



Employees



let's make a
better
world



Employees

We employ approximately 102,100 people around the world, including over 90,800 in the UK, where we are one of the largest employers.

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

Here we describe how we manage:

- Employment
- Employee relations
- Diversity and inclusivity
- Learning and development
- Health and safety.

Employment

Here we present our approach to:

- Recruitment
- Diversity
- Education
- Retention
- Work-life balance
- Pay and benefits.

Recruitment

We employ thousands of new people each year and need to make sure that we attract, select and retain the best.

During the 2005 financial year, we recruited 149 graduates and 258 modern apprentices in the UK, and 3496 other new entrants. In the same period, 5523 people left BT by choice.

Diversity

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

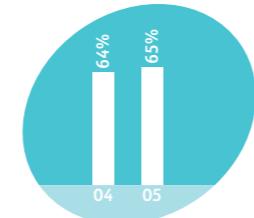
For example, representatives of BT's diversity networks attend careers fairs to promote BT as a place to work. These efforts - which have focused predominantly on graduate recruits - are reflected in our recruitment diversity figures for the 2005 financial year:

- 13% of our new recruits were from an ethnic minority background - including 25.7% of new graduates and 5.6% of modern apprentices - compared with 9.2% of BT's total workforce
- 25.9% of our new recruits were women - including 41.6% of new graduates and 10.1% of modern apprentices - compared with 22.4% of BT's total workforce
- 0.5% of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) - including 2.7% of new graduates and 2.3% of modern apprentices - compared with 2.2% of BT's total workforce.

Opportunity to make career progress is very important. In the 12 months to March 2005, of those promoted into or within management positions, 31.7 per cent were women and 9.5 per cent from ethnic minority groups.

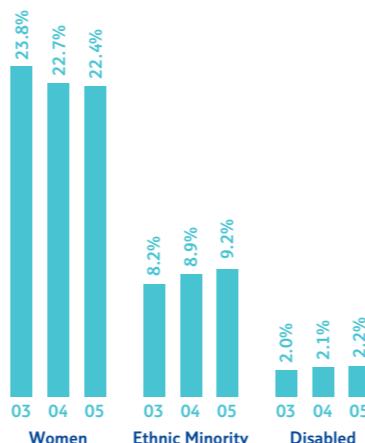
These figures do not include the people who work in our subsidiaries - around 14.5 per cent of our workforce.

We are very encouraged by these figures. They reflect our efforts to create a talented and diverse workforce at every level.



Employee Engagement Index –
measuring the overall success of BT's relationship with its employees

A measure of the diversity of the BT workforce



Education

To help maintain a good supply of talent, we encourage young people to further their vocational or academic education, especially in Information and Communications Technology (ICT) subjects. We also offer hundreds of undergraduate placements each year.

To help address Europe's continuing shortage of people with good ICT skills, BT co-chaired the Career Space consortium, a European public/private partnership that encourages people, particularly women, to get engineering and computer skills. Career Space worked with major ICT companies and over 20 European universities to develop and launch new ICT job profiles and curriculum guidelines. For more information see [Career Space](#).

BT contributed to the Tomlinson Report on education for 14 to 19 year-olds in England and participated in the debate prior to the White Paper in February 2005.

We support the UK Government's initiatives to encourage women into work and the annual Take our Daughters to Work Day. In BT the event gives young men and women the opportunity to experience working life in a job traditionally done by the other gender.



H&S: Lost Time Injury Rate –
incident rate per 100,000 hours worked

Retention

Attracting the best people is one thing - keeping them is another. It is in our best interest to be as flexible as possible and to provide continuous learning opportunities in an environment of exciting, challenging teamwork.

Work-life balance

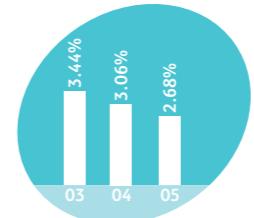
Because we want to provide a high-quality service to our customers, the working day for many BT employees extends beyond normal hours. One of our great challenges as an employer is to reconcile good customer service with the provision of a healthy work-life balance for our employees. We strive to get the balance right and believe our record is good.

"Flexible working is very good. I have been doing it for eight years. I have a son who is 14 and I am a lone parent. When I need to I can work from 9.45am until 3.15pm, which is brilliant. I then work earlier or later on other days to make up my 144 hours a month. Since I started flexible working I've been promoted and I'm progressing in the company. So it's great!" Chris Cope BT Retail

"I've been homeworking for eight months and it's wonderful. It fits around my children. I'm able to fit in all my commitments around my work. I work better at home. I also don't shout at the children so much." Marcia Tapper BT Exact

We recognise that flexible working is not only about location and hours but about balancing work and home commitments. This is why our policies, including emergency leave, maternity and paternity leave and sickness pay, far exceed the UK minimum legal requirements.

We realise that there are still too many cases where the balance is not as we would like it to be. Our



H&S: Sickness Absence Rate –
percentage of calendar days lost to sickness

challenge is to promote best practice across the company.

Work-life balance in practice

Our work-life balance policies are in one portfolio called Achieving the Balance. It covers flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

In March 2005, we had approximately 5100 part-time employees, nearly 500 job sharers and approximately 9030 home-workers. Using innovative communications technology many more BT people can work flexibly. For example, employees can do a mix of home and office-working, work long and short days, and save blocks of non-working time (eg, to use during school holidays).

This is made possible by the use of ICT technologies such as hot-desk office share, laptops with wireless internet connections, and handheld personal organisers.

Flexibility, particularly in attendance patterns, is inclusive: it opens opportunities for people with disabilities, carers and those returning to work after a career break.

Initiatives

We participate in a number of initiatives to learn and share our experience with others.

- We are members of [Employers for Work-Life Balance](#), a group of major UK employers who share work-life balance best practice

- With the theme Agile Business - Balanced Life, we organise conferences to encourage employees and other employers to assess our achievements and identify new ways to promote a healthy work-life balance. These conferences

demonstrate BT's business case for diversity and flexible working and show how technology can help people balance their lives

- We chair [Employers for Carers](#), a partner in Action for Carers in Employment (ACE National), a project promoting the benefits of carer-friendly employment practices. Their website contains information for carers and employers, a benchmarking tool to help employers assess how carer-friendly they are and some case studies
- We chair Employers for Fathers, a new forum promoting the benefits of father-friendly employment practices, sharing best practice and informing UK government policy.

In the 2004 financial year, our CEO Ben Verwaayen chaired the UK Government's Lone Parent Task Force, which looked for ways to break down barriers preventing lone parents from taking formal work. He submitted their conclusions in a report, Work Works. BT has been lead sponsor for two successful pilot events, called Discovery Weeks, to show lone parents the choice and lifestyle options work offers. BT has actively supported Jobcentre Plus' contracting and delivery of these and other innovative lone-parent employment initiatives in Birmingham, Glasgow, Leeds, Liverpool, London and Manchester.

We are working with the UK Department of Trade and Industry (DTI) and Jobcentre Plus to promote flexible working arrangements with other employers. In 2004, this included making presentations and briefing Jobcentre Plus Account managers and employers. BT has also initiated and sponsored the London Employer Coalition's Lifestyle Friendly Employer Award for the last two years.



Employees continued

We sponsored the Working Families/Carers UK/BT Carers in Employment Award 2004, as part of our continuing support for the charity, Carers UK. We also supported and designed the BBC publication, 'Time for you', launched during the 2004 Carer's Week.

Working parents

We supported the 2004 Fatherhood conference organised by Fathers Direct, at which Patricia Hewitt, Secretary of State for Trade and Industry, launched the Charter for Father-friendly Britain.

Working Families, a UK campaign organisation, reviewed our Work-Life Balance policies in 2002, endorsed our activities and suggested a number of improvements.

One was to gain the Tommy's Pregnancy Accreditation by demonstrating that we meet its criteria for creating a supportive environment for pregnant employees. This was achieved in the financial year 2004 and we have maintained our accreditation since.

BT Childcare Salary Direct is an employee benefit programme that employees can use for all types of approved childcare. The programme, in conjunction with discounts we have negotiated with childcare providers, helped many employees reduce their childcare costs by approximately 20 per cent. Over 1000 employees benefit from the programme. Tax changes in April 2005 should benefit many BT Childcare Salary Direct participants.

We continue to offer parental leave benefits far greater than the legal minimum. These benefits are also available to those in same-sex relationships.

Our enhanced maternity leave provides 18 weeks' basic pay and regular allowances (excluding overtime). This is followed by eight weeks at half pay or lower-rate Statutory Maternity Pay, or £106 per week (increased from £102.80 per week in April 2005) - whichever is the greater. After that employees get £106 a week for 26 weeks.

In the 2005 financial year, 98.9 per cent of women returned to BT following maternity leave, and 73.9 per cent of women who had returned from maternity leave in the 2004 financial year were still with the company.

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

A survey of BT parents - to which 1900 people responded - in February 2005 showed that 94 per cent considered our maternity leave package was adequate or better. It also showed that over 80 per cent felt their work-life balance was adequate or better and that over 60 per cent had flexible working arrangements. The survey results will inform future parental support policy and practice.

Pay & benefits

Our benefits package must be competitive if we are to continue to recruit and retain the best talent. Here we set out our approach to:

- Employee benefits
- Equal pay
- Pensions.

Employee benefits

In addition to a competitive basic remuneration package, we offer a range of benefits that promote employee ownership:

- Saveshare - an option to buy shares at a discounted rate over three or five years. More than half of BT employees participate, including 46% of our international employees
- Allshare - gives employees the right to receive free shares based on company-wide performance
- Directshare - employees may buy BT Group shares from their pre-tax salary each month. More than 14% have done so.

Flexibility

Special paid leave is available to employees caring for relatives or working in their communities. We shortened the working week to 36, down from 37 hours, for non-management grades in 2002.

In the 2005 financial year, our lowest main scale starting salary was £9765 for a 36-hour week (£5.20 per hour).

In 2005, we will introduce a flexible benefits programme for about 28,000 managers and professionals in the UK. We hope to extend this to a wider group of employees in the UK and abroad. This will have to take into account local market conditions and be subject to agreement with unions/work councils.

Equal pay and equal value

Our approach to equal pay encompasses gender, ethnic origin and disability.

We have played an active and constructive role in the gender pay debate over a number of years. Our previous reports show how BT's position has evolved.

Equal pay is an increasingly sophisticated issue in the UK. In the 2005 financial year, BT contributed to the [Confederation of British Industry \(CBI\)](#) submission to the Women and Work Commission.

Detailed pay-gap audits undertaken in recent years have revealed a persisting gap in pay between men and women. We believe that one reason is the legacy from the days when our workforce was split between engineers (primarily male) and clerks and operators (mainly female). Pay levels for the two groups were largely developed separately. Other reasons in the UK outlined in the CBI submission, include:

- Career choices and early stereotyping
- Gender bias in vocational choice
- Educational achievements of older women
- Caring responsibilities
- Lack of family friendly policies
- Early specialisation.

BT continues to address these issues holistically. We have Board support to close the pay gap and our pay review processes include guidance on creating a fair and equitable reward system based on performance.

All team members (non-managerial grades) are now on the same pay structure and this has significantly reduced the scope for inequality.

Equal pay activities

In the 2005 financial year, we introduced a new reward framework of 300 market-based roles in 18 different families covering about 37,500 employees worldwide. Pay, bonuses and benefits are comparable with the market rate. The introduction of market packages around the world will be phased in during the 2006

financial year. In June 2004, we introduced bonus scorecards for about 20,000 UK employees for calculating bonus payments.

The framework will allow more consistent reward decisions to be made, based on an individual's value in the job market, combined with their contribution to BT's success. It will also form a key component of our analysis of equal pay issues for this group of employees. In addition, over recent years we have:

- Changed our promotion remuneration procedures, particularly in management grades, from a percentage of base salary to a comparison with peers and the market
- Focused our pay review on the lower end of our pay scales, where there are likely to be more women
- Carried out a pay audit following each pay review, based on key measures agreed with our unions, maintaining a dialogue on all equality matters. The 2004 BT budget in the UK for equal pay was £3.4 million

• Recognised work-life balance as a key enabler to eliminating some of the barriers that may be slowing the progress of women in the workforce.

Equal value

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

The concept of equal value for equal work has been underlined by a recent UK court case (*Enderby v National Health Service*). The court concluded that collective bargaining and market value could not justify the difference in pay between men and women - equal work must be given equal value.

The UK's Equal Opportunities Commissions (EOC) and the Kingsmill

Report on Women, Employment and Pay in the UK have made a priority of the issue.

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

Pension scheme

The BT Pension Scheme, now closed to new entrants, is one of the largest funds in the UK, with assets of around £29 billion. The scheme has about 80,000 contributing members, about 178,000 pensioners and around 100,000 deferred beneficiaries. Most of our employees have chosen to belong to the scheme and contribute six per cent of their salary, with BT paying the balance of costs (currently 12.2 per cent of salary). The BT Pension Scheme is a defined benefit scheme, with the pension benefits linked to the members' final salary in BT (rather than to the performance of the pension fund). The normal retirement age is 60.

On 1 April 2001, BT closed the BT Pension Scheme to new entrants and introduced the new BT Retirement Plan. The Plan is a defined contribution scheme for new employees, with the pension that members receive linked to the contributions paid, the performance of the fund, and annuity rates at retirement (rather than their final salary in BT). Members have a choice of seven different funds in which to invest. There are around 7000 contributing members.

This change is in line with the practice increasingly adopted by major UK groups and is designed to be more flexible for employees. It enables BT to determine its pension costs more precisely than with defined benefit schemes.



Employees continued

Hermes Pensions Management Limited

The BT Pension Fund is managed on behalf of the fund trustees by Hermes Pensions Management Limited, a wholly-owned subsidiary of the BT Pension Scheme. The fund is controlled by trustees who are BT and trade union nominees, with an independent chairman.

The trustees look after the assets of the pension fund, which are held separately from those of BT. The pension scheme funds can only be used in accordance with its rules and for no other purpose.

The Annual Report of the [BT Pension Scheme](#) includes a description of the appointment, removal and responsibilities of the pension fund trustees.

Corporate governance

Hermes' corporate governance programme is founded on a belief that companies with interested and involved shareholders are more likely to achieve superior long-term financial performance.

Hermes is considered a leader on issues of corporate governance and shareholder involvement. It has a track record of working with company boards to ensure that companies are run by managers and directors in the best long-term interests of shareholders.

Hermes has produced a number of corporate governance policy statements that are available on the [Hermes](#) website. These policies apply to the BT Pension Scheme and the BT Retirement Plan:

- The Hermes Principles set out the principles and expectations that should exist between shareholders and companies. In summary, a company's primary consideration should be the

generation of long-term shareholder value, and this should be based on appropriate financial disciplines, competitive advantage and within a framework which is economically, ethically and socially responsible and sustainable.

- The Hermes Statement on UK Corporate Governance and Voting Policy sets out how Hermes will exercise its clients' ownership rights and is intended as a basis for dialogue between companies and shareholders. This covers issues such as the composition of the board, remuneration and guidelines for reporting on social, ethical and environmental matters.

- The Hermes International Corporate Governance Principles apply to all publicly quoted companies in which Hermes' clients invest outside the UK.

Hermes exercises its voting rights at annual general meetings (AGMs) and extraordinary general meetings (EGMs) and employs a dedicated corporate governance team that maintains a high level of contact with companies through correspondence and meetings. This is particularly the case where persistent failure to meet the Hermes corporate governance policy results in under-performance.

Socially responsible investment

Trustees of occupational pension funds must declare in their statement of investment principles "the extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments".

The trustees of the BT Pension Scheme agreed that every investment should consider this statement: "A company run in the long-term interests of its shareholders will need to manage effectively relationships

with its employees, suppliers and customers, to behave ethically and to have regard for the environment and society as a whole."

[Extract from the BT Pension Scheme Statement of Investment Principles]

Hermes' active approach to corporate governance includes the implementation of this statement.

Employee relations

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

- Our annual employee survey
- Our relationship with trade unions
- Grievances
- The European Consultative Works Council
- Employee communications
- Call centres
- Outsourcing
- Offshoring.

Employee survey

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

At the start of 2005, every BT employee worldwide was given the opportunity to complete a CARE survey during the working day. Anonymity was guaranteed and 80 per cent of our people completed the survey. The CARE survey does not include the 2569 BT Consulting and Systems Integration (formally BT Syntegra) employees.

Employee engagement index

The key indicator in the CARE survey is the new Employee Engagement Index. This indicates BT peoples' overall engagement and motivation with regard to their job, colleagues and customers. The new employee engagement report provides an understanding about what engages (and disengages) a team, and provides an overall score through the Employee Engagement Index. Examples of the kind of issues covered in the index include team working, senior management and communication, reward and work-life balance. This new measure was launched in the summer of 2004 and replaces the People Satisfaction Index. The index for the 2005 financial year is 65 per cent, a rise of one per cent on the index calculated from the 2004 CARE data and published in 2004.

Follow-up action

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

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

We often carry out smaller-scale surveys or run focus groups to find out our employees' attitudes towards specific circumstances.

Trades unions

In the UK, BT recognises two trades unions: the Communications Workers Union (CWU), which represents over 59,000 BT people in non-management grades; and Connect, which represents around 26,000 BT

people, predominantly managers and professionals.

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

BT conducts its relationship with the CWU through officers and the national executive who represent the telecommunications and financial services sector of the trades union. There is constructive dialogue at national level and a practical working relationship at branch level.

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

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

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

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

Managers are expected to consult their employees and relevant union officials before introducing significant employment change. The unions have a good ten-year track record of co-operation with BT. Very few days have been lost through industrial action.

In the 2005 financial year, no industrial action was taken. The only case of legal action against BT concerning the rights of trades unions was withdrawn.

Grievances

We have a grievance procedure that provides all employees a chance to appeal against actions or decisions that they believe adversely affect them.

In the financial year 2005, the number of concluded employment tribunal cases involving BT was 140, with 41 withdrawn, 10 judged against BT, 42 settled and 47 judged in favour of BT. The outcome of each case is analysed by the management team concerned, and learning points are reviewed within the appropriate policy group.

See [Data and targets](#) for employment tribunal case data since 1999.

BT European Consultative (Works) Council

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

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



Employees continued

The 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 affecting its operations. Other relevant trans-national employee issues such as training, health, safety and the environment may be included.

The BTECC is chaired by BT's CEO and attended by other senior executives. Employee representatives are drawn from BT's operations across Europe. Participants are chosen according to the practice and legislation in each country. The representatives chosen must reflect BT's equal opportunities policies.

Representatives serve on the Council for four years, long enough to follow up and understand the issues.

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

In addition, a sub-committee of the BTECC meets four times a year to discuss specific issues in BT Global Services. The sub-committee is chaired by a senior representative of Global Services and employee representatives are drawn from UK trades unions, Works Councils and other bodies.

In addition, most of our continental European operations have works councils representing employees.

Employee communications

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

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

Communication channels

We communicate with our employees regularly through a variety of channels:

- The BT intranet, one of the largest in Europe, is available to over 100,000 people. It contains a wealth of information on a vast range of topics. With an extensive index and search capability it is easily accessible
- BT Today, our in-house newspaper, is sent to more than 187,000 employees, pensioners and opinion formers each month. Described as 'the glue that holds BT together', it helps make sense of what's going on in the company for employees and their families. The paper contains a letters page where our people can express their views
- Newsdesk, the BT Today intranet news site, is the major source of news for BT people. It is updated every day and features a constant flow of news about BT and our industry. It contains information to help people do their jobs. The site covers all media releases, comment and features about BT
- Talking Point - part of the BT Today Newsdesk - offers a forum for employee opinion, feedback and debate on a wide range of important topics, such as work-life balance, driving safety and broadband
- BT Newline, a telephone news service, attracts thousands of calls a month
- People News - a bi-weekly email newsletter about people's moves and news

- Vision programme - an audiovisual interview with the Group Finance Director about each of BT's quarterly financial results.

We provide webcast, video, audio and other on-line facilities, such as live Internet chatrooms, to support key announcements. These channels enable people to ask questions and get answers directly.

- To keep our employees informed of key announcements, we use a number of additional channels including:
- Enterprise email, a broadcast email facility for key announcements
 - Face-to-face events
 - Briefing materials for use by line managers.

Case study
My Customer promises - This case study shows how 'my customer' was communicated to BT employees in advance of the external launch to the public.

- BT's **my customer** Promise is:
- when you make an appointment, BT will always do whatever it takes to keep it
 - when you ring BT, you will always have the option to talk to a person
 - if the first person you talk to can't help, they'll make it their top priority to find the right person who can.

We backed the **my customer** Promises with a large external advertising campaign. We began our internal communications campaign in April 2004, knowing that everyone should be ready to deliver on the Promises by the time the advertising campaign aired in June. We had to create an environment in which every BT employee understood what the Promises were, why they were

important, how they could be adopted in their work area and where to turn for support. Everyone across BT, regardless of role or location, had a responsibility to keep these Promises.

Before the television advertising aired, internal research results showed that awareness of the Promises was high, with 88 per cent of employees stating that they felt very aware. Recall of the Promises themselves was also high with two - thirds able to describe all three Promises, unprompted.

Case study
21st century network roadshow We are running a roadshow for BT employees across the UK to explain the challenge of rolling out BT's 21st century network (21CN).

21CN is an Internet-based network that carries voice, data and Internet services on a single network. It will replace the various existing networks that each provide a specific service. This will simplify network management for BT and provide increased flexibility, reliability and security for our customers.

The roadshow toured Edinburgh, Ipswich, London and Manchester in January 2005. More than 2000 people attended.

Feedback showed that those who attended were interested in the network roll-out and found the information useful and relevant to their work.

Call centres

We have transformed our original 104 call centre sites into a slimmed-down network of larger, multi-functional contact centres.

The programme has enabled the twin goals of reducing costs and providing improved customer service. For example, customers can get help with a range of services on a single call, without being transferred.

During the restructuring, 57 call centres have closed. The number of full-time equivalent jobs have reduced by over 2900 to under 13,100.

There were no compulsory redundancies and we remain committed to finding alternative work for every affected person who wishes to remain in BT. By the end of March 2005, more than 975 people had been found other jobs in BT and over 3370 people left voluntarily. Around 1900 employees have been redeployed to the new UK contact centres.

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

Outsourcing

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

Outsourced operations include:

- Human resources contracts, pensions, recruitment and training (by a company called Accenture HR Services)
- Payroll, finance and accounting activities (by Xansa).

We used to do this work ourselves. In the UK, the transfer of BT employees to a contractor is regulated by the Transfer of Undertakings - Protection of Employment (TUPE) regulations.

Responsible outsourcing a must Automatically favouring the lowest bidder can lead to expensive mistakes when outsourcing services. This was the warning of Andy Green, CEO of BT Global Services, during a debate on the issue at the World Economic Forum (WEF) held in Davos, Switzerland in January 2005.

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

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

Read more about this and other debates on the [WEF website](#).

Offshoring

India

BT Retail has two call centres in India, one in Bangalore and the other in New Delhi, employing around 2200 (UK full-time equivalent) people at the end of March 2005. They are owned by two suppliers and managed by BT.

We are sensitive to concerns that there may be an incompatibility between remote sourcing and BT's stance on corporate responsibility.



Employees continued

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

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

To address these issues we commissioned independent consultancy and think-tank SustainAbility to explore service sector offshoring through the lens of corporate social responsibility (CSR).

Included in *Good Migrations*? are:

- An examination of the global trend of offshoring and evaluation of its implications for CSR
- A study of the specific impacts of BT's offshoring decisions, both in the UK and in India
- Strategic advice to companies interested in exploring offshoring and CSR.

SustainAbility concluded that, on balance, offshoring's benefits outweigh its negative impacts. However, SustainAbility do put forward some important reservations concerning the way that offshoring is handled and it is here that CSR has an important part to play.

SustainAbility propose practical things that companies can do to assist those in the UK who lose jobs to manage their transition - in terms of training, skills and local job development. They also put forward critical improvements that offshoring companies can introduce in the new areas of operations - such as good working conditions, training and development, and sharing skills and technology.

We agree with the thrust of these conclusions. For us, CSR is about companies making effective commercial decisions in ways that take account of their responsibility to society.

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

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

Pay for those employed in the call centres is in the top quartile of the local labour market. The working environment, training and technology are of the same standard as those in the UK.

None of BT's permanent employees in the UK has been made compulsorily redundant as a result of the new centres opening.

Connect agreement

Our agreement with the union Connect outlines a joint approach to sourcing work outside of the UK. It has four key elements:

- No compulsory redundancies for UK employees affected by the change
- Work of similar career value will be found for those who lose their jobs and we will consult early with Connect before a final decision
- Trade ethically in countries where we operate, following guidelines from the International Labour Organisation and the United Nations Declaration of Humans Rights
- Monitor actions to ensure that our ethical standards are upheld.

We will continue to ensure that our third-party suppliers abide by our employment standards.

Diversity and inclusivity

We seek to create an open, honest and unprejudiced workplace that encourages people to reach their full potential.

We want to develop and sustain a diverse workforce where everyone's contribution is valued and where appointments and progression are based purely on merit. Setting targets help us achieve this goal.

The table (top right) shows the percentage of our people who are women, have declared themselves from an ethnic minority background or have declared a disability.

See [Data and targets](#) for comprehensive data on diversity from 2001 onwards.

We have achieved our target of sustaining eight per cent of our employees being from an ethnic minority background. Meeting our target on the representation of women is proving more difficult - the figures show that retention rather than recruitment is the main barrier.

Here we describe our approach to the main equality and diversity issues:

- Equal Opportunities policy
- Diversity leadership
- Ethnic minorities
- People with disabilities
- Age
- Gender
- Networks
- Litigation.

	Senior			All BT		
Financial year	2003	2004	2005	2003	2004	2005
Women	20.0%	21.0%	21%	23.6%	22.7%	22.4%
Ethnic minority	7.0%	7.6%	8%	8.6%	8.9%	9.2%
Disability	0.7%	0.7%	0.8%	2.0%	2.1%	2.2%

Equal Opportunities policy

Our Statement of Business Practice includes a specific principle on diversity: we will "treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form".

This principle is supported by our Equal Opportunities policy:

Equal Opportunities Policy

Our aims

We are an equal opportunities employer. The aim of this policy is that everyone should have the same opportunities for employment and promotion based on their ability, qualifications and suitability for the work. We will need to keep to, and go beyond, equal opportunities legislation.

We have designed this policy to make sure that no job applicant or employee receives less favourable treatment because of their race, sex, religion/belief, disability, marital status, age, sexual orientation, gender identity, gender expression or caring responsibilities, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable.

It is our policy to develop and maintain positive measures so we recruit, develop and hold on to people with disabilities, keep to the law and encourage best practice.

Our guiding principles:

- Equal opportunities and diversity cover all aspects of working life. The understanding and views of people on related issues are shown through their behaviour
- You must not discriminate against any person or group when recruiting, choosing, training, promoting or paying people

- Harassment is also a type of discrimination, and we will treat it as such under the terms of this policy. We will not tolerate any type of harassment or bullying, including offensive remarks, at work

- We will encourage you to tell us about any disability you may have and your ethnic background

- We will take positive measures (which are allowed by legislation for suitably qualified people) so that we recruit and employ any under-represented minority group, for example, the Government's Two Ticks Policy for registered disabled people

- We will follow the Disability Discrimination Act and will make reasonable adjustments for people with disabilities. If you become disabled while working for us, we will do everything possible to make sure you can keep working for us

- You must keep to this policy. If you do not, we may take disciplinary action against you

- If you consider that you are suffering from harassment or have been discriminated against, you should make your complaint in line with our grievance procedure.

Leadership

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

The forum is composed of Diversity Champions, senior managers from each of our business units. Senior managers also lead specific groups, including race, gender, age, disability and sexual orientation.

The Forum has five main functions:

- To create, sustain and deliver our global equality and diversity strategy

- To provide highly visible and inspirational leadership on equality and diversity

- To promote processes, practices and behaviours that actively drive equality and diversity in the BT group, relentlessly opposing inequality, prejudice and unethical behaviour

- 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 and change-embracing role models for equality and diversity in business.

We are members of the following organisations in the UK:

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

In the 2005 financial year, BT set up and chaired the Employers Forum on Belief, which brings together leading employers to exchange and develop knowledge and best practice in this field. We reviewed our policy and its implementation to ensure that religion and belief issues are incorporated. An on-line booklet describes major religions of the world and includes personal accounts of employees who follow a particular religion or belief.



Employees continued

In the 2005 financial year, BT also set up Employers for Fathers.

BT has already made known its commitment to equal rights for the Lesbian, Gay, Bi-sexual and Transgender (LGBT) community and set up BT Kaleidoscope network in 2002 (see [Networks](#)).

Ethnic minorities groups
Here we look at our ethnic minority representation and the measures taken to promote diversity.

Profile
Among BT people, 9.2 per cent have declared themselves to be of ethnic minority origin. This represents 8.9 per cent of non-managers, 9.8 per cent of managers and 8.1 per cent of senior managers.

In the 2005 financial year, 13 per cent of our new recruits came from an ethnic minority background - including 25 per cent of new graduates and 5.6 per cent of modern apprentices.

These figures reflect our continuing collaboration with employment agencies, universities, schools and college careers offices. We have achieved our target that 8 per cent of our employees will be from an ethnic minority background, and are committed to maintaining this level.

One of our key initiatives remains the Ethnic Minority Network for BT employees. The UK programme includes development courses and participation in the national debate on diversity.

See [Data and targets](#) for comprehensive data from 2001.

Our data does not include those people who work in our subsidiaries, 14,867 of our total workforce of 102,192.

Global diversity

Declaration of ethnicity is restricted in some countries where we operate. BT Global Services has committed to ensure that, wherever legal, BT people are able to declare their ethnicity and national origin.

An on-line training programme is being designed to help employees understand the interpretation of diversity in different countries. It will be translated into five different languages and deal with relevant legislation in 12 countries to ensure the diversity strategy is fully understood. In preparing for this we have been collating information on current local policies.

Benchmarking

We take part in independent benchmarking of ethnic minority issues.

In the financial year 2005, Business in the Community's Race for Opportunity announced that it had benchmarked BT at gold standard and the top overall performing organisation in race equality. BT was benchmarked against 66 private and 47 public sector organisations, representing over 1.6 million employees.

The details are as follows:

Category	BT score %	Sector average %	Network Average %
Leadership and the Business Case	87	62	56
Resourcing and Development	85	56	53
Policy and Planning	82	59	61
Recruitment and Training	82	62	62
Sharing Ownership	88	56	52
Communication	88	59	54
Marketing	88	62	46
Community Involvement	93	62	58
Working with ethnic minority businesses	80	47	34
Results/ Impact	84	63	58
Overall performance	88	60	56
Overall score (%)	Certificate standard		
95 - 100	Platinum		
80 - 94	Gold		
70 - 79	Silver		
60 - 69	Bronze		
Up to 60	Certificate of participation		

BT received a gold standard for our overall average score.

Standardising global policies

BT Global Services is an amalgamation of different joint ventures and subsidiaries with their own policies on, for example, diversity, equal opportunities, bullying and harassment, and flexible working operating in numerous countries with differing legal and cultural frameworks. We have been auditing current data with a view to standardising these while retaining sensitivity to cultural and legal differences.

People with disabilities

A significant number of people in our society have disabilities. To ensure we meet the needs of all our customers, we encourage applications from people with disabilities and support their professional development.

BT qualifies as a 'Two Ticks' disability employer. This is a UK employer commitment to disabled potential employees and customers. This means, for instance, that BT guarantees a job interview to any suitably qualified applicant who has a disability.

Profile

Overall, 2.2 per cent of BT people have declared themselves to have a disability. This represents 2.6 per cent of non-managers, 1.3 per cent of managers and 0.7 per cent of senior managers.

In the 2005 financial year, 0.5 per cent of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) - including 2.7 per cent of new graduates and 2.3 per cent of modern apprentices.

Our 2005 target was for 2.5 per cent of our employees to be people with a disability.

Initiatives

Able2 is an employee network for BT people with disabilities. This provides impartial and confidential advice and runs a series of roadshows where people can discuss their needs with senior BT managers. The shows promote ability, not disability, challenge stereotypes and focus on possibilities and ways to break down barriers faced at work by people with disabilities.

eNable is a project designed to improve the working life of all BT people with disabilities. Its objective is to provide guidance and provide the necessary adjustments to help realise the full potential of all people. eNable provides a package of services, consultancy and dedicated specialist support, including:

- A helpline to provide expert advice and assistance to people who are, or become, disabled, or whose capabilities are restricted
- Guidance on job re-design, suitable alternative duties and provision of equipment and services
- Improved advice to managers on their responsibilities under the UK Disability Discrimination Act
- Support to new recruits with disabilities to ensure they feel valued and supported.

Customer-facing employees in BT Retail and BT Wholesale receive disability awareness training using on-line and conventional face-to-face courses. An intranet site on disability awareness and the law is available to everyone in the company and provides on-line training.

The second series of BT's 'Think About It' diversity webcast raises disability awareness through interviews and continues the soap opera dealing with the daily lives of diverse people.

Partnerships

AbilityNet

We support and provide office space for AbilityNet, a charity that works to bring the benefits of computer technology to adults and children with disabilities. The organisation's presence in BT helps ensure that our pre-recruitment assessments provide the most productive and comfortable equipment available as soon as new recruits join the company. Existing BT people benefit from easier access to expert assessment and advice.

Back-Up

In the 2005 financial year, we worked in partnership with the spinal injuries charity, The Back-Up Trust. BT sponsored taster sports and activity days which received UK Government Sportsmatch funding to help promote greater integration and independence for people with spinal injuries. A BT employee was also sponsored to attend a week-long Back-Up summer activity course as a buddy.

In collaboration with the Spinal Injuries Association, BT Retail Marketing have produced a booklet that promotes the benefits of broadband and how it can improve the lives of disabled people, particularly those with spinal injuries.

Able to Work

Our Able to Work project increases the number of disabled people employed in our call centres. Recruits come from Remploy, an agency helping people with disabilities find work. Call centres, which have a high turnover of staff, provide new employment opportunities for disabled people who can demonstrate the right skills and commitment.

Scope Fast-Track Scheme

We have joined the Fast-Track scheme of Scope, the disability charity. The programme places disabled graduates



Employees continued

in employment for a year and provides personal development training and career development through regular reviews, appraisals and individual career plans. This increases graduates' employability.

Age

Preventing age discrimination is part of BT's diversity and equality policy. We have an Age Champion - a senior manager who ensures age diversity issues are taken seriously and put into practice.

Profile

Age Profile for BT Plc

Age	Number of Employees
Under 20	318
20-24	2242
25-29	5642
30-34	8325
35-39	13,457
40-44	17,316
45-49	17,988
50-54	16,053
55-59	5909
60 & over	75
All age bands	87,325

We monitor our age profile and deal with any imbalances. This led to NewStart - a new approach to resourcing that challenges people's expectations about retiring early. Employees can now stay longer with us and retire gradually, as part of a career/life planning approach. Options include part-time working, sabbaticals, reduction in hours and secondments.

We are conducting a full age audit using the Employers Forum on Age's (EFA) audit tool to ensure all our policies and practices are free from age discrimination. We have

surveyed our people to get their views on policies on retirement and new anti-discrimination legislation, changing demographics and the changing needs of people and the business.

In the UK, we have been consulted on new regulations on age discrimination to be implemented in October 2006.

By embracing the values of age diversity and of mixed-aged teams, we benefit from a balanced workforce and are well-placed to respond to the new marketing opportunities created by an ageing population.

"We are proud to be associated with Help the Aged and the Living Legends Awards, which showcase inspirational people who have achieved amazing things. People who are living proof that to ignore the skills, attributes and experiences of older people is to ignore a huge wealth of experience and knowledge. This would cut us off from a huge sector of society who are shareholders, investors, employees and customers. For us, it is also about potential. Older people are not just about experience. They also have a stake in and create new futures for us all." **Ben Verwaayen**.

"BT is pleased to be able to offer support to the Age Positive campaign. Business is no longer just about achieving bottom-line results; it's about how we achieve those results and the behaviours we demonstrate. To be successful businesses also need to be in tune with societal changes and to react responsibly to them. At BT, we believe that only by treating everyone equally and fairly, embracing the range of skills and experiences of people of all ages are we truly able to release their potential and strive for business success." **Caroline Waters**, Director, BT People and Policy.

Gender

We believe that diversity is the lifeblood of our business. Here we look at our gender representation and how we are working to improve it.

One measure we took was the introduction of guidance to our employees about domestic violence. We were pleased to work with Women's Aid and the UK Department of Trade and Industry to help design, produce and host the launch of the Employers' Guide to Domestic Violence.

Profile

In total, 22.4 per cent of people who work for BT are women - 21.9 per cent of non-managers, 23.5 per cent of managers and 22.1 per cent of senior managers.

In the 2005 financial year, 25.9 per cent of our new recruits were women - including 41.6 per cent of new graduates and 10.1 per cent of modern apprentices.

The number of women in BT is declining - down from 22.7 per cent in the 2004 financial year - and below our 25 per cent target. The figures show that retention rather than recruitment is the main barrier to achieving our objective.

See [Data and targets](#) for comprehensive data from 2001.

Our data does not include those people who work in our subsidiaries, 14,867 of our total workforce of 102,100.

Benchmarking

In the 2004 financial year, we gained the highest scores in an independent comparison of how gender issues are managed by commercial companies and organisations in the public sector - the Opportunity Now benchmarking exercise - retaining platinum standard.

Retention of women

Retaining the skills and experience of women is important. Our maternity package provides 18 weeks' basic pay and regular allowances (excluding overtime) followed by eight weeks at half pay or lower-rate Statutory Maternity Pay or £106 per week (whichever is the greater), followed by 26 weeks at £106 per week.

Progression of women

Our women employees have a number of internal networks at different work levels. These include the BT Women's Executive Network and the BT Executive Assistants/Personal Assistants' Network ([see Networks](#)).

Since September 2004, Global Services has supported the roll-out of the BT People Networks outside of the UK. Successful branches of the BT Women's Network (BTWN) have been operating in Paris and Reston USA. A People Network branch in Benelux - open to men and women - was established in 2005.

Networks

We have six employee networks to support and advise our employees worldwide. The use of the networks is promoted by BT's most senior management and provides:

- Mentoring programmes
- Development programmes
- Annual conferences
- Information websites
- Regular roadshows
- A conduit to senior managers
- Contributions to the national and international debate.

Able2 for employees with disabilities

Able2 seeks to portray a positive image of disability by working with all stakeholders. The network is a central point of contact for advice and support to all disabled employees within BT.

BT Ethnic Minority Network (EMN)

EMN provides support and development for ethnic minority people within BT, through a variety of internal and external activities.

The Events Programme is the key element of EMN's activities: it covers the organisation and management of Personal Development and Weekend Workshops, Open Days, Roadshows and Annual Conferences.

The workshops are designed to work on interpersonal and management skills. BT greatly benefits from these meetings because they encourage ethnic minorities to realise their full potential. In addition, it helps BT to increase the representation of ethnic minorities in senior management.

BT Women's Network (BTWN)

BTWN encourages self-development through sharing experience, information and advice, and communicates ideas to management.

BTWN was started in 1986 by a small group of BT women who attended the Cranfield School of Management Programme in the UK.

At the time, the group felt a BT internal network dedicated to women would bring significant added benefits. The BTWN was created with the aim of increasing women's sense of involvement within BT and encouraging them to develop career potential to the benefit of the individual and BT.

The network has nearly 5000 members and many non-members regularly attend BTWN meetings and events. It is run by volunteers, funded and fully backed by BT.

Members are kept informed through the newsletter, 'hersay', and the BTWN website.

BT Women's Executive Network

The BT Women's Executive Network was set up in 2003 to increase the proportion of women in senior level management. The network's aims are to:

- Support members to achieve their maximum potential
- Drive change within BT on executive gender diversity issues
- Challenge BT to provide more executive opportunities for women.

The Action Plan includes:

- Tackling the barriers to women's career progression
- Increasing the visibility of role models and mentors to support and encourage women to progress through BT
- Designing a programme of events with internal and external speakers to promote the Executive Network
- Providing networking and support.

Activities during the 2005 financial year included guidance on financial awareness, boardroom skills (presented by BT Chairman, Sir Christopher Bland) and guidance on how to gain non-executive directorships

BT Executive Assistants/ Personal Assistant Network

This network aims to demonstrate the value that personal assistants at all levels add to the business while raising their profile as a distinct professional group within BT. It is chaired by the personal assistant to the chairman.

The network helps its members develop a broad range of skills, enabling them to take on more advanced work while also increasing the overall effectiveness of our management teams.



Employees continued

BT Kaleidoscope

BT Kaleidoscope is a network for our gay, lesbian, bi-sexual and transgender employees.

About seven per cent of the UK population is lesbian, gay, bi-sexual or transgender. The network offers community support to its membership and provides BT with insight and knowledge about a potentially significant market.

During the 2005 financial year, we supported Brighton Pride and GlasGay. In the first Stonewall Benchmarking Survey we came in the top 25 gay-friendly organisations, demonstrating our commitment to support our gay, lesbian, bi-sexual and transgender employees.

Litigation

In the 2005 financial year, there were a total of 58 discrimination-related cases involving BT. Twelve were withdrawn, three judged against BT, 25 settled and 18 judged in favour of BT. There were 14 cases involving BT in both the 2004 and 2003 financial years.

See [Data and targets](#) for data relating to discrimination-related litigation since 1999.

Learning from discrimination cases

Every discrimination litigation case is one too many.

We carefully consider our own cases at practitioner and senior management levels. We also review developments in discrimination law as it emerges.

We ensure that our case management continues to be robust and, at the same time, that our educational inputs address any issues that arise.

For example, real-life case studies based on BT experience are used by our Diversity Coach trainers in training workshops across our business where applicable.

Learning & development

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

Here we present our approach to learning and development:

- Principles and commitment
- Career development
- Investors in People
- Education
- Career-life plan.

Principles and commitment

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

We will set up a partnership with each individual who makes the most of their personal performance, commitment and prospects for employment. We will give our people the appropriate opportunities to develop business capabilities and will evaluate how effective our investment is.

We will do the following:

1. Give our managers the necessary resources and personal development to enable them to support their people's learning and development.

2. Give our employees ongoing information on the skills and behaviour which we believe are essential to future success and how these can be developed.

3. Analyse needs at a business level and an individual level to see what development is appropriate and to assess the value to our business.

4. Give our employees opportunities to develop their capabilities and prospects for employment so they can deal confidently with organisational and commercial change.

5. Offer a broad range of solutions including work-based activity, formal and informal learning, encouraging the use of group-wide learning solutions through the BT Academy and taking account of individual learning styles.

6. Provide an appropriate induction programme for all new employees and those who are changing jobs to make sure they can be effective in their new work as soon as possible.

7. Provide a range of support and information to enable the career development of our employees. We will encourage learning by setting up and developing formal and informal communities.

8. Manage actively the way we develop identified groups or individuals (with the group or individual involved) so we can make the best use of the talent across BT.

9. Make the best use of learning and development suppliers so we can get the best commercial value possible across BT.

10. Evaluate our investment in learning and development at all levels of the business.

Career development

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

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

Initiatives such as the UK Management Insight programme enable team members to assess their skills and develop plans for the future.

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

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

Investors in People

During the 2005 financial year, BT successfully achieved re-accreditation as an Investor in People (IiP). IiP is a standard of good practice for training and development devised by UK leading business and employee organisations. We remain one of the largest companies to pass this challenging outcomes-based test.

The Assessment Network (TAN) evaluated about 690 BT people from across all lines of business in a variety of structured and informal settings. They also observed business meetings and training sessions.

Their report highlighted the following best practices across BT:

- The commitment to ongoing learning and development by the most senior people within BT is unquestionable
- The general effectiveness of the communication processes - particularly top level communications. This has been widely welcomed in a period of significant change and uncertainty
- An embedded culture of coaching, mentoring and support (both formal and informal) which was apparent across the majority of areas in all lines of business

University of London. In its eighth year, the course enables BT people to study part-time from home, at work and at residential schools run at CWU Education centres.

The BT Masters programme provides work-based development for BT people, leading to a Master of Science (MSc) degree in telecommunications after 20 months of part-time study. We support, through the use of technology, studying for professional qualifications from bodies such as the Chartered Institute of Management Accountants (CIMA).

The Leadership Spine provides a suite of BT-wide leadership development programmes to support the business at each level in the organisation.

The BT Academy helps people acquire skills useful to their job. It also helps them take advantage of future career opportunities in an industry where the skills required change rapidly.

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

Career-life plan

We are committed to create an environment where change can be anticipated and dealt with constructively.

We use two main tools to implement our long-standing policy of expanding our people's skills and capabilities: NewStart and Achieve the Balance initiatives.

NewStart enables employees to consider and plan ahead for their career. It provides a comprehensive toolkit and the framework necessary to help employees and managers discuss these issues.



Employees continued

NewStart offers a number of services:

- Professional career counselling
- One-to-one coaching
- On-line advertised vacancies
- On-the-job development through job shadowing and agency secondments.

NewStart is supplemented by Achieving the Balance, an intranet site promoting flexible working and presenting the range of work-life options available to BT people.

Health & safety

One of our business principles is to care for the health and safety of people across all BT's operations and products. We have made a specific commitment to promote a healthy lifestyle through our health and wellbeing programme.

This is why we made our Significant Incident Rate a non-financial key performance indicator, with a strategic target of a 25 per cent reduction in incidents by March 2005. The indicator records the incidence of injuries, diseases and danger occurrences. It is a good measure of our success in promoting health and safety.

We reached the target two years early and at that point doubled the reduction to be achieved by the end of 2005. We achieved this 50 per cent reduction in September 2004 and have also cut the rates of sickness absence due to workplace accidents (down 56 per cent since 2001) and occupational ill-health cases (down 64 per cent since 2001).

These targets were seen as particularly challenging but we have met them by ensuring a commitment to zero avoidable accidents throughout the company. A broader series of metrics will be adopted for

the financial year 2006 and beyond incorporating Lost Time Incident Rate, Occupational Ill-Health and Total Sickness Absence as our key measures.

- We continue to focus on a number of major health and safety risks:
- Driving
 - Fire and incidents on BT property
 - International travel health
 - Call centre health
 - Injuries while working on the network
 - Work-related stress.

These priorities illustrate the scope of our approach to health and safety: it is not just about avoiding accidents - we consider it very important to protect our employees' physical and mental health as well.

See [Data and targets](#) for health and safety performance data - on rate of absence, sick absence due to accidents and ill-health referrals.

Here we discuss:

- Our health and safety guiding principles
- Implementation by our lines of business
- Stress management
- Occupational road risk management
- Our partnership with the BT Unions on improving safety.

Guiding principles

BT's Health and Safety Guiding Principles

This policy acknowledges the commercial advantages and the humanitarian necessity of robust and effective health and safety performance.

Health and safety performance is a key indicator of our success

in managing the business. Implementing the policy effectively will yield financial and social benefits which will contribute to our vision of being the most successful worldwide communications group.

Achieving the aims of the policy will be the responsibility of line management.

The Group Chief Executive accepts overall responsibility for Safety Performance within BT. The Chief Executive Officer of each line of business will be responsible for safety performance within their sphere of control. Implementation of the policy will be carried out by line managers.

Everyone within BT must contribute and feel able to contribute if we are to succeed.

Everyone within BT has a responsibility to ensure they take reasonable care of their own health and safety and the safety of others. It is essential that managers and their people seek to work in ways where safe behaviour is seen as normal and unsafe acts are not acceptable. No one will be disadvantaged as a result of raising health and safety concerns or adopting reasonable safe practices. Mechanisms will be established to ensure that all employees and their representative bodies can fully contribute to the safety culture of the business. The provision of information, instruction and training in the most appropriate form will be assigned the highest priority so that all employees understand the risks they face and how to control those risks to a level which is consistent with the objectives of this policy.

We will strive to achieve excellence in our health and safety performance wherever we work.

Internationally accepted best practice will be adopted as a group-wide minimum level of performance. Assessments of risk will form an integral part of the operational management process. Risks will be reduced to a level which is as low as is reasonably achievable.

Competent specialist support and clear technical information will be readily available to all who need it.

Appropriate levels of specialist support will be available to managers so that uncertainty about legal or technical aspects of health, safety and welfare issues will not hinder performance. Health and safety solutions will be developed by those who work with the risks. Guidance on safe working practices will be presented in an easily understood style using a format accessible to everyone who needs the information.

We expect our partners and others who work with us to share our aspirations in the area of health and safety performance.

The health and safety performance of contractors will represent a key criterion used in the selection process. Wherever contractors seek to work for BT, their health and safety policy and performance must equal or better the standards achieved within BT.

Implementation

These processes and structures support the implementation of our Health and Safety Guiding Principles.

Each of BT's lines of business will:

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

• Prepare an annual health and safety report demonstrating the work done towards meeting its health and safety commitment and measuring its performance against the standards set in the annual plan

- Maintain a comprehensive inventory of physical, chemical and psycho-social hazards

• Carry out formal risk assessment and profiling of all hazards within the inventory and ensure that a system is in place to implement competent task-based risk checks

• Put systems in place to ensure that managers, employees, contractors and customers receive appropriate advice on relevant hazards that have not been eliminated and the potential risks from them

• Ensure risk-awareness training and risk management systems are in place to successfully implement risk control measures

• Ensure that arrangements are in place for the health surveillance of those identified by risk assessment as requiring it

• Arrange for sufficient competent support in the areas of safety, health and hygiene

• Ensure compliance with the reporting requirements laid down by the BT health and safety champion

• Ensure the safety champion has the responsibility to undertake an adequate independent audit of the management of health and safety, commit to an action plan to deal with recommendations and have the completion of actions verified

• Communicate health and safety strategy, planning and performance to all employees and others involved, and involve them in the continuous improvement process.

Stress management

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

BT's strategy for mental wellbeing

People feel stressed when they cannot cope with pressure in their lives - at work and at home. We are committed to ensure that unreasonable demands are not made on our people and that they lead balanced lives.

We do this through job design, resourcing (making sure jobs are done by people with the right competences), training and development, and people management. We provide support to employees affected by stress caused by pressure in their private lives.

Our strategy is in three phases: primary, secondary and tertiary.

Primary: Reducing stress at source through workplace and job design

We use a number of tools to identify, manage and, where possible, eliminate the causes of work-related stress. To do this, we provide our employees and their managers with comprehensive guidance on the causes of stress and how to avoid problems, at the personal and organisational level.



Employees continued

Our Dealing with Stress internal website includes BT's stress management-related resources and access to specialist teams.

Secondary: Identifying early signs of stress and supporting individuals.

STREAM, BT's Stress Assessment and Management tool, provides us with organisational stress profiles and reports. It helps us identify work pressures that cause stress and recommends control measures that employees and their manager can use. STREAM also provides BT with essential (but anonymous) management information on the mental wellbeing of our employees. Regular reports are now sent to all senior operational and HR managers, profiling the stress-related absence information and STREAM results for their Business Units. This helps them manage the issues specific to their organisations.

Tertiary: Assisting established cases cope and recover.

Work can play an important part in recovery from mental health problems.

We consider it very important that managers and colleagues keep in touch with individuals during stress-related absences because it helps minimise the problems of isolation and de-motivation.

As part of BT's Total Health Management (THM), we introduced a new initiative. Absence Case Advisors send letters of support to people who are absent with a stress-related illness on behalf of BT's Employee Assistance Programme. This includes women with post-natal depression.

Formal support for people with work-related or private problems is also offered through the Employee Assistance programme (EAP) - a confidential service that is available on-line or via the 24-hour helpline. Line Managers can get support from the Employee Assistant Management Team (EAM) - a confidential service available on-line or via the helpline

Occupational road risk management

BT operates a fleet of over 44,000 vehicles in the UK (this includes all commercial fleet and company car vehicles). This means there is a significant risk of injury to our people and the general public from road accidents.

We are developing a groundbreaking approach to the management of occupational road risk. Drivers are individually assessed and the factors contributing to higher risk of accident are identified. They are then offered tailored support to minimise those risks. By the end of the 2005 financial year, over 31,000 BT drivers had taken part in our Starting Point programme. The initiative was commended by the UK-based national road safety charity, BRAKE, in 2003 and won the prestigious Prince Michael International Road Safety Award in 2004.

Working with our Partners in the BT Unions

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

