Changing world: Sustained values
Running a responsible business

Our goal is to transform our business in ways that benefit BT, our customers, society and the environment. In doing so, we are committed to maintaining responsible business practices and further integrating corporate responsibility into our business processes.

This section of our report describes how we act responsibly in core areas of our business which each affect several stakeholder groups.

- Investing in future technologies
- Supply chain
- Human rights
- Product stewardship
- Wireless communications and health
- Privacy and data protection.

Regulation

It is BT’s policy to be compliant with the regulatory regimes in which the BT Group operates whilst encouraging innovation, BT’s competitive spirit and its willingness and ability to take informed and fully assessed commercial risks.

All areas of our approach to regulations and regulatory compliance can be found on our Regulatory and Public Affairs pages.

This includes our sixth regulatory compliance report and the annual report of the Equality of Access
Investing in the future

The digital revolution is opening up new possibilities for all our customers. Business can work in different ways, increasing their effectiveness and reducing their carbon emissions. People can work together and collaborate more effectively than ever before. They can be entertained and informed in ways that would have been hard to imagine just a few years ago. We think this revolution has only just begun, and are investing in our networks, systems and services to ensure that they are fit for the future.

Our transformation programme has three objectives:

- Providing excellent customer service
- Building global platforms
- Becoming more agile.

Read more about our research and development activities here.

Super-fast broadband in the UK

Broadband has boosted the UK economy in recent years and become an essential part of people’s lives. UK customers experience world-leading broadband availability and can choose from nearly 200 internet service providers with some of the lowest prices globally.

In July 2008, we announced plans to roll out super-fast broadband using our 21CN infrastructure, making broadband available via fibre rather than copper cabling to around 40% of the UK’s homes and businesses by 2012. Our £1.5 billion programme will provide a range of services with top speeds of up to 100 megabits per second. The faster speeds will enable customers to run multiple high-bandwidth applications, increasing their ability to work anywhere and providing access to games and high-definition movies, for example, at the same time.

These plans are conditional on our ability to make a proper return on our investment, and we have seen encouraging progress in establishing the right regulatory basis for this service.

21st century network (21CN)

21CN is our next generation global platform and has been at the heart of our transformation for some years.

21CN will enable BT and our communication provider customers to offer faster and more efficient services. We have designed it to complement rapid technological developments and allow the provision of new services – from high-speed broadband to those that combine voice, mobility, video, data and web content.

Our 21CN core network is now complete. It will help us meet our customers’ needs faster and more efficiently, whether they are delivered via copper or fibre cabling. It will reduce the time it takes to get new services to market, eliminating duplication and reducing costs.

Communications provider customers are increasingly using the 21CN to configure and build products for their own customers. High-speed Ethernet networking is now available across the UK, offering...
greater connectivity, resilience and flexibility.

**Becoming more agile**

Our goal is to combine the strength of a large company with the speed and flexibility of a small company. Our people are becoming more flexible in the way they work together to serve customers. We are making our company more agile as well, cutting out any bureaucracy that can slow us down. As a result we will be more responsive to customer needs as well as reducing costs.

**World class research and development**

We have a global research and development (R&D) capability to support BT’s drive to meet customers’ needs around the world. Including a world-class team of researchers, scientists and developers at Adastral Park (England), and:

- Research teams in Malaysia and China
- Academic research partnerships with institutions including MIT, University of Cambridge, University College London, Stanford University and Berkeley
- Global development centres in the UK and India

We embrace open innovation and look beyond BT to find the best available people and ideas for partnerships. We are involved in partnerships at every stage of the innovation process, from scientific research to the development of new products and services.

In 2009, we invested £1,170m in Research and Development (R&D) to support our drive for innovation. This investment comprised capitalised software development costs of £529m and R&D operating costs of £641m. This compares with £1,252 million, £720 million and £532 million respectively in 2008.

Our research team, utilising our sustainability criteria, have prioritised their activities in areas where there is the most significant potential to develop commercial solutions that deliver high sustainability performance.

Many of these potential solutions are still in early stages of assessment and development.

For example; one of the projects, which is in trial this year, is comparing the carbon footprint of 30 of our home based people with one of our offices at Adastral Park. We have a sophisticated energy monitoring solution which measures; appliances, use of electricity, gas, and water, temperature, humidity to allow us to assess the Home and Office whole life carbon footprint. We are also monitoring travel patterns, both personal and in–business. The results from this trial (ending in the autumn of 2009) will help; inform our agile working policy, potentially drive new customer propositions and identify opportunities to engage our people in energy management at home and work.

Clever (Closing the Loop for Everybody’s Energy Resources) is a Technology Strategy Board part funded project that we are partnering on looking at the use of smart metering to increased energy efficiency and enhance services for consumers. More can be found on their website

You can read more about our approach to innovation on our website

**Suppliers**
In the 2009 financial year we spent £8.9 billion with over 2,000 contracted suppliers. We buy a huge range of products and services including 21st Century Network equipment, IT equipment, cable, customer premises equipment, exchange cooling, marketing design, disposal services, advertising, payphones conferencing devices and corporate clothing. Many of our suppliers are multinationals, although we also buy from many smaller and niche suppliers (that provide bespoke products such as software).

Our supply chain is becoming increasingly global as we source skills, products and services from more countries worldwide. Known as global sourcing, this trend contributes to the economies of developing countries. However, environmental and labour regulations may be poorly enforced in these countries and there is a risk that standards are below acceptable norms.

In all our dealings with suppliers we are committed to behave according to our fair and ethical trading principles. Our expenditure enables us to influence suppliers’ environmental and labour standards.

We are looking to make cost savings within our supply chain, which means sourcing more goods and services from low-cost countries. We are aware that this presents higher risk of poor standards on health and safety, employment and the environment. To engage on this concern we may carry out CR assessments of high risk potential suppliers before contracts are awarded. We do not contract with suppliers who are not prepared to engage to meet our standards.

Global sourcing also affects our workforce. For more information see employees.

Here we discuss:

- Fair treatment of suppliers – in selection, development and payment
- CR and suppliers – how we apply our human rights and environmental standards in our supply chain
- Supplier diversity – sourcing from diverse suppliers

Our standards

This section summarises our standards for the three elements of our CR procurement strategy: environment, human rights and supplier diversity.

Environment

We are one of the largest purchasers in the UK, with an environmental influence that extends well beyond that of our own people and workplaces. We seek to influence the environmental performance of our suppliers and contractors through our purchasing policy. Our programme has three strands:

- Assess suppliers’ environmental policies and procedures. All major suppliers must complete our environmental impact online questionnaire (GS13) and agree to take action to improve their performance if required.
- Manage the environmental impacts of electrical or electronic equipment (EEE). We do not manufacture anything and use a network of suppliers to manufacture BT branded products and to source equipment for our networks. Our pre-contract product stewardship online questionnaire (GS19) is mandatory for all potential electronic and electrical equipment suppliers. In the 2010 financial year we will include questions to aid compliance with environmental legislation supplementing our GS19 questionnaire to request information needed for the batteries directive and REACH legislation.
- Audit waste management suppliers. All our waste contractors must provide a statement on their waste disposal procedures. Contractors are audited by us (using an external specialist).
We have established procurement principles that support BT’s climate change strategy. These state that:

- We will harness the capability, diversity and innovation of our supply base to add value to our business and encourage suppliers to offer solutions which have a reduced environmental impact.
- The energy consumption and environmental impact of a product or service (from manufacture, through usage, to disposal) is a mandatory criterion in all tender adjudication.
- The energy consumption and environmental impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.

In the 2009 financial year, we surveyed a number of suppliers to assess their level of engagement on climate change. Read the results of this survey.

**Human rights**

We expect our suppliers to provide working conditions which meet the standards of the Universal Declaration of Human Rights and the International Labour Organization Conventions.

Our Sourcing with Human Dignity initiative specifies the minimum standards we expect of our suppliers in relation to:

- Child labour
- Cruel, harsh and inhuman treatment
- Forced labour
- Discrimination
- Freedom of association and collective bargaining
- Health and safety
- Wages
- Working hours
- Regular employment entitlements.

Find out more on Sourcing with Human Dignity.

**Supplier diversity**

The following questions on supplier diversity are included in our labour standards questionnaire GS18:

- How many employees are there in your company?
- How is your company owned?
- Do you consider yourself to be a Minority Business Enterprise (MBE)?
- Where is your company headquarterd?
- Do you monitor the diversity of your workforce relating to ethnicity?
- Do you monitor the diversity of your workforce relating to disability?
- Do you monitor the diversity of your workforce relating to gender?
- Do you monitor the diversity of your workforce relating to age?
- Do you monitor the diversity of your workforce relating to sexual orientation?
- Do you monitor the diversity of your workforce relating to belief?
- Do you monitor the diversity of your supply chain?

**Governance and risk assessments**
Governance

Our chief procurement officer, Neil Rogers, has overall responsibility for our CR supply chain programmes and reports to a member of the Board. Our CR strategy and policy manager for procurement oversees implementation of our strategy and provides advice and direction on CR issues.

Our buyers implement the programmes supported by our procurement CR managers and a virtual CR team. This team is made up from individuals representing different procurement areas, who are responsible for CR issues within their teams.

We have procurement operations globally.

Risk based approach

We source from thousands of suppliers worldwide. It is not possible to engage in detail with all of these companies, so we adopt a risk-based approach to focus our efforts. A supplier may present a higher risk to BT because of the product or service it provides or its location. In some countries labour and environmental regulations may be poorly enforced and suppliers may operate to standards below acceptable norms.

All new suppliers are required to complete our GS13 (environmental) and GS18 (labour standards) questionnaires via our online procurement portal. This helps us to establish whether there is a high, medium or low risk of a particular supplier not meeting our CR standards. These questionnaires also ask for information on companies’ own suppliers which help us identify risks further down our supply chain.

We follow up with medium or high risk suppliers within three months. This ranges from a simple discussion with the supplier to clarify their responses to our questionnaires, to a full on-site assessment.

All suppliers of electrical and electronic equipment are required to fill in our GS19 questionnaire. This gives us vital information about the environmental impacts of products and helps us select environmentally preferable products and suppliers during the tender process.

Activity in the 2009 financial year

To date 78 suppliers have completed our self assessment questionnaires and we are currently working with 247 suppliers on environmental standards, and 255 suppliers on labour standards. 63 suppliers have now filled in our climate change questionnaire.

We use the results of these questionnaires to target our onsite assessments.

Training and awareness

We train our procurement teams to ensure they understand our CR standards. We use a number of channels:

- ‘Bite size’ presentations covering specific topics. These are conducted via web-meeting to reduce the need for our employees to travel.
- Face to face sessions.
• Bespoke induction training.

In the 2009 financial year, we included CR in induction training for new recruits in India, Hungary and China. We also held 11 web-meetings covering CR issues for procurement globally.

Since 2008, we have trained over 100 procurement people in our Climate Change Procurement Principles, use of our CR system, and a general introduction to CR.

Buyers and CR managers jointly engage and discuss with suppliers to follow up on the results of CR questionnaire scores and risk assessments. This helps to increase the buyers’ knowledge and awareness of CR standards.

We now employ our own assessor based in Shanghai. We have invested in her training and coaching, both remotely from the UK and face to face in China.

**Onsite assessments**

We carry out detailed follow up with suppliers, which we identify as high or medium risk through our CR questionnaires. We also conduct onsite assessments for a number of high risk suppliers through an ongoing programme.

Assessments help us to identify areas for improvement. We take a collaborative approach and work with suppliers to resolve issues identified during assessments. We recognise that the most effective way to bring lasting improvements is to empower our suppliers to manage risks in their own operations and supply chains.

Assessments also raise awareness of our standards and emphasise the importance of CR to BT.

When we assess a subcontractor, we are accompanied by our tier one suppliers (the company that supplies us directly). This joint approach increases our influence with the subcontractor, and also helps the tier one supplier to understand our requirements. We work with tier one suppliers to identify tier two suppliers for assessment.

Site assessments cover our Sourcing with Human Dignity standard and our environmental standards. A typical assessment includes:

- A review of documentation, such as payslips, accident reports and personal records.
- Interviews with managers.
- A walk around the premises, including canteen and accommodation facilities.
- Worker interviews.

We discuss assessment findings with suppliers and agree appropriate improvement plans. We monitor progress against these plans through follow up reports, review meetings, or return visits. Click here for our process diagram.

**Assessments in the 2009 financial year**

We completed 27 site assessments, compared to 25 assessments in 2008 and 20 in 2007. The majority of assessments were conducted in China, although we also conducted assessments in the Philippines, South Korea, Thailand, France, and the UK. We now employ our own assessor based in Shanghai, which has enabled us to focus our efforts on suppliers in China.
Suppliers assessed included:

- eighteen existing or potential tier one suppliers
- six existing tier two suppliers
- three joint assessments (tier two suppliers jointly assessed with tier one suppliers)

The most common, significant issues found during assessments of medium and high CR risk suppliers related to health and safety, and the welfare of employees. Working hours were also an issue. In the 2009 financial year, we did not stop using any suppliers due to CR standards.

In the 2008 financial year we sponsored an external review of how we implement our Sourcing with Human Dignity standard and developed an action plan based on the recommendations. We have begun to implement the action plan and we will continue to work in this area in 2010.

Collaborating to raise standards

We believe that collaboration is the best way to improve standards in our supply chain. For example, in the 2009 financial year we engaged with a company tendering to recycle BT cable, to help them develop a supply chain CR programme.

The company tendering for the work indicated that they would partner with the metals recycling company RRT, which would then use a supplier in Taiwan to recycle the cable.

BT aims to ensure high standards throughout our supply chain. "I went to Taiwan to visit a recycling facility owned by a company that would be three levels down our supply chain," says Liz Emerson, BT’s Procurement CSR manager.

Liz and RRT found that the recycling facility did not meet their CR standards. Even though RRT was not awarded the business, the company decided that they wanted to improve CR standards. Liz provided coaching to RRT, and the company appointed Craig Wilhelm, as quality assurance and safety director and CSR advisor.

Working with Craig, the RRT senior management team drew up a plan to prioritise CR in its supply chain and set up guidelines for assessing buyer operations.

"I am excited about our progress, and duly appreciate Liz’s advice and reference for many of our questions regarding CR and supply chain reviews," said Craig.

BT also appreciates RRT’s efforts to improve CR standards. "We’re delighted to be able to help companies improve. RRT’s CR progress shows the value of working collaboratively," said Liz.

Working with others

Carbon Disclosure Supply Chain Initiative

We are a member company of the Carbon Disclosure Project (CDP) and we participated in its Corporate Supply Chain Programme. Through the programme, we ask our major suppliers to report on their carbon footprint and climate change strategies. Read the results in our suppliers and climate change
section.

Global e-Sustainability Initiative

We are a founding member of the Global e-Sustainability Initiative and we participate in its Supply Chain Working Group. The Group is developing common supply chain standards and assessment processes.

Minority Supplier Development UK

We are a founding member and are on the Board of Minority Supplier Development UK, an organisation that provides a link between UK businesses and diverse suppliers. The organisation hosts a website which lists diverse suppliers.

East London Business Place

We are a member of the East London Business Place, an organisation which facilitates engagement between London corporate businesses and local businesses in the East of the capital.

Supplier diversity

We believe that doing business with diverse suppliers enables us to reach more customers and helps us create innovative new products and services. BT procurement work closely with our diversity team, to expand procurement opportunities for minority businesses and to increase the diversity of our supply chain.

Using our supplier diversity survey (see below), we identified that we spent £20 million with diverse suppliers in the 2008 financial year.

There is growing interest in supplier diversity in the UK and we frequently receive enquiries on our approach to this issue from potential public sector and corporate customers.

Assessing the diversity of our supply chain

We use a questionnaire to help us understand the diversity of our global supply chain and to identify ways to help more small and minority owned businesses work with BT.

In the 2009 financial year, 263 contracted suppliers completed the survey (out of a total of 1,196 suppliers contacted). 9% of respondents identified themselves as a Minority Business Enterprise (MBE). An MBE is a company which is at least 51% owned, controlled or operated by people who are members of an ethnic minority group, are women, are disabled or are either lesbian, gay, bisexual or trans-gender.

Working in partnership

We are working with others to improve our understanding of supplier diversity and to find ways to increase the diversity of our supply base. For example:

- We are founder members and on the Board of Minority Supplier Development UK (MSDUK), an organisation that provides a link between UK businesses and diverse suppliers. The
organisation hosts a website which lists diverse suppliers.

- We are members of the East London Business Place, an organisation which facilitates engagement between London corporates and local businesses in the east of the capital.

Other activities

- Refreshed our supplier diversity strategy and implementation plan agreed by the Global Equality and Diversity Forum.
- Began the process to appoint a senior manager as a Supplier Diversity Champion.
- Established a working group to increase the diversity of suppliers that we use for products and services we will supply to the London 2012 Olympics.
- Co-chaired the MSDUK Best Practice Event in September 2008.
- Hosted the February 2009 MSDUK Board meeting and Charter members meeting.

Suppliers and climate change

The BT Procurement Principles on climate change state:

- We will harness the capability, diversity and innovation of our supply base to add value to our business and encourage suppliers to offer solutions which have a reduced environmental impact.
- That the energy consumption and environmental impact of a product or service (from manufacture, through usage, to disposal) is a mandatory criterion in all tender adjudication.
- That the energy consumption and environmental impact of any replacement product or service (from manufacture, through usage, to disposal) is less than its predecessor.

In the 2009 financial year (2009) we introduced two external targets to further embed these principles in buyers’ procurement activities:

- By March 2009, 80% of contracts placed will have used energy consumption and/or environmental impact considerations in the process to award business.
- By March 2009, 30% of BT ‘product or service replacement contracts’ awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact.

Performance

To measure progress against these targets we developed a process to assess suppliers’ climate change efforts during tenders and replacement contracts. This showed:

- 62% of contracts placed as a result of competitive tenders used energy consumption and/or environmental impact considerations in the process to award business.
- 50% of BT ‘product or service replacement contracts’ awarded demonstrated an improvement in energy efficiency and/or reduced environmental impact.

To support progress towards these targets we held a series of in-person and web meeting training sessions for BT buyers based in India, Hungary and China, the UK and across Europe. We also introduced tools which buyers can use to measure suppliers’ action on climate change as well as the environmental impact and the energy consumption of products.

This enabled us to score levels of action on climate change for 63 suppliers. We also introduced adjudication weightings on climate change for 269 procurement activities.
Our suppliers action on climate change

In 2009, we assessed levels of engagement on climate change among our suppliers through two activities:

Carbon Disclosure Project Corporate Supply Chain Programme

We participated in the Carbon Disclosure Project Corporate Supply Chain Programme. Through the programme, we nominated 98 of our top suppliers to receive a questionnaire on climate change, looking at issues related to:

- Carbon risks and opportunities.
- Emissions reporting.
- Reductions targets and plans.
- Governance.
- Supplier engagement.
- Product lifecycles.

Of the 47 suppliers that completed responses:

- 43% have developed emissions reduction targets.
- 13% have developed emissions intensity targets.
- 62% have an emissions reduction plan in place.

BT supplier survey

We conducted our own survey of suppliers on their engagement on climate change. This showed that:

- 54% of suppliers responding said they had a policy on climate change, compared with 35% in the 2008 financial year.
- 43% monitor their CO\textsubscript{2} emissions, compared with 25% in the 2008 financial year.
- 45% have climate change targets in place, compared with 27% in the 2008 financial year.

Fair treatment of suppliers

We aim to operate a fair procurement process and administer our tendering and contracting procedures in good faith.

Our Purchasing Principles provide a framework to ensure that we act in an ethically and commercially responsible way in our dealings. This is an integral part of our procurement process.

Only authorised procurement employees can form a contract with a supplier. They are trained to apply our Purchasing Principles which govern how we interact with suppliers.

Supplier development

We work with our suppliers to develop their knowledge and expertise. We assess our suppliers in a number of ways, including through basic desktop evaluations, detailed supplier capability assessments
and partnership evaluation processes (PEM).

A PEM evaluation is undertaken when both BT and the supplier agree that it will be mutually beneficial. The evaluation increases the supplier’s understanding of how to work in partnership with BT, and we gain knowledge of the supplier’s strengths and areas for improvement. In addition we share knowledge and expertise on quality, the environment, diversity and ethical trading.

**Supplier payment**

Our policy is to use our purchasing power fairly and to pay promptly and as agreed. BT has a variety of payment terms with its suppliers. Payment terms for major contracts are agreed with the supplier when negotiating the contract. For standard purchase orders, the payment terms are specified on our Selling 2 BT website under general conditions. The normal payment term is 60 calendar days from the date of receipt of a due and valid invoice for contracted suppliers. BT makes payment on the next weekly payment run following expiry of this term. In 2009 the average number of days between the invoice date and the date of payment run for the invoice was 49, from 47 in 2008.

We have produced a UK and US Better Payment Practices document that explains to suppliers how BT’s Accounts Payable processes work.

We are looking at ways to improve our supplier payment process. In the 2008 financial year we joined an electronic invoicing network and aim to move the majority of paper invoices to the new system. This will reduce costs and save time for our suppliers and for BT.

**Assessing supplier satisfaction**

In the 2009 financial year, we asked 1,196 suppliers to complete a questionnaire to help us to understand the overall success of our relationships with suppliers – one of our key performance indicators. Of the suppliers who responded, 85% said they had an excellent or good relationship with BT, compared to 78% the year before. 50% of suppliers described the direction of their relationship with BT as improving and 46% described the trend as static. We will conduct our next supplier survey in the last quarter of 2010.

**Focus on human rights**

2008 was the 60th anniversary of the Universal Declaration of Human Rights. We base all relevant BT policies and procedures on the principles of the Declaration.

Our Business Principles include commitments to:

- Treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form.
- Contribute to the well being of the societies in which we operate through our business activities and the skills of our people.

We are also a signatory to the UN Global Compact, which commits us to:

- Supporting the protection of human rights within our sphere of influence.
- Ensuring that we are not complicit in human rights abuses.

We report on our progress and performance against the Global Compact principles. Click on the Global
Contact icon for more information.

BT has the potential to affect human rights through:

- Our employment practices.
- Ensuring good working conditions in our supply chain.
- Maintaining standards wherever we operate.
- Helping to ensure the way our products and services are used does not endanger human rights (for example by upholding privacy and content standards).

This section describes our approach to human rights and provides links to information in other sections of our report.

**Implementing human rights**

Human rights is a broad subject that is relevant to BT in our dealings with employees, suppliers, communities, governments and customers.

We are in contact with expert groups and information sources that can help us implement our commitment to human dignity and improve our procedures. For example, we are a signatory to the UN’s Global Compact, an initiative that asks businesses to commit to ten principles on corruption, environment, labour and human rights.

**Employees**

We protect the human rights of our employees by having strong policies, management systems and training on issues such as equal opportunities and diversity, and health and safety. Our policies apply to all our people wherever we operate.

All our people have access to the Universal Declaration from our intranet. An outline of our approach to human rights is included in the guidance document accompanying our statement of business practice – The Way We Work. Within our global operations, a briefing on this statement is included in the induction programme for all new employees, including those from our recently acquired businesses.

See people section for more information.

**Supply chain**

We want working conditions in our supply chain to meet the standards of the Universal Declaration of Human Rights and the International Labour Organisation (ILO) Conventions. We aim to ensure high standards in our supply chain through our Sourcing with Human Dignity initiative. Read more Focus on our Supply Chain.

We working to raise labour standards across the industry through the Global e-Sustainability Initiative (GeSI), an industry collaboration.

**Communities**
We are expanding our business globally, sometimes into countries where the government does not respect human rights. We need to identify potential human rights risks and put the right processes in place to ensure we maintain our standards wherever we operate. We presented our approach to integrating human rights into our due diligence process to industry analysts in 2007.

We want to make a positive difference to society and use communications technology to benefit communities around the world. For example, we are working with UNICEF to improve access to education and information and communications technology (ICT) technology in disadvantaged communities in South Africa (since 2007), Brazil (since 2008) and China (starting in 2009). We share their belief that every child has the right to a decent education in a safe environment that is free from discrimination, violence and exploitation.

Customers and wider society

Freedom of expression

Access to ICT can help to promote freedom of expression and be a source of openness in otherwise closed societies. New technology also creates new challenges relating to free expression – for example misuse of the internet and protection of children. See more in Child safety online.

Privacy

Advances in ICT technology mean personal data is captured, stored and transferred more frequently than ever before. BT holds customers’ personal and financial data. Our servers and networks are a conduit for information controlled by others. We manage data for many of our public and private sector customers. This makes privacy particularly relevant for us. We have robust standards on data protection but we need to keep these under continual review as new challenges emerge. See more in Privacy and Data protection.

Focus on Product stewardship

For BT, product stewardship is about making sure that the products we buy, use and sell are safe and have the lowest possible impact on the environment. This means minimising their impact when they are made, used and disposed of. We comply with regulations and legislation as a minimum.

Product stewardship is not just good for the environment; it also cuts costs by reducing energy and resource use and landfill costs. This benefits BT, our suppliers and our customers.

Our approach to product stewardship

We have a dedicated team to coordinate our product stewardship work. The team is supported by a Product Stewardship Forum which brings together people from across the business and meets quarterly.

During the 2009 financial year we developed a new way to manage our approach to product stewardship which fits with our key business priorities: concept to market (the business process from product idea to launch); lead to cash (the bid process) and trouble to resolve.
Our product stewardship efforts are part of our environmental management system (EMS). Our EMS is certified to the ISO14001 international standard in six of our counties of operation. We need to make continual improvements in this area to retain certification and plan to extend our certification to more countries.

The design stage offers the greatest opportunities to improve the lifecycle environmental impacts of a product. Good design helps manufacturers to reduce the use of hazardous substances and consumption of raw materials. The design stage also determines how much energy is consumed over the life of a product and whether it can be easily reused, recycled or safely disposed of at the end of its life. There are a number of ways we seek to influence the environmental impact of the products we sell:

- Providing advice to BT’s technical designers and Product Managers on for example, choice of materials and reducing energy consumption.
- Extending end of life take back beyond our legislative requirements, assuming WEEE producer responsibility and ensuring the equipment is reused and recycled where possible.
- Helping our bid managers by providing potential customers with details of how we comply with legal obligations and environmental standards and advising current customers on the responsible disposal of products.

Read about our product stewardship efforts beyond compliance

**Our focus areas**

Beyond meeting our legal obligations, in the 2009 financial year we worked towards meeting our targets to develop and pilot a carbon footprint methodology and to compare our packaging performance with other companies:

**Carbon footprinting**

Following our project to assess the carbon footprint of our Vision box in 2008, we set a target to develop and pilot a carbon footprinting methodology for our products and one for our services by 2010.

Carbon footprinting enables us to identify energy waste and improve the efficiency of our products, benefiting the environment and cutting costs for BT and our customers. Our analysis is helping us to understand the environmental impact of the products and services we will supply to the London Olympic and Paralympic Games 2012.

Having begun work towards our target in 2009, we concluded that a single methodology will cover both our products and services. We have revised the wording of the target accordingly.

The methodology will follow three main stages:

- Scoping – selecting the products to be included and to determine data gathering requirements.
- Analysis – mapping the product life cycle; determining boundaries; completing data collection; and checking for uncertainty and accuracy.
- Recommendations and follow up actions to implement changes. One of the primary reasons to introduce carbon footprinting of our products and services is to understand where possible emissions “hot spots” exist or where the best opportunities exist to improve the emissions across the life cycle of a product or services.
In 2009 we developed a pilot methodology which we have tested on a number of our retail products and one of our wholesale products and services. In the 2010 financial year, we will use the findings of these tests to revise and finalise our methodology. Calculating the carbon footprint from energy during the use phase of our products and services is a significant challenge.

**Contributing to an international standard**

In 2009 we joined the work being done by the World Resources Institute and the World Business Council for Sustainable Development to broaden the Greenhouse Gas Protocol to include an international standard approach to carbon footprinting. We have chaired the Goals and Principles working group during this year and we are participants in the Boundaries and Allocation working group.

**Packaging**

In 2008, we set a target to benchmark the packaging of our own brand products against industry best practice in sustainability by March 2009.

We have benchmarked the sustainability of the packaging of our branded products against the performance of others in our industry, as well as companies from other sectors, such as food. This found that packaging in some parts of our business compared well against other companies. It also identified areas where we could improve our performance. We have developed packaging guidelines to ensure a consistent performance across our businesses, which will be implemented during the 2010 financial year.

**Engaging with suppliers**

BT does not manufacture anything, but we design products that are manufactured by a network of suppliers. In the 2009 financial year we bought £8.9 billion worth of products and services from suppliers.

We engage with our manufacturing suppliers to promote good environmental practices and to ensure that they follow our standards for product stewardship.

We have a blacklist of banned materials and a grey list of materials giving cause for concern. These lists have been updated this year to take into account materials of concern highlighted in new legislation such as REACH.

All potential suppliers of electronic and electrical equipment must complete our product stewardship online questionnaire (GS19) when tendering for business. This questionnaire has also been updated this year to reflect changing legislative requirements.

Read more about our efforts to ensure good labour and environmental standards in our supply chain.

**Environmental legislation**

We are affected by a number of European Union directives and regulations designed to reduce the
environmental impacts of the rapidly increasing amount of waste electrical and electronic equipment (EEE):

- The Waste Electrical and Electronic Equipment (WEEE) directive.
- The Restriction of the use of Certain Hazardous Substances (RoHS) directive.
- Registration, Evaluation and Authorisation of Chemical (REACH).
- The Batteries Directive.

These regulations are either in effect, or coming into effect, across the European Union.

**WEEE**

The WEEE regulations state that manufacturers, brand-owners and importers of EEE are responsible for arranging and paying for the treatment and recycling of the equipment at the end of its life. Retailers also need to provide free take-back facilities for consumers wanting to dispose of old electrical equipment when purchasing equivalent new products. A national distributor take-back scheme is in place in the UK, which operates mainly at local authority recycling centres.

This regulation affects BT in three ways:

- As a producer. Although BT doesn’t directly manufacture EEE, we take responsibility for BT-branded electrical equipment and for equipment which BT imports into other European Union member states.
- As a distributor. While BT no longer has any shops, we act as a distributor by selling BT-branded and other electrical equipment as an online retailer. We do this through our own website, http://www.bt.com and also through http://www.dabs.com, which we bought several years ago.
- As an end user, we use a lot of EEE in our own business.

We take a number of steps to fulfil our WEEE responsibilities:

- We make sure our buyers and product managers are aware of the legislation and regulations that apply to us. We train all our buyers in product stewardship, including legal and regulatory requirements, and offer specific product stewardship computer-based training for product managers. We communicate regularly on product stewardship through our Portfolio Community which all product managers are a member of.
- We inform our consumer customers that we are a member of a compliance scheme and that they should follow local authority guidance on how to dispose of EEE in their area.
- We include disposal instructions with all new products, which are also labelled with a crossed-out ‘wheelie bin’ symbol.
- For our business customers in the UK and Europe we have a number of differing obligations which depend on our role in the sale of the products i.e. whether they are BT branded or not. We also need to understand requirements in individual European countries as the WEEE regulations have been implemented in different ways by different member states.

**RoHS**

The RoHS directive restricts the amount of hazardous materials used in electrical and electronic equipment (EEE). If this equipment is disposed of in landfill sites, these materials could leach into soil and waterways. If the equipment is incinerated the chemicals could cause air pollution.

We monitor the content of our products to ensure they comply with the RoHS directive. We banned
certain hazardous materials, such as cadmium and some uses of lead prior to the legislation.

We have a blacklist of banned materials and a grey list of materials giving cause for concern. We provide potential suppliers with these lists during our tender process.

We continue to monitor the situation with regard to the review of the RoHS exemptions being carried out by the Oeko Institute and have carried out an internal review of the use of bromine flame retardants in BT’s consumer products.

REACH

REACH places greater responsibility on industry to manage the risks that chemicals may pose to the health and the environment. In principle REACH applies to all chemicals: not only chemicals used in industrial processes but also in products (articles – see note) such as electrical appliances. REACH has been designed not to overlap or conflict with other chemical legislation.

REACH impacts BT in the following ways:

- As an importer, producer and supplier of articles into the European Community. Our main obligation is to communicate information to our customers on whether the articles contain substances of very high concern above a certain level and also their safe use. The substances have been identified on a candidate list drawn up by the European Chemicals Agency (ECHA).
- As a downstream user of substances and preparations in our business operations. Our obligations are to use chemical substances/ preparations safely by referring to the supplier’s safety data sheets (SDS), ensuring use is in accord with one of the exposure scenarios and complying with restrictions on use and applicable authorisation.
- As a recipient of articles for use within the business. There are no specific obligations but we are ensuring that our suppliers provide us with sufficient information to allow safe use of the articles containing a substance of very high concern on the ECHA ‘candidate list’.

We are taking a number of actions to ensure that we are compliant with REACH.

- We have revised the BT Grey list of substances of concern to include all substances on REACH candidate list
- We are updating our Product Stewardship Generic Standard 19 to cover REACH compliance questions and seek commitment to provide information on substance of very high concern
- We are communicating with our existing suppliers of equipment to ensure compliance with REACH and to gather information on substance of very high concern in articles.
- We are making sure our buyers and product managers are aware of the regulation.

Note: Article is defined in (Article 3 (3)) of the REACH Regulations: ”means any object which during production is given a special shape, surface design which determines its function to a greater degree than its chemical composition”

The Batteries Directive

The batteries directive is designed to reduce the environmental impacts and improve the safety of batteries. In the UK, the directive provisions have been implemented in regulations that deal with placing batteries on the market. These require anyone supplying batteries, or appliances that require batteries to operate, to:

- Prohibit or restrict the use of hazardous chemicals in batteries.
- Label batteries with the crossed-out wheelie bin symbol.
• Label batteries with its chemical composition for specified chemical volume by weight thresholds.
• Design appliances such that the waste battery can be removed easily, supply end-user instructions on how to remove the waste battery and information of the type of battery incorporated.

This regulation affects BT as we import our branded products that contain batteries and place them on the market.

BT takes steps to ensure our product managers and buyers are aware of the regulations and that our branded products contain appropriately labeled batteries and the requisite user instructions.

The batteries directive permits the European countries to implement the elements that deal with waste batteries differently (e.g. collection, treatment and recycling of waste batteries, provision of sales data). We will need to understand the differing requirements in these countries to ensure compliance with national legislation.

The UK ‘Waste Batteries’ regulations are due to be published during 2009. These will require anyone who places batteries on the UK market for the first time to be responsible for paying for the treatment and recycling of used batteries.

We import branded products that contain portable batteries and place them on the market, and hence we will be required to pay for the treatment and recycling of waste batteries and join a compliance scheme. We will ensure our product managers and buyers are aware of the regulation and how it applies to BT.

EuP directive

This directive targets the design of energy-using-products (EuP’s). This essentially covers any appliance that uses energy (e.g. electricity) to function. It aims to reduce the environmental impact across the entire lifecycle of EuPs by setting minimum eco-design requirements for manufacturers. Manufacturers and designers of EuPs covered by the directive must conform to these standards to continue trading their product within the EU.

A key part of the proposal is that the Commission, advised by a regulatory committee and in consultation with industry and other stakeholders, will develop and adopt a series of specific implementing measures (most likely in the form of regulations) under the terms of the directive. These will be progressively rolled out in the coming years. The first implementing regulation was adopted in December 2008. This sets minimum energy consumption levels for the standby mode for a wide range of domestic and office products.

Designers and manufacturers must ensure they meet these standards by 2010.

Although we don’t directly manufacture EuP’s, we take responsibility for BT-branded electrical equipment and for equipment which we import into other European Union member states. Also as an end user we use a lot of EuP’s in our own business.

We are engaged in a number of activities to ensure that we meet the requirements of relevant implementing measures developed under the EuP:

• Monitoring the progress and relevance of forthcoming implementing measures and the underlying preparatory studies which identify the design requirements.
• We are updating our Product Stewardship Generic Standard 19 to ensure that suppliers commit to, as a minimum, meeting the requirements of relevant EuP implementing measures.
• We will ensure our product managers and buyers are aware of the directive and relative implementing regulations and how they apply to BT.

More information on our approach to Supply Chain standards can be found in our Focus on Supply Chain section.

Informing regulation

We contribute to the development of new regulations, for example by responding to consultation exercises. We are represented on the Department for Business Enterprise and Regulatory Reform (formerly the DTI) stakeholder group, which is helping to develop UK regulations to implement the European Directive on Energy using Products (EuP). We are a member of the Department for Environment, Food and Rural Affairs (DEFRA) steering group on the European Batteries Directive.

We also work with industry bodies such as the UK Industry Council for Electronic Equipment Recycling (ICER) and the Information Technology, Telecommunications and Electronics Industries Association (INTELLECT).

Reduce, reuse, recycle

BT aims to reduce all forms of waste. This includes cutting energy wasted in our operations and making our products more efficient. It also involves reducing the amount of physical waste we produce and reusing and recycling as much as possible.

Reduce

In January 2008 we launched a new range of more energy efficient cordless telephones and made a commitment to make 90% of the range more energy efficient by July 2008. By September 2008 92% of our DECT telephones were of the more energy efficient type.

A new version of software is currently being tested which will reduce the standby energy consumption of our Vision Set Top Box. Once testing has been completed the software will be sent to all Vision customers in 2009.

The BT Home Hub 2.0 features Power Save Mode to save energy and help the environment. The user can set the time of day when the Hub’s wireless feature will automatically turn off.

Reuse

When electrical and electronic equipment is no longer needed for a particular function, we aim to reuse it in another part of the business. For example, when we upgrade equipment used in BT Retail data centres we often reinstall the old equipment elsewhere to carry out less demanding functions.

If equipment cannot be reused within BT it can sometimes be sold.

Recycle

If equipment cannot be reused or sold, it is sent to a third party to be recycled. Any equipment not fit
for resale is sent to our recycling supplier for recycling and safe disposal of materials. Equipment is broken down into parts which can be reused in new equipment.

Our Global Customer Premises Equipment team have worked with equipment maintainers and providers to increase reuse and recycling of unwanted equipment. Equipment from 22 European countries is now returned to a recycling facility in the Netherlands where it is stripped down to basic modules and re-used. Over 1,200 Cisco components have been recycled saving BT around $1 million this year. We are now working to extend the recycling scheme to other regions.

Wireless communications and health

BT offers several mobile and wireless services. These include:

- Cordless home phones
- A mobile phone for consumers and mobile phone, voice and data products for businesses
- An extensive public wireless local area network (LAN)
- Private wireless local area networks (WLANs) installed for business customers and equipment such as the BT Home Hub so customers can install their own WLANs at their home or office.

Some people are concerned that radio frequency emissions from mobile phones, base stations and wireless networks may have an impact on their health.

All wireless devices use radio waves to communicate, whether a mobile phone handset or a WiFi-enabled computer. These radio waves are a form of energy and of a similar frequency to those used by TV and radio, which we have experienced for decades. Our wireless products operate at a low power; the average power from a mobile phone is 0.25 Watts, and WiFi-enabled computers typically emit 0.01 Watts.

We host wireless and mobile networks on our infrastructure, including the base stations they use to communicate. These all operate well within the guidelines for public exposure to radio frequency emissions set by the International Commission for Non-Ionising Radiation Protection (ICNIRP). In fact, Ofcom audits show that exposure levels are many hundreds or thousands of times lower than the ICNIRP guidelines.

There is no conclusive scientific evidence that mobile and wireless technologies are harmful to health, although research continues into the potential effects of longer-term use. For example, the 2007 UK report from the UK Mobile Telecommunications and Health Research (MTHR) programme. See the World Health Organisation factsheet on mobile telephones and their base stations for more information.

The International Agency for Research on Cancer (IARC) released the new edition of its World Cancer Report in December 2008, which includes a section on electromagnetic radiation and mobile phones

Wireless services

Mobile phone base stations

Some BT exchanges, buildings and telegraph poles house mobile phone base stations on behalf of UK mobile network operators. The locations of BT infrastructure that hosts base stations are published by Ofcom.

We require all mobile equipment installed on BT sites to meet the guidelines set by the International
Commission on Non-Ionising Radiation Protection (ICNIRP).

We are also a signatory to the mobile industry code of practice, known as the Ten Commitments, and comply with its principles. There are further details on the Mobile Operators Association website.

The World Health Organisation (WHO) advises that “Considering the very low exposure levels and research results collected to date, there is no convincing scientific evidence that the weak radio frequency signals from base stations and wireless networks cause adverse health effects”. See the WHO website for more guidance and fact sheets.

Mobile and cordless phones

There is a standard methodology for measuring the level of radiofrequency emissions the body absorbs from each model of mobile phone. The maximum value is defined in the International Commission on Non-Ionising Radiation Protection (ICNIRP) exposure guidelines. BT offers a range of mobile and cordless phones from several manufacturers, and all comply with this standard.

We follow the advice of the World Health Organisation (WHO) and other leading health organisations. The WHO acknowledges that there are gaps in knowledge that require further research to better assess health risks.

In September 2007, the Mobile Telecommunications and Health Research Programme (MTHR) published its findings. This research is part of a larger programme overseen by an independent committee set up by the UK Government.

The report concludes that “none of the research supported by the programme and published so far demonstrates that biological or adverse health effects are produced by radiofrequency exposure from mobile phones” but recommends further research into longer-term exposure and the exposure for children. The research also found that radiofrequency emissions from base stations are well below international guidelines. Visit the MTHR website for the full report and more information on the next phase of research.

The German Government published the results of similar research in 2008, with the same conclusions.

Wireless networks

BT owns and operates one of the largest Public Wireless Local Area (WLAN) Networks in the UK – BT Openzone.

Public WLANs establish a connection between a fixed access point and a WiFi-enabled computer using a low-power radio wave. As with handsets and base stations, public exposure to these radio waves is many times lower than internationally accepted guidelines.

BT is committed to ensuring that the technology it supplies is safe. We take these issues very seriously, understand public concern about wireless technologies and are taking steps to address this.

Our approach to safety
The growth in mobile telephone services has seen a substantial increase in the number of antennas installed on buildings, rooftops and other structures, especially at third-party sites where our equipment is deployed. BT people who need work in areas near antennas use radio frequency (RF) badges configured to alert them when the level of electromagnetic radiation they are exposed to approaches the maximum level set by BT. This maximum level is below the guideline set by the International Commission on Non-Ionising Radiation Protection.

We provide guidance on safe working boundaries around common types of antenna to all BT people and to employees of mobile operators working on our sites.

**Privacy and data protection**

Our products and services enable customers to communicate quickly and easily at home and work and access a wealth of information on the internet.

However, new technology also creates new risks. Some websites and television programmes aren’t appropriate for children, for example. Many new services made possible by technology collect and store information about individuals, and some people see this as an invasion of privacy.

This section explains the policies, systems and services we have in place to help customers protect themselves, their data and their privacy. It covers:

- Our approach to privacy and data protection
- Employee privacy
- Customers and privacy
- Child safety online
- Cooperation with law enforcement

Though our procurement principles we are committed to ensuring the confidentiality of information entrusted to us, working with suppliers who respect this practice.

We review and update our policies and standards as we introduce new services, such as BT Vision, our broadband television service.

BT complies with ISO27001 – the internationally recognised standard for information security management – and has over 20 certificates covering key sites and services.

Our mandatory security policies are designed to align with and fulfil all the requirements of ISO27002 – the International Code of Practice for Information Security Management.

**Our approach**

Customer and employee data, financial records and other personal information are routinely collected, processed, stored and transferred around the globe. This makes information one of our most valuable assets and significant risks, as it creates significant privacy and data protection challenges. Ensuring the protection and responsible use of the data BT holds and handles is fundamental to our success.
People have a right to privacy and to know that their personal information is handled and stored securely and responsibly. Balancing these rights with the realities of global trade in a competitive market is a complex process, and must be flexible enough to take account of new technologies, new regulations and new ways of doing business. We discuss the trade-offs between technological advances and the risks to personal privacy rights in our Hot Topic – Privacy in the Digital Networked Economy.

We have a responsibility to make services such as networks and internet access as secure as possible, but cannot do this through the use of technology alone. We must also work together with legislators, customers and other service providers.

We always aim to comply with data protection laws and take reasonable care to prevent unauthorised access to personal data. Our intention is to only collect personal information with the individual’s consent and to only collect what we need for the stated purpose. Everyone has the right to access the data we hold about them, to correct inaccurate information and to expect that appropriate measures are in place to protect their information. Our privacy policy explains how we collect customer data, what we use it for and how we protect their privacy.

We have enhanced our processes for governing data protection to further reinforce our rigorous approach. Our Data Protection (DP) Taskforce is chaired by the Group Company Secretary and consists of data protection champions from all lines of business, as well as other key functions such as human resources and security. The taskforce is responsible for establishing a clear and structured DP compliance programme and ensuring that related activity is coordinated across our businesses.

We are also one of the first UK companies to demonstrate their commitment to data protection by signing the Information Commissioner’s Personal Information Promise to protect the personal information of customers, employees and service users.

In the 2009 financial year, we launched an internal campaign called Protecting Information. Backed by a comprehensive website, this helps our people to ensure company information on PCs, laptops and mobile devices and in paper files is secure.

The campaign has four guiding principles:

- Protecting information is every employee’s individual responsibility
- DP training is mandatory, as is following our processes and procedures
- Our technology helps to keep information secure
- Information can only be stored if lawfully permitted. This means always adhering to copyright law and the prevailing data protection legislation.

See also employee privacy

**Employee privacy**

As an employer, we are committed to protecting and respecting our people’s rights and privacy. Our employee privacy policy is available on our intranet and explains what information we collect and why. The site also explains how this information is protected, as well as how to query and change personal details.

Our policy commits us to:
• Protect employees’ personal information and keep it secure
• Be sensitive about the personal data we hold.

We aim to maintain our good record and reputation for handling information about our employees, customers and others.

Privacy and data protection services

In the UK, BT Privacy brings together a range of free and paid-for services to protect customer privacy. These include:

• Blocking unwanted sales calls through the UK Telephone preference service, or by registering online in Eire
• Caller display services that show the number of the person calling
• Advanced calling features including ‘choose to refuse’, which blocks calls from certain numbers

The security features we offer include:

• Those in all BT Broadband packages, such as BT Yahoo! Mail Protection with Anti-Phishing, to protect against online fraud. Phishing is when criminals fraudulently acquire personal information by posing as a legitimate company on a website or in an email
• BT Identity Protection, an insurance plan that helps protect customers from identity theft and resolve the consequences should they become a victim
• Options for our business customers, including PC Security Check and Internet Security Pack.

Protecting consumers from internet dialler scams

Customers that still use a dial-up internet connection are vulnerable to rogue internet diallers that cause higher than expected telephone bills. A dialler is a piece of software installed secretly via the internet or directly onto the computer that calls international or premium rate services using the modem. In many cases, the installation is perfectly legitimate but customers are unaware of the cost implications.

BT has been working closely with the industry and ICSTIS (the premium rate services regulator) to resolve this. BT Privacy Online (BT Modem Protect in Eire) provides protection against rogue diallers. It provides:

• Protection software to help keep the modem safe from rogue diallers
• Text messages to alert customers to any unusual activity in their account

Nuisance Call Bureau

In the UK, we voluntarily operate a Nuisance Call Bureau (NCB) to support customers receiving malicious or nuisance calls. Specially trained advisors answer initial enquiries and offer simple advice. The NCB is open 24 hours a day, 365 days a year and can be contacted on 0800 661 441.

We pass on complex cases that may require police investigation or call tracing to NCB specialists who are trained in police liaison, and may appear in court as prosecution witnesses if necessary.
Child protection

We are committed to providing the best possible protection for all customers, and especially children, when using any BT service that provides or uses an internet connection.

We provide advice and guidance to help customers stay safe online on a number of BT websites:

- [http://uk.security.yahoo.com/protect-your-family/kids-safe-online.html](http://uk.security.yahoo.com/protect-your-family/kids-safe-online.html) for advice and guidance to help children stay safe online

We provide a comprehensive Parental Control service to all broadband and dial-up customers at no extra charge. This service helps parents to protect their children when using the Internet. It enables each child to have their own level of protection and parents to restrict access to websites or applications like instant messaging, or even to restrict access at certain times of the day.

We also provide protection against spam emails, image blocking, pop-up advertising blocking, identity theft protection and an Internet Abuse team for children or parents to contact.

BT Vision

BT Vision is our broadband television service. It enables customers to watch programmes from a wide range of TV channels, download movies and record their favourite programmes.

As well as mainstream entertainment channels, BT Vision can offer access to gambling and adult content. These services are profitable, legal and many of our customers want them.

BT Vision has a parental locking system that allows parents to control what their children watch. Parents can decide which channels are unsuitable for their children, and make them accessible only with a PIN.

Working with others

BT is a founder member of the Internet Watch Foundation (IWF). The IWF was established in 1996 by the UK Internet industry to provide the UK internet ‘hotline’ for the public and IT professionals to report potentially illegal online content.

BT is an active member of the UK Council for Child Internet Safety established following the Byron Review published in June 2008.

Our CleanFeed software filtering system has been blocking access to child abuse websites identified as illegal by the Internet Watch Foundation since 2004.

Cooperation with law enforcement agencies

We may provide information in response to properly–made requests from law–enforcement agencies, to help prevent and detect crime, and apprehend or prosecute offenders. We may also provide information that may help safeguard national security. In both cases we comply with the Data
Protection Act and other relevant legislation. We also provide information when required by law, for example under a court order or in response to properly-made demands under powers contained in legislation. We also cooperate very closely with law-enforcement agencies to obtain from them the information we require to appropriately investigate cases where BT may be the victim of a crime.

**Key performance indicators**

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Description</th>
<th>Measure</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier relationships</td>
<td>A measure of the overall success of BT's relationship with its suppliers, based on our annual supplier survey</td>
<td>85%</td>
<td>To achieve a rating of 80% or more based on the question “How would you describe the quality of your company’s relationship with BT?”</td>
</tr>
<tr>
<td>Ethical trading</td>
<td>A measure of the application of BT’s supply chain human rights standard</td>
<td>78 risk assessments with 100% follow up</td>
<td>To achieve 100% follow up within three months for all suppliers identified as high or medium risk, through our ethical standard questionnaires</td>
</tr>
</tbody>
</table>

**BT 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 achieve 100% follow-up within three months for all suppliers identified as high or medium risk as a result of assessment using supplier procurement standards</td>
<td>We achieved 100% follow-up.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will achieve a rating of 80% or more next year on our annual supplier survey</td>
<td>85% of suppliers described their relationship with BT as excellent or good in our annual survey.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2009</td>
<td>March 2010</td>
<td>BT will achieve 100% follow up within three months for all suppliers identified as high or medium risk, through our ethical standard questionnaire</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>April 2009</td>
<td>March 2010</td>
<td>BT will achieve a rating of 80% or more based on the question: ‘How would you describe the quality of your company’s relationship with BT?’ from our annual supplier survey</td>
<td></td>
<td>New</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>30% of BT ‘product or service replacement contracts’ awarded will be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact (dependant on product or service type)</td>
<td>50% of product or service replacement contracts demonstrated an improvement in energy efficiency.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>80% of BT contracts placed will take energy consumption and / or environmental impact into consideration in the award of business</td>
<td>62% of contracts placed resulted in competitive tenders using energy consumption to take into account environmental considerations.</td>
<td>Failed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will hold an Innovations Award for our suppliers that will continue to engage them on Climate change, the Procurement Principles and drive progress towards the Vision “harness communications to tackle climate change”</td>
<td>This target was not achieved.</td>
<td>Failed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will incorporate the Sourcing with Human Dignity (SWHD) action plan into the BT sustainability plan</td>
<td>The SWDH action plan has been included in our activities this year and are reported on in our internal Labour Standards Review document.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will survey its suppliers to determine the percentage that agree with the statement ‘BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner</td>
<td>BT carried out the survey and identified the suppliers who ensured its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>There will be evidence of follow up action taken within 3 months relating to all suppliers who have been identified as requiring continuous improvement as a result of completing BT’s CR questionnaires.</td>
<td>All suppliers have been asked to complete BT’s CR questionnaires.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will develop a coach approach on labour standards and engage with 3 global suppliers and their supply chains</td>
<td>We achieved 3 joint assessments with suppliers this year as part of our coach approach.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2009</td>
<td>March 2010</td>
<td>By March 2010, we will use a coach approach on labour standards and engage with 4 global suppliers and their supply chains</td>
<td>New</td>
<td></td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2009</td>
<td>BT will benchmark the packaging of its own brand products against industry best practice in sustainability</td>
<td>BT has carried out the benchmark its own products and provided guidelines for the product community. Exercise to benchmark this area needs to be carried out.</td>
<td>Delayed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2010</td>
<td>BT will develop a group wide methodology for measuring the carbon footprint of its products and pilot the methodology on a product</td>
<td>This is has been achieved for a Group wide methodology in conjunction with the product teams.</td>
<td>Completed</td>
</tr>
<tr>
<td>April 2008</td>
<td>March 2010</td>
<td>BT will develop a group wide methodology for measuring the carbon footprint of its services and pilot the methodology on a service</td>
<td>This target has been achieved for a Group wide methodology in conjunction with the service teams.</td>
<td>Completed</td>
</tr>
</tbody>
</table>

Quantitative data
Number of Environment assessment questionnaires (GS13) completed

Number of Environment questionnaires (GS13) where continuous improvement was required

Number of SWHD risk assessment questionnaires (GS18) completed

Number of Suppliers where further action was required after GS18 questionnaire

Number of SWHD on-site assessments
Thanks for reading what we have to say — now we want to listen to you. Email us at yourviews@bt.com and tell us what you think of this report and sustainability at BT.