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

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

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

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

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

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

Our benefits package must be competitive if we are to continue to recruit and retain the best talent. This section explains our approach to:

• Benefits and reward
• Equal pay
• Pensions
• Flexible working.

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

Our schemes to promote employee share ownership include:

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

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

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

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

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

Our progress on equal pay to date includes:

• Basing salaries for people promoted within BT on performance and market comparison rather than a percentage of basic salary
• Focusing our pay review on the lower end of our pay scales.
• Conducting a pay audit following each pay review. We have also carried out an additional pay review targeted at addressing equal pay issues, in conjunction with the relevant trade union
Future plans
While jobs may be different they can be considered of equal value because of the combination of skills and knowledge required. Equal pay for equal value remains high on the BT agenda and, following our recent equal pay review, we believe we are making good progress. We have committed to conducting a further review to address equal pay issues in early 2009.

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

The scheme has around 69,500 contributing members, 177,000 pensioners and 97,000 deferred members. Members contribute 6% of their salary and BT pays the balance (currently averaging at 12.2% of salary). The BT Pension Scheme is a defined-benefit scheme, with the benefits linked to members’ final BT salary, not the performance of the pension fund.

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

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

Flexible working
By flexible working, we mean giving our people the ability to take control of their work-life balance. We do this by raising awareness of the various working patterns available, using our own products and services to help our people work from different locations and by offering different ways of working, such as job share. Our flexible working policies help our people to balance their different commitments in a changing world, and provide an opportunity for us to reduce our operating costs and carbon footprint.

Achieving the Balance, our flexible working portfolio, covers flexible working, home working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

Our people tell us that they benefit from flexible working. Employees can continue in their careers while being able to take their children to school, avoid long commutes to the office or look after elderly or sick relatives, for example.

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

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

Using ICT to support flexible working
Mobile technologies such as wireless-enabled laptops and hand held personal organisers make possible flexible ways of working such as hot-desk office sharing and working from home.

This flexibility helps to create a more inclusive workplace for people with disabilities, carers and those returning to work after a career break. BT is a strategic partner of Work Wise UK, a five-year initiative which aims to encourage the widespread adoption of more flexible working practices. See our case study.

Global flexibility
In the 2008 financial year, BT will focus on providing the same flexibility we offer in the UK to our global workforce. We will analyse the current situation in each country to help us build on the benefits we have experienced in the UK.

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

Flexibility benefits customers
Customer service is a critical element of our business. Our flexible working policies help us attract and retain the best people. We believe our customer service is improved when our employees feel satisfied with their work-life balance and are able to work outside the nine to five, five days per week model while still meeting customer needs.
Case study

Assessing the impacts of our home working

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

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

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

Improved quality of life

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

Improved performance

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

Longer hours and feelings of isolation

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

Reduced environmental impacts

Home working benefits the environment, saving over 7,000 tonnes of CO\textsubscript{2} each year by reducing travel to work. Typically BT’s homeworking community would previously have undertaken an average 31 miles per day commute to work.

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

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

Case study

Home working in Belgium

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

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

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

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

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

Doris became the first employee in BT Germany to become a home-based worker in 2000, when Lucas was three. Her home office is a separate room where she can concentrate and feel like she is at work. It is important to Doris and her team that her home-working days stay the same, as this helps them plan their meetings and schedules. However, meetings are not restricted to when Doris is in the office, as she attends meetings by conference phone and uses her high-speed internet and laptop to stay in touch with colleagues when she is out of the office. Working from home also saves Doris a large amount of time, as travelling to the office can take her an hour each way. She finds working from home much less stressful and a much better use of her time. Doris feels that her home-working arrangement gives her a great work-life balance, as she finds time for her son as well as giving her job the concentration it requires.

**Job share**

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

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

Justine previously worked three days per week which was hard to keep up with everything going in the business, confine her work to just those days and take on more challenging responsibilities. Denise had the same problem when she worked part time – if she wanted to be involved in high-profile projects, she felt she had to work beyond her part-time hours to demonstrate the commitment the projects needed. Their job share enables them to work on high-profile projects and offers a more stable work-life balance. Both women agree that job-share partners have to be very compatible in levels of capability and ambition but different experience and skills is the value add - “two halves make a greater whole”. Denise even likens the partnership to a marriage, as there has to be complete honesty, openness and trust if you are to leave your work in someone else’s hands half of the time. However, they feel it is important that both people have different skills sets and strengths so they can bring the maximum to the position. Even though the women live at different ends of the country, technology and organisational skills keep them in touch and their work in sync. They have devised detailed weekly handovers, and when their working days overlap they speak on the phone and more regularly, via instant messenger. They get to meet up every 3-4 weeks in London at a work related meeting. Another benefit is that when one partner is absent, someone is covering the position and up to speed with events.

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

**Attracting and assigning our people**

The world of work has changed dramatically in recent years. In the future, we expect to see change of an unprecedented pace as a result of ever-greater customer demand, advances in technology and increasing globalisation. The UK has experienced the longest period of sustained economic growth in its history. Although there are more people in work than ever before, the number of working people must continue to grow. Some estimates suggest we will need two million more workers over the next 20 years.

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

- Diverse recruitment
- Global sourcing
- Outsourcing
- Re-skilling.
Re-skilling
We have a long and successful track record of helping people to handle career change and to find suitable opportunities both inside and outside BT.

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

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

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

Case study
Goonhilly Pilot

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

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

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

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

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

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

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

Outsourcing and insourcing

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

- Employee contracts, pensions, recruitment and training (by Accenture HR Services)
- Payroll, finance and accounting activities (by Xansa and Accenture).

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

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

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

Employees who previously worked our customer’s ICT department become BT employees. We work closely with our customers to manage the transition, as we want future employees to feel they have been treated fairly during the transfer. We try to set realistic target dates so that we meet trade union and employee expectations. A human resources project manager within BT oversees the process, supported by a team with expertise in employee communications, employment law, pensions, employee services and payroll.
Employee communication is vital. We work hard to communicate the benefits of the change and give employees access to the information they need. Communication methods include:

- Employee intranet (including a newsletter and facility for answering employee questions)
- Road shows that provide information on BT and enable potential employees to ask questions
- One-to-one sessions with employees
- Welcome/induction sessions.

**Diversity in recruitment**

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

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

**Global recruitment**

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

**Local Employment Partnership**

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

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

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

**Disability in Recruitment**

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

**Supplier diversity in recruitment**

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

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

In 2008:

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

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

**Case study**

**Diversity in Recruitment**

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

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

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

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

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

BT Fleet – attracting the migrant worker

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

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

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

Developing and engaging our people

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

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

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

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

People networks

BT people networks are groups of employees who come together because they have a mutual interest. They help provide a sense of identity and support for our people and facilitate greater understanding about minority groups within our workplace. The networks help BT contribute to an inclusive society.

Each network is sponsored by a senior manager to provide a two-way link with management. Our people networks provide members with mentoring and networking opportunities, development programmes, annual conferences, informative websites and regular road shows. They also ensure that resources such as community investment and education are fairly distributed.

The networks help our business and marketing departments to create products and services that better meet the needs of our diverse customer base. A number of our networks have satellite groups in other countries. For example, the Women’s Network now has satellites in Boston and Atlanta in the USA, and the Christian Network has satellites in Germany and the USA.

There are currently ten BT People Networks:

- Able2, our network for employees with disabilities
- BT Apprentices
• BT Asian Network
• BT Assistants, for employees who work in an administrative role
• BT Christian Network
• BT Ethnic Minority Network
• BT Executive Women’s Network
• BT Kaleidoscope, for employees who are gay, lesbian, bi-sexual or transgender
• BT Muslim Network
• BT Women’s Network

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

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

Our people networks also continued to engage with external stakeholders. BT Kaleidoscope was named runner-up in the 2008 Stonewall Workplace Equality Index Network of the Year for the second year running. In November 2007, our Ethnic Minority Network hosted an event for 30 pupils, aged 14-16, from secondary schools across Greater London. The Working in the City event was run by MERLIN, a Business in the Community programme that aims to raise the aspirations of young people from ethnic minorities by introducing them to adults from similar backgrounds.

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

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

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

Our talent agenda is well managed from beginning to end. We work on the principle that we can influence the quality of people we attract and their level of engagement with BT from the point they consider coming to work for us until the moment they leave BT. There are five critical stages in this process, shown in the diagram below. Each stage is aligned to our wider human resources policies and overall business strategy. We review the way we measure our performance in each of these five stages annually.
In November 2007, BT’s talent management programme won HR Magazine’s Excellence Award for the best talent programme.

**Graduate recruitment**

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

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

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

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

**Case study**

**Graduates make a change**

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

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

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

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

Katha was keen to introduce information and communications technology (ICT) training into its curriculum, as ICT can empower low-income communities. Together, BT and Katha set up Katha Information Technology E-commerce School (KITES), which aims to provide high quality education and ICT skills to children in Delhi’s poorest communities. Matthew visited KITES to start a programme to engage young people with technology. The aim of Matthew’s trip was to establish links between KITES and two UK schools, so that they can collaborate and share information.

There is more information about Katha at [www.easicop.org](http://www.easicop.org).

**Case study**

**An uncommon experience**

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

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

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

The conference also gave David the opportunity to experiment with different leadership techniques, insight into the culture of an important market, and clarification on the direction of his career. He says, “I gained new ideas on how I want to lead moving forward, some of which I am already applying”.
David began his career at BT in 2004 on the BT Wholesale Fast Track Programme. He has been responsible for service delivery on the Orange account, led the team that established BT Wholesale’s Fault Forecasting and is now a general manager for BT Group Strategy & Portfolio. David runs a team of seven people whose work is closely tied to BT’s customer satisfaction and cost reduction goals. He recognises that the Fast Track Programme presents opportunities but takes responsibility for managing his own career seriously. “Above all, it’s about building a reputation for delivering genuine results”, he says, “If you work hard, the opportunities are definitely out there”.

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

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

Employee communications

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

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

Company-wide communications

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

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

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

Communications in our lines of business

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

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

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

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

Case study

Building a sense of community

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

Every quarter, the Group HR Director holds a global business update for everyone in HR. These interactive events are linked to our quarterly financial results and use a mixture of studio audience and technology link-ups. There is a replay service so that people who can’t join the event live can still hear main points. From November 2007, people have been able to join the updates via video conferencing from Brussels, Hong Kong, Madrid, Milan, Munich, New York and Paris. A
record 520 HR people from around the world joined in to hear our CEO, Ben Verwaayen, describe his expectations of the HR function and answer the team’s questions.

A survey in March 2007 showed that:

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

**Employee engagement**

**What is engagement?**

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

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

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

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

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

Improving employee engagement is a continuous process of discussion, commitment to improvement, action and accountability. This is stimulated by the behaviour that leaders and managers demonstrate. Employees are also responsible for demonstrating the behaviours a successful business needs. Highly engaged employees are at the heart of a healthy organisation.

**Engagement and transforming BT**

Employee engagement supports our business transformation in three ways:

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

**How we measure engagement**

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

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

**How we promote engagement**

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

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

- Back to the Floor – where leaders spend valuable time with colleagues and look at the end-to-end process, identifying opportunities to improve our customers’ experience of BT. See case studies.
- The Challenge Cup – a tournament designed to encourage our people to create improvements for the business and our customers. See case studies.
• Customer Connected – this programme offers fun and engaging learning modules to help employees to understand the impact they have on our customers’ overall experience. See case studies.

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

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

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

Case study
Challenge Cup

Richard Seamarks and his team

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

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

Tim Hill and team’s Challenge Cup

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

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

What BT people say about the Challenge Cup

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

Stephen Robinson, Senior Billing Manager

Case study
Customer Connected

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

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

• Tried hard to introduce some fun and humour without detracting from the seriousness of the work.
• I have made a conscious effort to gather feedback from the customers I work with, to understand whether they find particular processes/services useful and effective, and to find ways to improve their experience.
• Tried to stay more positive even at times when the environment isn't conducive.
• Understanding and thinking about the impact of my work has enabled me to be clearer about the connection between internal clients and real customers – those that pay for and hopefully get value from our services.
• It gives you an added perspective when dealing with your customers, either internally or externally.

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

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

How has this helped BT?

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

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

We have a web-based learning portal called Route2Learn (R2L), which is available to all BT employees worldwide via our intranet. R2L is a key part of our commitment to lifelong learning and provides an extensive range of instructor-led and e-learning programmes. R2L helps people acquire skills useful for their job and helps them take advantage of future career opportunities in an industry where the skills required change rapidly.

We offer employees a wide range of learning and re-skilling opportunities. A large variety of online and instructor-led courses are available through R2L (Route2lear), our group-wide web-based portal.

A number of the courses on the system are mandatory, so more than 90% of FTE employees take part in learning. Contractors also take part in a small number of mandatory courses, such as basic health and safety training.

R2L includes accredited programmes that lead to professional and post-graduate qualifications.

The ‘BT Leadership Portal’ helps our people learn about BT’s leadership capabilities, and identify areas for development and appropriate resources to help them. These include access to a series of leadership programmes for managers, depending on their role and stage of development.

Learning and development principles and commitment
We make the following commitment to promote learning and development for our people:

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

We will do the following:

• Give our managers the necessary resources and personal development to enable them to support their people’s learning and development.
• Give our employees ongoing information on the skills and behaviour which we believe are essential to future success and how these can be developed.
• Analyse needs at a business level and an individual level to see what development is appropriate and to assess the value to our business.
• Give our employees opportunities to develop their capabilities and prospects for employment so they can deal confidently with organisational and commercial change.
• Offer a broad range of solutions including work-based activity, formal and informal learning, encouraging the use of group-wide learning solutions through the BT Route2Learn portal and taking account of individual learning styles.
• Provide an appropriate induction programme for all new employees and those who are changing jobs to make sure they can be effective in their new work as soon as possible.
• Provide a range of support and information to enable the career development of our employees. We will encourage learning by setting up and developing formal and informal communities.
• Manage actively the way we develop identified groups or individuals (with the group or individual involved) so we can make the best use of the talent across BT.
• Make the best use of learning and development suppliers so we can get the best commercial value possible across BT.
• Evaluate our investment in learning and development at all levels of the business.
• Work closely with the e-skills UK, the skills council for the IT and telecoms sector, to maximise government support for learning. BT has signed the “Skills Pledge”, the lynch pin of the Lord Leitch review which aims to virtually eradicate low skills by ensuring that 95% of the adult population achieve a Level 2 academic or vocational qualification by 2020.

Managing our people

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

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

Performance management

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

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

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

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

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

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

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

Guiding principles

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

• Performance is made up of two main elements - ‘what’ we deliver (objectives and job standards) and ‘how’ we deliver (capabilities)
• As leaders, we are responsible for clarifying what good performance looks like and supporting our people, giving fair and honest feedback and coaching
• Everyone in BT is responsible for their contribution and development
• We differentiate levels of performance so people are clear on their level of contribution
• We recognise high performance and ensure talented individuals are developed
• We deal with under-performance quickly, fairly and consistently, our aim being to improve contribution
• We provide appropriate training, development and support so people carry out our performance responsibilities effectively
• We only use objective and job-relevant criteria so there is no discrimination on the grounds of gender, race, disability, age, religion, marital status or sexual orientation
• Bullying and harassment are not tolerated in our performance management process
• We do not force distribution of performance ratings to achieve a predetermined outcome or a quota-based approach
• The expected standard for performance is ‘good’

**Employee privacy**

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

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

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

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

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

**Employee grievances**

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

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

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

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

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

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

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

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

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

A sub-committee of the BTECC meets four times a year to discuss specific issues in BT Global Services. The sub-committee is chaired by a senior representative of Global Services. Employee representatives are drawn from UK trade unions, works councils and other bodies.

Most of our continental European operations have works councils to represent their employees.

Trade unions

In the UK, BT recognises two trades unions:

- The Communications Workers Union (CWU), which represents over 60,000 UK-based BT people in non-management grades. The CWU is the biggest union for the communications industry in the UK, with members from the Post Office, BT and other information and communication technology companies.

- Connect, a specialist union representing managerial and professional employees in the communications industry – largely in BT, around 27,000 of our people are members.

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

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

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

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

Positive working culture

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

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

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

- Leadership in diversity and equality
- Bullying and harassment
- Age
Religion and belief
Disability
Gender
Ethnic minorities
Sexual orientation
Carers
Resolving disputes.

Our equal opportunities policy is available as a PDF download.

Carers

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

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

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

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

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

Did you know?

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

Case study
Flexible working makes caring possible

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

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

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

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

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

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

Resolving disputes

In 2008 there were 71 discrimination-related cases involving BT in the UK, compared with 44 the previous year, this increase demonstrates that people feel more confident about exercising their right to make a claim where they feel
they have been discriminated against. Of these, 24 were withdrawn, 22 settled and 25 judged in favour of BT. None were judged against BT.

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

Learning from discrimination case

Every discrimination litigation case is one too many. We have a number of measures in place to keep them to a minimum.

We provide regular monthly reports to managers that highlight cases in their area. Multi-disciplinary teams and working groups review developments in discrimination law as they emerge. We ensure that our case management is robust and that we educate our people to address any issues that arise. We make sure that learning from other employment tribunal cases is shared with our equality and diversity specialists.

Religion and belief

Respect for one another and valuing individuality are important aspects of our culture. These values create a positive and supportive working environment and enable people to perform to the best of their ability. By understanding our employees’ and customers’ religious beliefs, we can ensure we respond appropriately and respectfully to their needs. See the case study for an example.

We have produced a booklet on religion, called RESPECT, which offers our people an insight into the many religions practiced by their colleagues and customers. The booklet also provides advice for line managers on striking a good balance between the needs of individuals and the needs of the company.

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

Some interesting facts

- Phil Moses, Group Controller and Director of Investor Relations, is BT’s Belief Champion. His role is to ensure that people of all faiths have a right to practice their beliefs proudly and openly in our workplace.
- We provide multi-faith quiet rooms in several of our larger buildings.
- We support two faith people networks – the Christian Network and the Muslim Network. These provide forums for employees of these faiths and help us to better understand and accommodate their needs.
- During BT Diversity Week 2007, we celebrated the diversity of our people and the strength this brings to our organisation. Events included knowledge calls, hosted by Phil Moses, in which people network members discussed faith and its place in the workplace.

Case study

Supporting faith at work

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

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

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

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

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

Leadership in equality and diversity

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

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

Recruitment

BT’s Openreach recruitment campaign was designed to encourage applications from engineers with ethnic minority backgrounds. It won the Race for Opportunity Chairman’s Award for Attraction & Recruitment
- Gender – one of our female apprentices won the Institution of Engineering and Technology (IET) Young Woman Engineering Apprentice of the Year Award. Victoria Nicholson beat hundreds of applicants to claim the title, which recognises the skills and achievements of apprentices and raises awareness of the apprenticeship route into careers in engineering and technology.

- Mental health – Melvyn Bragg, the novelist, broadcaster and president of mental health charity, MIND, hosted the BT Mind Awards, at which Stephen Fry, Actor and Presenter won an award for his TV documentary The Secret Life of the Manic Depressive.

- BT works with several organisations to benchmark its practices against other companies and to promote equality and diversity. BT came 11th in Stonewall’s 2008 Workplace Equality Index of the top 100 employers for gay people in Britain, for example.

**Membership of diversity forums and organisations**

BT is a member of the following organisations in the UK:

- Business in the Community
- Employers Forum on Disability
- Opportunity Now
- Race for Opportunity
- Employers Forum on Age
- Stonewall
- Working Families
- Fathers Direct
- Employers Forum on Belief
- The Gender Trust

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

**Case study**

**Leadership in Action**

**Case Studies**

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

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

**Diversity Leadership from the Top**

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

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

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

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

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

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

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

Chris Ainslie, BT’s Gender Champion spoke at the Hours to Suit conference held in London by the charity Working Families, which supports working parents and carers. Chris told the audience of top-level managers about how he works a compressed week of four ten-hour days from Monday to Thursday.
Bill Murphy, BT Business CEO was appointed Work-Life Balance Champion. He took on this role because: "It enables us to attract talent and retain experienced skilled employees, valuing our flexibility over other incentives in other organisations".

**Gender**

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

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

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

The BT Women’s Network supports women to achieve their full potential. The network provides contacts, mentoring, coaching, advice and guidance. It keeps a job-share register for anyone in BT wishing to find a job-share partner. There are satellites of the Women’s Network in Benelux, France, Germany and the USA. During diversity week in November 2007, Chris Ainslie hosted an online meeting in partnership with the Women’s Network to promote part-time working opportunities in BT. We also have an Executive Women’s Network to provide focused support for women who aspire to the highest levels in BT.

**For parents**

BT has long provided more than the statutory minimum requirements for new parents. Our Maternity Checklist ensures we provide appropriate support and keep in touch with new mothers. Fathers can take two weeks paid and two weeks unpaid paternity leave. To mark Father's day, Chris Ainslie hosted an event at the BT Tower in London to explore and discuss BT’s flexible family policies and what else BT can do to support fathers in the workplace.

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

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

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

**Recruiting women**

Men and women choose different occupations. Women in the UK are more likely than men to work in administrative, secretarial and caring roles. Men are more likely to work in technical and engineering roles. This is true in BT. Read about how Openreach has increased the number of women engineers in our case study.

**Transgender employees**

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

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

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

**External partners**

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

BT is an exemplar employer. This initiative was launched in response to the UK Women and Work Commission’s recommendation that the Government identify best practice employers to share their expertise with others. Exemplar employers offer women flexible career paths and work options, including quality part-time work.

BT has signed up to the UK Resource Centre’s CEO charter. This is a quality mark that recognises science, engineering and technology companies that have addressed issues important to women when choosing an employer. These include flexible working, opportunities for development and progression based on merit, and fair and equal pay.

**Case study**

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

Case study
Helping parents to balance work and career

Careers for working mums and carers

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

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

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

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

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

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

Fathers count too

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

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

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

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

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

Age

People sometimes make assumptions about others based on their age. This can lead to people being treated differently just because they are younger or older than others, and sometimes being denied fair treatment in areas ranging from recruitment to training and promotion. Younger workers are sometimes overlooked because people think they lack responsibility or experience. Equally, older people are often considered unsuitable for jobs in technology and other newer areas.

At BT, we believe in merit. All employment decisions are based on the skills and attributes of individuals. Mixed-age teams help us to understand all our customers’ needs and benefit from a richer diversity of opinions and experiences.
Using age stereotypes to determine who is recruited or promoted fails to take into account the individual and the skills they offer. This is not only poor business, but also unlawful.

Our practices

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

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

Some interesting facts

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

Case study

Sandra’s got staying power

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

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

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

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

Bullying and harassment

BT takes a zero tolerance approach to bullying and harassment.

People can only give their best if they are treated with dignity and respect at work. We are members of the Dignity at Work Partnership led by the UK Department of Trade and Industry and the trade union, Amicus.

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

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

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

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

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

Recruitment

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

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

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

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

Supporting the community

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

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

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

Ethnic minority network

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

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

Case study
Climbing the career ladder

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

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

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

Zulfi again praises BT’s flexibility and support, adding that team members and managers have also supported him personally in these projects.
Sexual orientation
We aim to ensure that employees of every sexual orientation are supported, represented and heard in BT, including transgender employees – those who consider themselves to be of the opposite gender to their biological sex.

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

In 2008, we strengthened our relationship with Stonewall, a UK campaign group supporting lesbians, gay men and bisexual people. We came 11th in their 2008 Workplace Equality Index of the top 100 employers for gay people in Britain (13th in 2007), with an overall score of 90% (87% in 2007). BT Kaleidoscope was voted runner-up in Stonewall’s Employee Networks Review in 2008, and has been a key player in the Stonewall Diversity Champions Programme in Scotland.

We are committed to maintain and improve our position in this area and have begun a formal review with Stonewall to assess how this can be done. See the case studies to see how LGBT employees feel about working in BT.

Some interesting facts
- During March 2007, BT wrote to all UK employees asking them to complete, or refresh, their personal information. This included, for the first time, the option to declare their sexual orientation. Although this information is given on a voluntary basis, it will help ensure that everyone in BT is treated fairly and that there is no discrimination based on sexual orientation. The 2007 employee survey also gave employees the opportunity to declare their sexual orientation.
- During BT Diversity Week in November 2007, our executive LGBT Champion, Anne Heal, hosted an event for lesbian and other female employees, in collaboration with the BT Women’s Executive Network. Counsellor Margot James, Vice Chairman of the Conservative Party, was the guest speaker. The event received a very positive response and demonstrated our commitment to collaborating across diversity strands in areas of shared interest.
- In November 2007, BT Kaleidoscope launched a new brochure, Out and About. This brochure aims to increase understanding of Kaleidoscope and LGBT people within BT, to demonstrate how we support LGBT people inside and outside BT, and to showcase some of the great things LGBT people are doing in the company.

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

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

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

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

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

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

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

Our Asperger Syndrome website, created by BT employee Sarah Hewitt who has the condition herself, supports other employees with Asperger’s, as well as their managers, employees whose children have the condition and
others with an interest. Sarah is working with our customers to understand how we might expand the website to share knowledge and experience with them.

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

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

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

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

**Case study**
**Supporting people with disabilities**

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

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

**Health, safety & wellness**

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

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

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

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

We use key performance indicators to help us measure our performance more accurately. Our measures are:

- Lost time injury rate – the number of accidents resulting in sickness absence per million working hours
- Rate of total sickness absence – the percentage of calendar days lost due to sickness.

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

**Here we discuss:**

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

Health and safety implementation

Policy
Our business principles commit us to caring for the health and safety of each other, our products and our operations. Our policy, known as our health and safety guiding principles outlines our commitments, governance structure and our expectations of employees.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the 2008 financial year, we launched the ‘Cancer and You’ campaign, with support from the charity Cancer Backup. This helped our people to understand the lifestyle choices that increase the risk of cancer and how to identify the early signs of illness.
The campaign also provided information on how to support people at work who are undergoing treatment, or recovering from cancer. The campaign was delivered through various methods including a launch event at the BT Centre, radio adverts, downloads which included posters and the BT Intranet website.

Stress management

Stress is a significant cause of time away from work. We work hard to help our people recognise and deal with everyday pressure and work-related stress.

People feel stressed when they cannot cope with pressure in their lives – at work and at home. We try to make sure that we do not make unreasonable demands of our people. We do this through designing roles appropriately, e.g. making sure jobs are done by people with the right skills, training and development, and people management. We provide support to employees affected by stress in their private lives.

Work-life balance is an important aspect of mental wellbeing and we strive to balance good customer service with the needs of our employees. We believe our record is good, although there is still more to do to promote best practice across BT.

BT’s strategy for mental wellbeing

Our strategy has three phases:

Primary: Reducing stress at source through workplace and job design

We guide employees and managers on the causes of stress and how to avoid problems, for example through our Dealing with Stress intranet site and through education initiatives such as Positive Mentality (see case study).

Secondary: Identifying early signs of stress and supporting individuals

STREAM, our Stress Assessment and Management tool, helps us identify and address work pressures that cause stress. STREAM provides essential management information on the mental wellbeing of our employees.

Tertiary: Helping people suffering from stress to cope and recover

Work can play an important part in recovery from mental health problems. It is very important that managers and colleagues keep in touch with individuals during stress-related absences to minimise the problems of isolation and de-motivation. Absence Case Advisors send letters of support to people who are off work with a stress-related illness.

We also offer support through our Employee Assistance Programme – a confidential service available online and via a 24-hour helpline.

Case study

Mental health

Martha Wiseman, a BT Business Consultant, suffered a breakdown after her mother who had been diagnosed with dementia was left incapacitated after falling and breaking a hip. The extreme stress of being a long-term sole carer in this situation meant that Martha stopped sleeping, was unable to cope with work and every task became too much to handle.

During her time away, Martha had regular meetings with her manager so that she didn’t lose touch with her role and colleagues. This helped her to resume where she left off when she came back to work full time in her old job.

Martha benefited from the BT Work Fit, Positive Mentality programme, set up to help people tackle mental health problems at work. The 16 week online course provided simple advice on how making small changes can improve mental wellbeing and reduce the risk of illness. The programme was designed with the help of the Sainsbury Centre for Mental Health, and was run in partnership with the Communication Workers Union and Connect. The charity MIND also ran a series of road shows at main BT sites across the UK.

Martha now shares her experience with her colleagues to help reduce the stigma around mental illness and to encourage people to speak up about their problems.

Health and safety partners in the BT unions

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

Occupational road risk management

BT has a fleet of just under 43,000 vehicles in the UK. With so many vehicles on the road, there is a significant risk that our people will be involved in accidents, injuring themselves and others.

Starting Point is our programme for reducing occupational road risk. Drivers are individually assessed to identify factors that contribute to a higher risk of accidents and are offered tailored support to minimise those risks. This includes online training to improve driving skills and encourage safer attitudes to driving.
By the end of the 2008 financial year, more than 50,000 BT drivers had taken part.

Family members of our employees can also join the programme.

Outside the UK

We will also be introducing road risk programmes in other countries/regions where the occupational risk is deemed significant. This will be confirmed within country/region health & safety plans.

Employees – Key Performance Indicators

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<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Measure</th>
<th>Target</th>
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<tbody>
<tr>
<td>Employee Engagement Index</td>
<td>A measure of the overall success of BT’s relationship with its employees</td>
<td>The Employee Engagement Index was 5.04 during the 2008 financial year (see Note 3)</td>
<td>BT will maintain the 2007/08 level of employee engagement, 5.04, as measured by its annual employee attitude survey.</td>
</tr>
<tr>
<td>Diversity</td>
<td>A measure of the diversity of the BT workforce</td>
<td>BT is in the top 10 placement in 4 out of the 5 major diversity benchmarks (See Note 5).</td>
<td>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.</td>
</tr>
<tr>
<td>H&amp;S: Lost Time Injury Rate</td>
<td>Rate of Lost Time Injury Incidents expressed as a rate per 100,000 hours worked on a 12-month rolling average</td>
<td>0.188 cases per 100,000 working hours.</td>
<td>Reduce to 0.186 cases per 100,000 hours.</td>
</tr>
<tr>
<td>H&amp;S: Sickness Absence Rate</td>
<td>Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average</td>
<td>2.43% calendar days lost to sickness absence</td>
<td>Reduce to 2.2% calendar days lost due to sickness absence</td>
</tr>
</tbody>
</table>

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

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

Employees Targets

<table>
<thead>
<tr>
<th>Start Date</th>
<th>End Date</th>
<th>Description</th>
<th>Update</th>
<th>Target Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will maintain the 2007-8 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey</td>
<td>New</td>
<td></td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
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<td>New</td>
<td></td>
</tr>
</tbody>
</table>
Number of employees

Employees represented by a trade union (percentage)
Diversity recruitment

Employee Engagement Index
Discrimination Litigation

Lost Time Injury Rate
Sick Absence Rate

Diversity (Ethnic Employees)
Diversity (Disabled Employees)

Part Time Employees