee receives less favourable treatment in any aspect of employment on racial grounds or on the grounds of gender, religion, disability, marital status, age or sexual orientation, gender status or caring responsibilities or be disadvantaged by conditions or requirements which cannot be shown to be justifiable. To this end our policies will become the global benchmark, reflecting sensitively the particular circumstances and local cultures of each country and community in which we operate.

There must be no unlawful discrimination; direct, indirect or institutional, against any person whether in recruitment, selection, training, promotion or in any aspect of employment. Harassment of any form, at work is also a form of discrimination and will be treated as such under the terms of this policy. No form of harassment or bullying, including derogatory remarks at work, will be tolerated. Cases will be dealt with under the BT Harassment & Bullying Policy (ISIS Directive PNL/EMP/J014).

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

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

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

All BT people have an obligation to uphold this policy and disciplinary action will be considered where a breach takes place. This could also be unlawful. It follows that all employees must:

- Uphold the BT values and respect each other
- Uphold BT's business principles and treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form
- Uphold BT's personal capabilities and value differences

It is essential that this policy should be clearly communicated to all BT people. Employees who consider that they are suffering from harassment or have been discriminated against should make their complaint in accordance with the grievance procedure.

Employees targets

In 1999, our Environment, Health and safety Report included 5 health and safety targets and our Social Report contained 1 employment target.

Of these, 4 have been completed and 2 have been superseded.

View the target summary report at www.groupbt.com/betterworld/employeetargets

We have set 8 new targets this year which can be viewed at www.groupbt.com/betterworld/employeetargets

Employees target summary

Health and safety

1999 Target:

By March 2001, BT will achieve a 10 per cent reduction in the accident rate, from 15.8 to 14.2 per 1000 people.

Status: Superseded

By December 2000, a 5.6 per cent reduction to the accident rate had been achieved. However, in line with the Government's new 'Revitalising Health and Safety initiative – which sets targets for all companies to achieve reductions over 5 and 10 year periods – we have decided to supersede this target, with a new one that exceeds the Government's stated requirements.

1999 Target:

By March 2001, BT will achieve a 10 per cent reduction in the vehicle incident rate.

Status: Completed

A reduction of 17 per cent in vehicle related incidents was achieved despite vehicle volumes rising by 2.2 per cent during the period March 1999 to March 2001.

1999 Target:

By March 2001, BT will establish a Manual Handling training programme.

Status: Completed

A Manual Handling training programme has been introduced into all relevant work areas within BT.

1999 Target:

By March 2001, BT will have completed Initial Fire Risk Assessments for all our non-certificated buildings.

Status: Superseded

During the reporting period the Regulations were revised so that we were required to carry out assessments for all our premises. Our plans, process and programme were presented to our Lead Fire Authority, as per the arrangements under the Home Office/HSE Lead Authority Partnership Scheme. The programme has commenced and our progress to date is as follows:

- 99 per cent of retail shops completed
- 35 per cent of certificated buildings completed
- 99 per cent of non-certificated buildings completed

Due to the Government-imposed changes to requirements, we set a new target, which aims to complete assessments for all our UK buildings, by the end of August 2001.

1999 Target:

By March 2001, BT will introduce a duty on contractors to report all accidents that occur while they are working on BT contracts.

Status: Completed

Contractors are now required to report all accidents, occurring to their people involved in BT contracts, through the BT Centralised Accident Reporting Group.

Employment

1999 Target:

By December 2000, BT will achieve 250 New Deal employment opportunities.

Status: Completed

We increased our target to 350 New Deal employment opportunities by April 2001. This was achieved by the end of December 2000.

Employees new targets

For details of our new Health and safety and Employment targets, See Better World – Objectives and targets