



# CSR strategy and governance

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

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

In this section we discuss:

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

## Our CSR business case

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

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

## Marketplace opportunities

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

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

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

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

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

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

The quality of our sustainability performance differentiates us from our competitors. This is important when bidding for major contracts in both the public and private sector. These contracts were worth £2.2 billion to BT in the 2008 financial year, compared with £1.8 billion the previous year.

## CSR risks

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

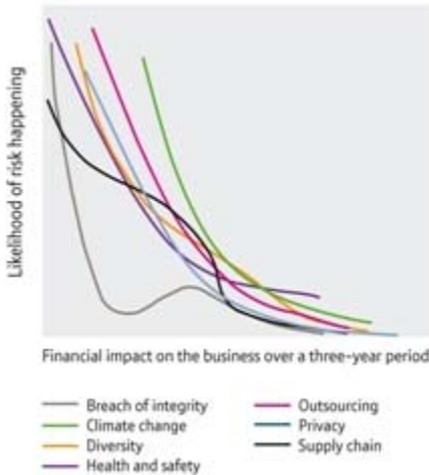
In the 2008 financial year we identified no new social, environmental or ethical risks that would have a material financial impact on our business.

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

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

- Privacy
- Supply chain working conditions.

**CSR key risks**



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

## Reputation and CSR ratings

### Reputation

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

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

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

### BT's CSR ratings

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

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

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

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

## Cost reduction – business case

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

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

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

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

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

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

## Employee motivation

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

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

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

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

## Stakeholder engagement

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

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

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

We describe in the individual report sections our relationships with particular stakeholders, their evolution, and the related policies and decisions we have taken as a consequence. In this section, we discuss:

- How we engage with different groups
- Engaging with opinion formers
- Influencing BT's sustainability report

You can provide feedback on our social and environmental performance by emailing us at [yourviews@bt.com](mailto:yourviews@bt.com).

## How we engage

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

### Customers

- Customer surveys on quality of service and future expectations
- Blogs, web forums and panels to learn from retail customers and test new concepts in real time
- Dialogue with consumer advocacy groups and disability organisations
- [Consult 21](#), a programme of dialogue with business customers and industry stakeholders about BT's 21<sup>st</sup> Century Network
- Meetings between the Equality of Access Board (EAB) and external communications providers, to obtain direct feedback on our performance. The EAB is a BT Group plc board committee with a majority of independent members. It monitors and reports on BT's compliance with its Undertakings and associated Code of Practice
- BT maintains regular dialogue with regulators including Ofcom about matters of mutual interest in the markets BT operates in

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

### Employees

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

### Suppliers

- Supplier satisfaction survey

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

### Investors

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

### Partners

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

Examples of other partners with whom we regularly engage include:

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

### Community

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

### Opinion formers

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

### Leadership Panel

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

## Influencing BT's Sustainability Report

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

### Materiality

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

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

### Feedback from opinion formers

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

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

### Indicators

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

Together with the Leadership Panel, we review our KPIs yearly and modify them when necessary. During the 2008 financial year, we discussed the new Prince of Wales Accounting for Sustainability standard, which we have tested on our KPIs this year. The Leadership panel were also consulted on the development of our new [carbon stabilising intensity](#) target.

### Reporting standards

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

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

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

## Engaging with opinion formers

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

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

We interact with governments at all levels – [local, regional and national](#). We are clear about our lobbying positions. We also engage in CSR matters through face-to-face interaction. Recent examples include sessions with MPs and other opinion formers on mental health at work; women in the work place; and flexible working.

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

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

### Feedback from opinion formers on our CSR strategy

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

Their recommendations for improvement were for BT to:

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

Participants also gave feedback on BT's sustainability report

## Implementing our strategy

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

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

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

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

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

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

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

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

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

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

## CSR governance

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

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

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

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

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

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

## The Leadership Panel

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

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

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

During the year, panel discussions covered the following topics:

- Our approach to [Hot Topics](#)
- Our key CSR programmes - sustainable economic growth, climate change and a more inclusive society
- CSR governance changes
- Development plans for our Adastral Park Research and Development site
- Our materiality review and key performance indicators
- Reporting our CO<sub>2</sub>e performance

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

## Committee for Responsible and Sustainable Business

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

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

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

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

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

## Operating Committee

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

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

## Environmental Policy Implementation Committee

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

- Meet the environmental improvement targets and objectives agreed by the Environment and Climate Change Task Force
- Maintain the register of BT's environmental risks.

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

During the year the key items the committee discussed were;

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

## Corporate responsibility team

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

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

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

## CSR Forum

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

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

## CSR Task Forces

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

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

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

## CSR Sponsors

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

Being a CSR sponsor involves:

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

### CSR Sponsor

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

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

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

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

### **Environment and Climate Change**

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

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

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

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

### **Sustainable Economic Growth**

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

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

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

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

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

### **A more Inclusive Society**

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

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

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

## CSR Strategy and Governance - Key Performance Indicators

Indicator	Description	Measure	Target
<b>Customer Service (See Note 1)</b>	A measure of satisfaction across BT's entire customer base	Increase in right first time performance of 9% for the 2008 financial year.	To improve customer service in line with the corporate scorecard and to achieve an even greater year on year improvement in Right First Time (RFT) (See note 2)
<b>Employee Engagement Index</b>	A measure of the overall success of BT's relationship with its employees	The Employee Engagement Index was 5.04 during the 2008 financial year (see Note 3)	BT will maintain the 2007/08 level of employee engagement, 5.04, as measured by its annual employee attitude survey.
<b>Diversity</b>	A measure of the diversity of the BT workforce	BT is in the top 10 placement in 4 out of the 5 major diversity benchmarks (See Note 5).	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks. 4 of these benchmarks will be UK based and the 5th a global diversity benchmark.
<b>H&amp;S: Lost Time Injury Rate</b>	Rate of Lost Time Injury Incidents expressed as a rate per 100,000 hours worked on a 12-month rolling average	0.188 cases per 100,000 working hours.	Reduce to 0.186 cases per 100,000 hours.
<b>H&amp;S: Sickness Absence Rate</b>	Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average	2.43% calendar days lost to sickness absence	Reduce to 2.2% calendar days lost due to sickness absence
<b>Supplier Relationships</b>	A measure of the overall success of BT's relationship with its suppliers.	78% achieved in 2008 (See Note 8).	To achieve a rating of 80% or more in 2009.
<b>Ethical Trading</b>	A measure of the application of BT's supply chain human rights standard (See Note 6)	During the 2008 financial year there were 213 risk assessments with 100% follow up.	To achieve 100% follow up within three months for all suppliers identified as high or medium risk during the 2008 financial year.
<b>Community contribution</b>	A measure of our investment in society	During the 2007 financial year BT provided 1.02% of its profits in funding and support in kind.	Maintain a minimum investment of 1% of pre-tax profits.
<b>Global Warming CO2 emissions</b>	A measure of BT's climate change impact	2007 financial year UK CO2 emissions were 0.68 million tonnes, 58% below the 1996 level (See Note 7)	2016 CO2 emissions to be 80% below 1996 levels.
<b>Waste to landfill and recycling</b>	A measure of BT's use of resources	42,822 tonnes to landfill (54%) 36,937 tonnes recycled (46%).	To reduce the tonnage of waste sent to landfill by 6%.
<b>Ethical Performance Measure</b>	A measure of our progress in acting with integrity	85%	To increase to 86%.
<b>Community Effectiveness Measure</b>	An independent evaluation of our community programme	The community effectiveness score for the 2008 financial year was 79%.	To achieve a minimum of 82%
<b>UK Internet Usage</b>	% of UK population who have not used the internet in the past three months.	33% of UK people digitally excluded.	To reduce the percentage of people who are digitally excluded by 10% (i.e. to 32.4%) by 31 March 2010

Note 1: Revenue weighted.

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

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

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

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

Note 6: Risk assessments are based on completed questionnaires

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

### Employee motivation Targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will maintain the 2007-8 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey		New
April 2007	March 2008	The percentage of BT employees agreeing with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will remain at 86%.	Target failed with a result of 82%.	Failed

## How we engage Targets

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

## Case study

### Meeting the expectations of corporate customers

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

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

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

Peter Stangl

Head of Supplier Performance Management

Global Supply Chain Management – Vodafone Group

## Case study

### Responding to customer and employee concerns

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

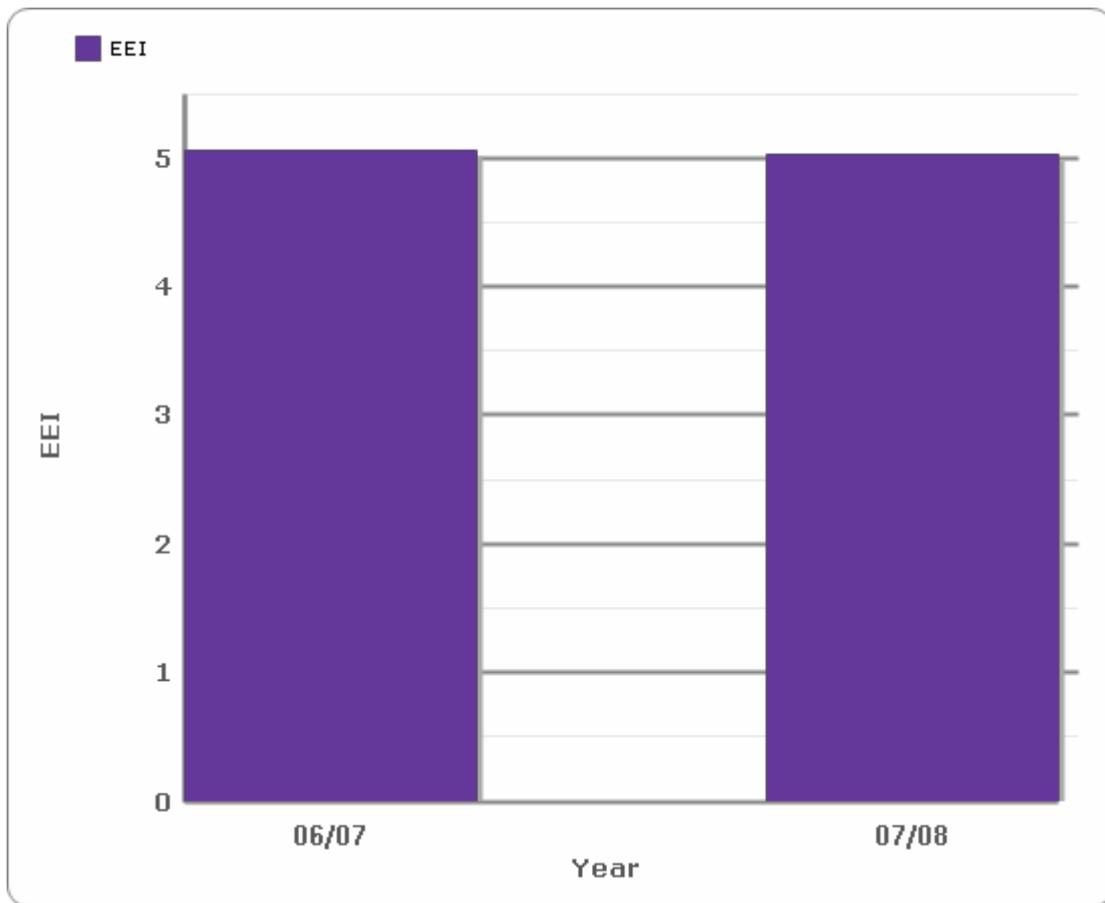
BT's My Customer programme is designed to engage employees in improving customer service. It includes the My Customer Challenge Cup, a tournament which encourages BT people to find ways of solving real customer problems.

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

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

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

## Employee Engagement index



New Measure introduced in 2008 survey.