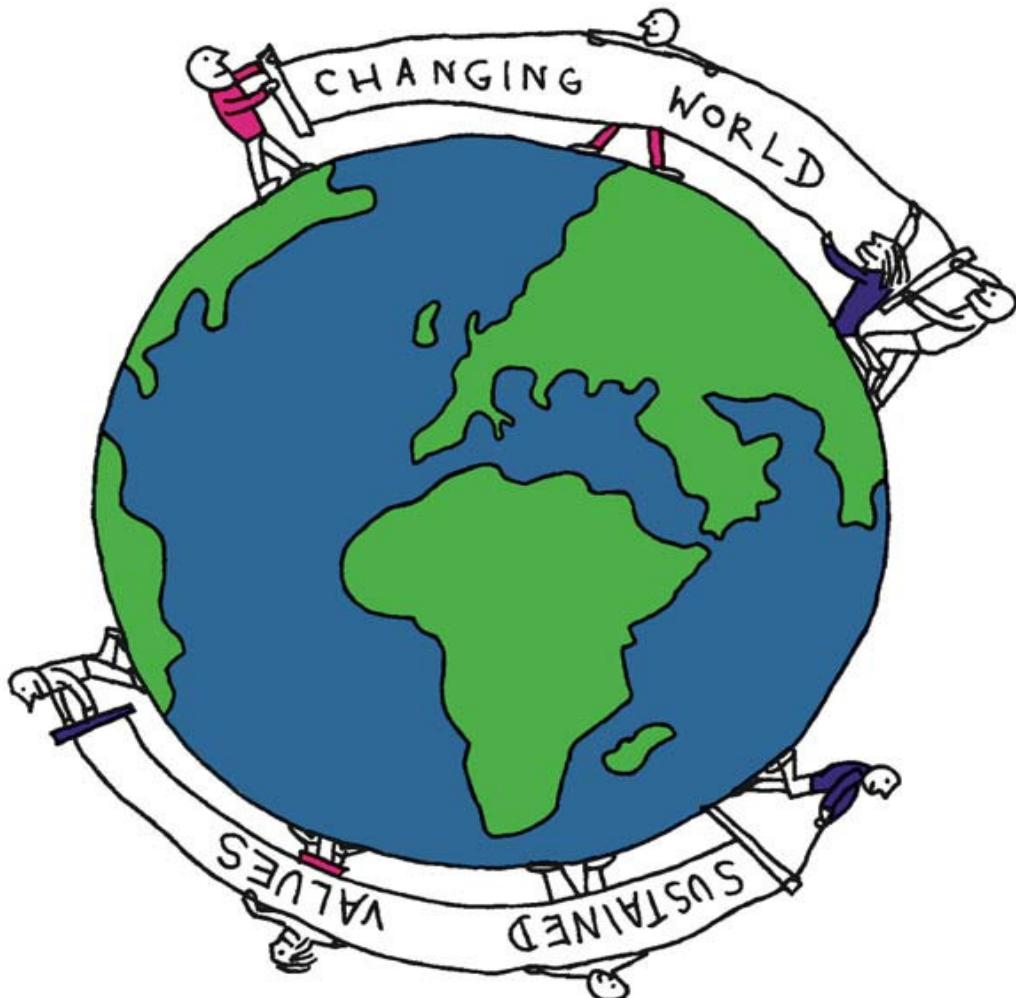


Changing world: Sustained values



Bringing it all together
for a **better** world

Employees

We employ around 105,000 people directly worldwide, and a further 42,000 indirectly including agency and sub-contractors – giving us a total labour resource of around 147,000 people. In the UK we employ around 87,000, 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.

We strive to treat our people fairly and responsibly, to help them achieve their full potential, and to respect their personal and community commitments. Our over arching principles are communicated to all employees in *The Way We Work*.

Here we explore how we attract the best people to work at BT, how we manage and engage our employees and develop a positive working culture that ensures their health, safety and wellness is a priority. The section covers the following areas:

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

This section also features case studies which demonstrate how policy is put into practice.

What we offer

The BT Reward Framework is an important part of maintaining a high-performance culture at the

company. In line with our strategic priorities, our approach to reward increases our ability to recruit talented people and motivate our employees, while being cost effective.

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.

2009 Economic Climate

Despite the current difficult economic climate, BT aims to ensure it remains a healthy and sustainable company for many years to come. Following a review of salaries, market conditions and discussions with our trades unions, BT has advised all its employees in the UK, including senior executives, that there will be no increases to salary arising from the review. This principle will be followed as closely as possible in all other countries in which we operate.

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.

Our lowest current starting salary for employees in the UK is £11,357 for a 36-hour week, or £6.04 per hour. The UK minimum wage is £5.73 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

Our policy is for BT people to be fairly paid regardless of gender, ethnic origin or disability.

All our engineering, clerical, administrative and support roles are in the same pay structure which uses a skills-based approach to determine the size and scope of the role. There are then fixed pay ranges that ensure there is equal pay for equal value.

For our managers, we operate a performance-based reward system. Our pay review processes include guidance for managers on rewarding employees fairly based on their performance and concentrates funding to those at the lower end of their salary range. This approach progressively improves the equal pay situation within BT with each annual pay review cycle. An audit is conducted after each review and

percentage award figures are published by gender.

In order to improve the focus even further, for the past two years in the UK, we have allocated a proportion of the funds available for salary increases specifically to addressing equal pay issues. The distribution of these funds is discussed with the management representative body and follows clear guidelines to ensure a fair and consistent allocation. This year, more than 10% of the funds available were allocated specifically to addressing equal pay issues.

Pensions

BT provides retirement arrangements in over 50 countries. We principally maintain 14 defined benefit arrangements and 38 defined contribution arrangements, as well as various other types of provision including hybrid schemes, state provision and unfunded plans.

The BT Pension Scheme (BTPS) has around 63,900 contributing members, 179,000 pensioners and 96,000 deferred members. Members contribute at least 6% of their salary and BT pays the balance (currently averaging at 13.5% of salary). The BTPS 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 (BTRP), is also a UK Scheme and was set up in 2001 after the BTPS 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. The scheme was closed to new entrants and future contributions on 31st March 2009 as part of the pensions review – see below. When the scheme was closed, there were around 17,600 members and 3,800 deferred members and the value of the fund was around £197 million.

The BT Retirement Saving Scheme (BTRSS) was set up on 1st April 2009 as a successor to the BTRP and the Syntegra Limited Flexible Pension Plan (SLFPP). It is a contract based defined contribution arrangement 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. It currently has about 19,000 members and former BTRP and SLFPP members will be invited to transfer their accumulated assets to this scheme.

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 the company. By the end of February 2009 we had held almost 350 seminars for more than 5,100 employees.

The seminars cover pensions and other entitlements and options for managing tax liability. They also cover other financial issues including BT share schemes and other investments that employees need to consider when leaving the company.

Reviewing our UK pension arrangements

In May 2008 we began a review of our UK pension arrangements, to ensure they remain affordable, sustainable and competitive and to find ways to introduce greater choice and flexibility.

The review included a 60 day employee consultation process which gave UK pension scheme members the opportunity to give feedback on the proposed changes. We produced a consultation feedback report covering the key themes and issues raised. Having considered the feedback, together with the results of union ballots, we implemented the following changes from 1st April 2009.

- **BT Pension Scheme** - the changes include increasing member contribution rates, raising the normal retirement age to 65 and introducing a career average revalued earnings basis of pension provision.
- **Defined contribution plans** - For members of BT's defined contribution plans, we have introduced a new contract based arrangement called the BT Retirement Saving Scheme.
- **BT Retirement Saving Scheme** - Members will benefit from lower charges, greater choice and flexibility in their pension provision and improved access to financial information. They will also benefit from wider investment choices, including a low cost and tax efficient way of transferring employees' BT Share Plan maturities into the arrangement via a bespoke BT single tracker fund.

Flexible working

Flexible working gives our people the ability to both meet their responsibilities at work whilst also fulfilling their life commitments. It enables them to remain productive at work whilst caring for children, elderly or sick relatives or volunteering in the community. It helps to create a more inclusive workplace for people with disabilities and carers and helps us attract and retain the best people. It also enables us to meet the ever increasing demands from our customers to provide services to them on a 24/7 basis. We believe our customer service is improved when our employees feel satisfied with their work-life balance.

The 2008 University of Bradford study showed that 93% of home based workers feel that the practice improves their quality of life. They also said that working from home helps to improve their productivity, with 64% of home workers stating that their work performance had improved compared to 46% of all respondents.

Home working also benefits the environment, saving over 7,000 tonnes of CO₂ each year by reducing travel to work. BT home workers avoid an average commute of 31 miles per day.

Our flexible working portfolio 'Achieving the Balance' provides practical tools to help managers make informed decisions about requests for flexible working. The tools enable managers to balance the needs of individuals with those of the business and understand the different management styles required. Achieving the Balance includes amongst others, the following flexible work arrangements:

- Term time
- Part-time
- Job share
- Home working
- Variable start and finish times.
- Maternity leave, paternity leave, adoptive leave, parental leave, special leave and leave for carers.

In March 2009 we had approximately 4,867 part-time employees, 352 job sharers and around 10,168 registered home workers.

Our products and services also enable employees to work independent of location and in different ways. For example, in the USA BT Conferencing use home shoring to run virtual contact centres, staffed by people working from home. The increased flexibility of the home shored workforce enables BT Conference to efficiently match staffing levels to peaks and troughs in customer demand. This reduces costs, and the home shored workers benefit from being able to work from the comfort of their own homes and the option to choose their own work schedule(based on minimal guidelines). We are now trialling home shoring in other parts of our business.

In the 2009 financial year we focused on providing the same flexibility we offer in the UK to our global workforce. We aim to provide a consistent platform for flexible working which can be adapted to fit the requirements of different countries. This has resulted in 1,120 home workers outside the UK.

Tina Sydenham

Tina, a project manager, is a homeworker and a term-time worker.

Tina worked full-time until her daughter was born in 2004. When Tina returned to work she discussed and agreed with her manager a move to part time working Monday to Wednesday. This allowed Tina to spend time with her small daughter whilst continuing her career with BT.

Tina worked this way for two years before deciding to become a homeworker. Tina's team were no longer all based in the same office to which she travelled and this prompted her to consider homeworking as an alternative, an option which would save her one and a half hours commuting each day. Tina's manager was supportive and agreed to the move. Tina was able to set up her study as her home office which allows her to close the study door when she has finished work and concentrate on time with her family.

When Tina's daughter was due to start school, she found out about a colleague who worked term time which enabled her to spend school holidays with her children. Tina explored this option further, discussing it with her manager and with HR before making a final decision. By exploring how it would work and talking to various people she was able to ensure this option was suitable from both a personal and business perspective. So in September 2008, Tina became a term time worker.

Tina moved from working 3 days a week to 5 days a week between 9am and 3pm, still as a homeworker. Moving to 5 days a week allowed Tina to manage her part-time hours in a way which supported the business requirements of her project management role but also gave her time to take her daughter to school (which is within walking distance), collect her from school and spend time with her during the afternoon and evening. Tina and her manager can plan her project work around her working days knowing in advance she will be away from work during the school holidays.

Tina is able to have a fulfilling career whilst also being able to spend time as a mother. She highly values the flexibility her manager and BT has been able to allow her.

Bob Battersby

Bob has been a BT employee for over 20 years. He is the father of 6 children, three of which have special needs due to their Autism. One son also has Down's Syndrome.

It took some time for all of Bob's sons to be diagnosed and for one son this wasn't until he was due to start mainstream school. All three boys now attend special schools but they are not all at the same

school which makes it more difficult to manage.

BT supports Bob by allowing him to work flexibly. He starts and finishes later than other team members and also works a 4 day week. This is important to Bob, allowing him to be a father and a carer. Bob hasn't opted to work from home because he believes there would be too many distractions at home. He finds going to work a welcome break which allows him to concentrate on something completely different.

Bob says "BT has been supportive, especially with regard to unpaid special leave. I find this option invaluable as it allows me to support my children out of school time and to attend meetings to secure the extra help they need. Also working a four day week full time is invaluable: it gives me the time when I need it for appointments with medical and care professionals, and at times to attend courses appropriate to my children's needs."

Attracting and assigning our people

In recent years, the communications sector has changed rapidly due to customer demand, advances in technology and increased globalisation. We expect the rate of change to gather pace.

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

- Diverse recruitment
- Global sourcing
- Outsourcing
- Re-skilling.

The steps we are taking to improve efficiency and get things right first time mean we need less people in some areas of our business. Changes in technology, ways of working and the types of products and services we provide are also affecting the skills and expertise that we need. As a result, we have reduced our total labour resource by around 15,000. We anticipate further reductions of a similar level in 2010.

This programme reflected a combination of reductions across the employee, contractor and third-party consultant populations. These reductions were delivered through a combination of natural attrition, recruitment control and other voluntary means. We have also developed innovative arrangements for career transition for employees impacted by the changes, including entering into commercial arrangements to second employees to other organisations in order to preserve job security.

Diversity in recruitment

Attracting and retaining a workforce that reflects the diversity of our customers helps us to understand their needs and provide successful products and services. This makes our focus on diversity especially important during tough economic times.

We use a variety of recruitment channels to ensure we access as diverse a candidate base as possible, including employment agencies, online recruitment and partnerships with educational institutions, charities and government bodies.

We track diversity among permanent BT recruits using the BT People system. In the 2009 financial year (2009) 26% of all permanent recruits were women, compared to 21% in 2008. 22% of executive recruits were women.

The majority of our employees are aged 31 and over. Having an age diverse workforce is critical to ensure that BT is relevant to all our customers. In 2009 51% of recruits (including modern apprentice and graduate recruits) were between 17 and 30 years old.

Age Range	Recruitment	Total Employees
17-30	51%	11%
31-50	44%	57%
51 plus	5%	32%

As an international business headquartered in the UK, we recruited from countries around the world: 28% of recruits were for roles in Europe, Middle East and Africa (EMEA) (including Latin America), 10% in North America, 7% in Asia Pacific and 55% in the UK.

Diversity within the recruitment supply chain

We work with our recruitment suppliers to ensure that they attract diverse candidates to apply for roles at BT.

In 2009, we included new diversity reporting requirements in our contracts with permanent recruitment suppliers. We issued all preferred recruitment suppliers with BT branded diversity monitoring forms which candidates can voluntarily complete. This asks for information on the candidate's gender, religion/belief, sexual orientation, age, ethnic origin, disability, nationality and carer responsibilities. We use this information to assess whether suppliers are successfully attracting diverse candidates.

We also introduced an annual diversity review where suppliers are asked to provide evidence of their diversity practices and policies (for candidates and their own employees) and to provide information around the channels they utilise to attract a diverse range of candidates.

Please see below for specific achievements on recruitment into our leadership development programmes where we attract the future talent of the organisation

Masters in Business Administration (MBA) Programme

We are attracting more female recruits to our MBA programme. In 2009, 30% of participants were women, compared to 8% in 2007. As the number of female participants has increased, BT women have lent their support to activities to recruit more women to the programme.

We have also increased the ethnic diversity of the MBA programme. In 2009, 52% of participants were from ethnic minorities. We have developed our marketing literature and websites in order to profile and encourage a continuing diverse range of applicants.

MBA Programme members	2007	2008	2009
Female	8%	20%	30%
Ethnic Minority	49%	68%	52%
Disability	0%	0%	0%

Fast Track programme

Fast Track is a two year development programme which is designed to attract and develop people who have gained their first initial commercial experience and who have the potential to be our future leaders.

Over the past 3 years, there has been a steady increase in the representation of women and people from ethnic minority backgrounds in the programme, with higher than average female representation for the technology sector.

In order to build on this success, we are promoting this at business schools that have ethnically diverse student representation and plan to extend the programme internationally.

Fast track programme members	2007	2008	2009
Female	42%	45%	48%
Ethnic Minority	16%	18%	18%
Disability	0%	0%	0%

Graduate Programme

In the 2009 financial year we stepped up our efforts to increase diversity of graduate recruits. We introduced a programme where BT employees mentor university students. Students are currently being mentored at City University, London/Liverpool University and University College London. The BT graduate recruitment team also built relationships with organisations that champion ethnic diversity. This included:

- Working with the charity ADAB Trust to increase ethnicity awareness and assisted with mock interviews.
- Partnering with Windsor Fellowship by organising a skills workshop.
- Discussing internship opportunities with the University of East London.
- Establishing links with the BT Ethnic Minority and Asian Network.

Graduate programme applications	2007	2008	2009 (to Feb)

Female	38%	46%	51%
Ethnic Minority	17%	11.5%	12%
Disability	3%	4.6%	4.8%

Outsourcing and Insourcing

Outsourcing

We outsource some support and business services operations to external contractors to improve efficiency and reduce costs. The long-term success of outsourcing depends on acting responsibly when choosing suppliers and managing relationships.

We outsource the following business functions:

- Employee contracts, pensions, recruitment and training (to Accenture HR Services and Accenture Learning)
- Payroll, finance and accounting activities (to Steria 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.

Insourcing

BT manages communications services for many large companies including Credit Suisse, Virgin Media, and Nationwide and some local government departments. Employees who previously worked in these customers's ICT department become BT employees, a practice known as insourcing. In the UK, insourcing is governed by the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

We work closely with our customers to manage the transition for employees, as we want future employees to feel they have been treated fairly during the transfer and for it to be as seamless as possible. 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 and a sense of belonging to the BT team.

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.

Global sourcing

Global sourcing refers to how and where we manage and deploy our people to deliver the best customer service and to expand our business.

Global sourcing aims to reduce costs and increase efficiency. It also gives us greater flexibility, ensuring we have appropriately skilled people based where our customers are, and gives us scope for further innovation by working with key partners.

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

- BT Design, our IT arm, sources some software development from India. A large proportion of this is done by TechMahindra, a joint venture software development company in which we have a 31% 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 respectively. The call centres are managed remotely using BT's Retail Customer Services operational blueprint, and we provide onsite management.

Whilst global sourcing brings cost benefits and access to global talent, it also brings additional responsibilities and risks. We have a rigorous process to assess our suppliers and partners that take into account key issues such as cultural fit, business fit, socially responsible strategies and quality risk management. We also ensure that commercial arrangements are based on appropriate sharing of risk, clarity on roles and responsibilities and flexibility to shift ownership. We strive to be sensitive to cultural differences in countries where we operate, and we work with our suppliers to make sure their working conditions and environmental standards match our own.

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

Re-skilling

We have a long and successful track record of helping people to achieve career changes by supporting them in finding suitable opportunities both inside and outside BT.

We have developed a BT wide Transition Centre with a dedicated team of Transition Managers to help people changing career and find new opportunities. Our Career Corridors programme provides a framework of training and support to help employees affected by changes in our business to make informed decisions about their future career. We help 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. We do this through Skill Development Pathways which provide focused development in skill areas that are needed across the business.

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

One Water

This initiative started in October 2008 when Dawn Sowerby (Head of the BT Employee Transition Centre) was approached by One Water. One Water felt a mutually beneficial arrangement could be set up where BT people could use their skills to develop One Water's business, while at the same time developing their own skills and experience.

One Water seeks to provide sustainable solutions to provide clean water in villages in Southern Africa and other parts of the third world. The PlayPumps® cost about £7.5k to install – they work on the basis that relatively small amounts of aid can make a huge difference to people's lives and give them the means to improve their lives further. PlayPumps® are roundabout powered water pumps. As children play, clean water is pumped out of the ground into storage tanks for use by the community.

Once villages have water supplies, they can start to grow vegetables and fruit and One Water will develop products to support this, for example vitamin water to fund the vegetable gardens.

One Water are thrilled with the contribution BT people are making – and, at the same time BT people are having an amazing experience. One Water have commented they are impressed that BT is working in this collaborative manner and providing employees with the opportunity to make a difference.

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.

Our approach to developing and engaging our people includes:

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

Building on a long tradition of volunteering at BT, we are developing a volunteering programme that is jointly inspired by BT and our people. The programme will support those BT people who wish to make a contribution in their local communities by working with charities and community organisations of their choice.

We define volunteering as “An activity that involves spending time, doing something that aims to benefit the environment, communities, individuals or groups and which involves the development or transfer of skills and enhances the motivation and commitment of BT people.”

We are recognised as an Investor in People (IiP). IiP is a business improvement framework that incorporates good practice for training and development and which challenges us to 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 the IiP accreditation.

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 that makes the most of their personal performance, commitment and career prospects. We will give our people the appropriate opportunities to develop business and personal capabilities and will evaluate how effective our investment is.

We will do the following:

- Give our leaders 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 behaviours 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 career prospects 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.

Career planning and development

We invest in learning and education for all BT people. Our Learning Council ensures that learning is aligned with our business objectives and that our programmes provide employees with the skills our business needs 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 our 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.

A number of the courses on the system are mandatory, so more than 90% of employees take part in learning. Contractors and others assigned to work at BT 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.

Our 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 internal and external leadership development resources and programmes tailored to different levels of leadership.

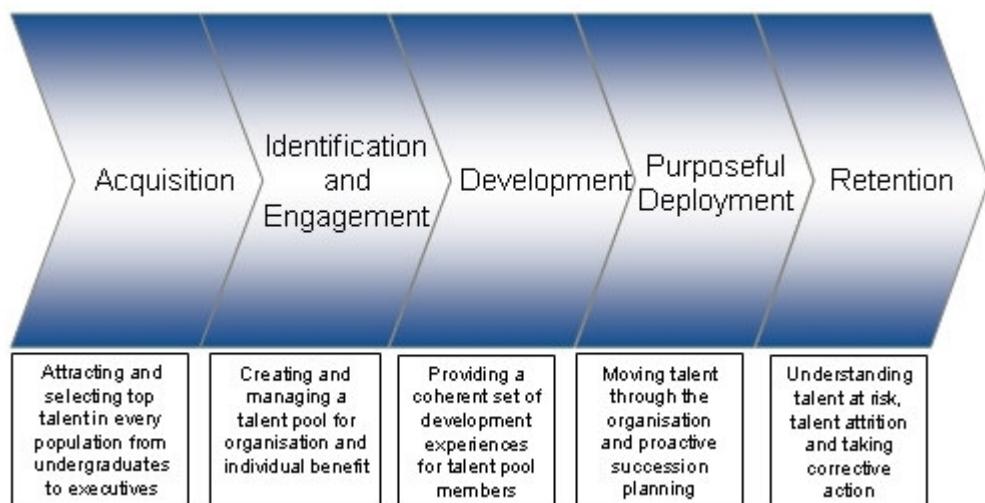
Talent in BT

Our talent management programme focuses on:

- attracting
- identifying and engaging
- developing
- deploying and
- retaining.

the people we need to deliver our business strategy (see diagram below). These five critical stages of our talent programme are aligned to our wider human resources strategy as well as overall business strategy.

The uncertain economic outlook makes effective talent management particularly important. We continue to invest in our graduate, modern apprentice and Fast Track recruitment programmes to ensure we have the talent we need to succeed in the long term. Our case study shows how these programmes deliver business return on investment. We also focus on developing the talent and skills of our existing workforce.



Graduate recruitment

We recruit around 200 graduates each year. Our graduate programme is open to all applicants, subject to these entry criteria and any reasonable adjustments:

- A minimum of 280 UCAS points or international equivalent
- A 2:1 degree or international equivalent

In addition to the UK programme, for the past three years we have recruited around 14 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 CR projects. As part of the 2008 graduate recruitment campaign, we introduced a mentoring programme that works with ethnically diverse graduates and are working on joint initiatives with the ADAB Trust and Windsor Fellowship.

Fast-track recruitment

BT will recruit 20-30 individuals to the Fast Track Leadership Programme this year. The programme is

open to all applicants, subject to these entry criteria and any reasonable adjustments:

- A 2:1 degree or international equivalent
- The right to work in the UK permanently
- Proven commercial experience and delivery of improvement to business results

The programme recruits individuals from a wide range of commercial backgrounds – e.g. retail, consultancy, legal, financial services. Since April 2008, the programme has covered the UK and consideration is now being given to how to extend the programme internationally.

We encourage Fast Track participants to get involved with employee development, for example mentoring apprentices and graduates, participating in the recruitment process and organising development master-classes. We also encourage participants to volunteer in the community and engage with other CR projects.

Graduate and Fast Track programmes deliver talent

Clare Jackson joined BT in 2004 on the BT Wholesale Graduate Scheme, has been a member of the BT Talent Pool since 2006 and joined the BT Fast Track Leadership Scheme in 2007. Clare has worked in BT Wholesale, BT Operate and more recently Openreach in a variety of roles. These have included managing the performance of external suppliers for BTs 21st Century Network, providing executive support to a senior director, leading a fault reduction project and managing the customer experience during a major exchange migration. Currently Clare is working as a Strategic Bid Manager developing new business opportunities.

"I have received an enormous amount of support from the Talent Scheme since joining BT. I have been encouraged throughout to focus on my development and as a result I have always pushed myself to ensure that I gain from new experiences and continue to learn. My focus in each role is to add value and deliver real business results. This has been possible due to the support, guidance and encouragement I have received not only from BT Talent Team but also from the networks and contacts I have built during my time in the company. BT is full of experienced and talented individuals and their eagerness to share their own knowledge and experiences and willingness to provide me with new challenges has enabled me to progress quickly. In addition I have been given the opportunity to complete a range of professional training, building my understanding of management methodologies and developing my softer skills.

Many organisations have Talent Schemes designed to develop their employees but the success of such schemes is dependent upon the people who drive and support them. The commitment to Talent and development in BT has become ingrained in its culture, this culture has enabled me to progress, develop and learn. I have also had a lot of fun along the way!"

Building organisational capability from within

Anthony Vollmer joined BT in October 2005 having spent six years consulting on major strategic investment decisions and two years in the London office of a dot com investment firm. He joined BT as a Senior Propositions Manager for BT Broadband within BT Retail's Consumer division and he moved to the Value Added Services team in April 2006, leading the start-up of Consumer's Home IT services. After his first year in the business Anthony was identified as 'Emerging Talent' in 2006 and 12 months later moved to the 'Rapid Higher Potential' level of the Talent Pool.

As a Talent Pool member, Anthony feels he has benefited from greater visibility and an improved profile within the organisation. He has been given the opportunity to increase his network of business

contacts and awareness of activities across BT Group. Anthony has also taken advantage of one to one sessions with the Talent team, discussing career planning and development opportunities on a regular basis, which he found particularly beneficial around the time of his role changes.

Anthony moved to the Consumer Voice team in 2007 and was promoted to general manager in February 2008. This challenging new role gave Anthony experience of driving the largest P&L in Consumer, dealing with regulatory challenges, setting pricing strategies and making decisions worth millions of pounds.

Anthony has received a great level of support from the leadership team within the Consumer business, particularly in his most recent development move to his current role as CEO of Plusnet. Since moving into the role in November 2008 Anthony has refreshed residential products and pricing strategies and kick-started a sales effort to drive growth, whilst focusing on driving efficiencies to enable the company to benefit from increased economies of scale. Anthony describes Plusnet as a “great business with lots of potential and an excellent team”. The role gives Anthony his “first experience of running a stand-alone company (albeit within BT)”. Anthony is keen to make sure “everyone at Plusnet is clear on the company’s strategy and their role to deliver it” – he regularly takes part in roundtables and gives “everyone the chance to understand and challenge what we’re doing”. Anthony has described the move as “invigorating” and a unique opportunity to develop his leadership skills through working to ensure “buy-in up and down the company” and making sure the whole team delivers to their full potential.

Employee engagement

We are keen to create a climate where everyone can achieve their full potential, where people understand what they need to do to help the company be successful and are enthusiastic and able to play their part. People who are engaged in their work are productive, motivated and are achieving their personal best.

How we monitor engagement at BT

We monitor employee engagement through CARE, our employee survey, gathering feedback on a quarterly basis.

Our CARE survey explores five key dimensions of the BT employee experience. These are:

- How we feel about our day to day work
- What it's like to work in our team
- Our relationship with our direct manager
- Perspectives on senior leaders
- The way we feel about working for the company.

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 build engagement at BT

We work with our leadership teams to design and deliver engagement activities aligned to the delivery priorities for each business.

For example in the 2009 financial year, we held an event to gain feedback from employees and to

engage them in our business strategy. The event opened with a Q&A session where business leaders answered questions raised by employees. Employees had the opportunity to hear directly about BT strategic objectives, to discuss their reactions to them and any issues they foresaw. The event also included an exercise on improving the customer experience and increasing people's awareness of the need to collaborate and be accountable.

During the event we launched a number of initiatives designed to increase engagement, for example initiatives aimed at simplifying processes to fix problems, gaining funding for projects and improving recognition. One such example is Smooth Operators, a recognition scheme in BT Operate, which encourages line managers and colleagues to focus on improving performance by "catching people doing the right thing".

We also run engagement programmes across our businesses such as the My Customer programme. This has three main 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.
- The Challenge Cup – a tournament designed to encourage our people to create improvements for the business and our customers.
- Customer Connected – this programme offers fun and engaging learning modules to help employees to understand the impact they have on our customers' overall experience.

People networks

Our 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 us contribute to an inclusive society.

Each network is sponsored by a senior manager to provide a two-way link with BT's leaders. 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 Singapore and China.

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

Our people networks are engaged in a wide variety of activities across the business and with customers. Read examples of these activities in the Positive working culture section of this report.

Employee communications

BT has undergone profound changes in recent years because of growing customer expectations, new technologies and increasing competition. This trend is set to stay. Keeping our people informed of changes and aligned to our company goals is an important part of how we manage our business.

We have a well-established approach to employee communications, to ensure all our people understand business challenges and play their part in helping BT to remain successful. We develop both corporate and local communication plans and messages to keep our people informed and involved in the change process. Two-way communications are an important part of this strategy, giving people opportunities to express their views and put forward ideas.

Company-wide communications

BT Today, our in-house newspaper, is sent regularly to almost 110,000 employees. A special edition is sent quarterly to 67,000 BT pensioners. It helps to keep people up to date with company activities and has a letters page where people can express their views. The most recent research by GfK NOP, a market research company, 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 contains news about BT and our industry and includes media releases, comment and features. Between October 2008 and January 2009, there was an average of more than 7 million hits per month to the BT today online site. Recent audits show 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, social media tools are used such as Btpedia, a collaborative encyclopaedia, RSS feeds for accessibility, blogs and podcasts. We also use channels such as a phone in news service and radio to include those for whom this is the most appropriate media.

All employees have the opportunity to interact directly with and put questions to our Chief Executive, Ian Livingston. Ian holds regular web chats so employees can raise questions and put forward views and ideas which he responds to in real time ensuring that BT people know that their views are considered at the highest level in the company.

Communications in our business

Each of our lines of business runs two-way employee communications on local issues, led by their CEO and other senior managers. These include briefings channels, conferences and interactive technology such as webcasts, video and audio conferencing and online meetings.

Inclusivity

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. However, we translate communications on major or sensitive issues into the local language where appropriate. For example our statement of business principles The Way We Work is translated into 10 languages.

BT Operate

In July 2007, teams from three parts of BT were brought together to create BT Operate, the unit responsible for deploying and running communications services over BT's core network and for implementing our 21st Century Network platform. The teams each had their own unique cultures so bringing them together under their new identity was a challenge.

The first step was to create a distinct brand to convey simplicity and directness. This was communicated using cartoon imagery and using a straightforward tone of voice.

The next challenge was to help people understand the new strategy. Over eight weeks, senior leaders led over 100 events globally to discuss the strategy with employees. The events gave people the chance to say what they thought were the barriers to delivering a great customer experience. The leaders listened and responded.

Feedback was positive (marked out of 5):

- I understand that our key objective is to be number one for customer service: 4.53
- I understand BT Operate's strategy and what we need to do to implement it: 4.21
- The event leaders listened well and handled the issues, questions and concerns raised: 4.31

We also put in place a set of communication channels, including a weekly email news roundup, a monthly strategic core brief for team meetings and an engaging intranet site. A regular email entitled 'The Knowledge' also provided more in-depth insights into BT Operate's programmes. Line managers (a vital channel of communication) were supported by separate audio briefings and a website to help them understand the strategy and engage their teams to deliver it.

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
- The BT European Consultative Works Council
- Employee grievances.
- Resolving disputes

Performance management

We promote a high-performance culture that underpins our strategy to be number one for customer service. Encouraging a 'can-do' attitude and developing the skills and competency of our employees is fundamental to achieving this culture.

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 formal quarterly and year end 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.

During the 2009 financial year we launched a new online system to support individuals and line managers during the performance management process.

The new system includes 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 can also be transferred. People managers will have all the information about their people in one place, and be able to clearly see where their people are in the performance management/development 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 set appropriate job standards at the beginning of the performance calendar. Then supporting our people, giving fair and honest feedback and coaching throughout the performance cycle.
- 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'.

Trade unions

In the UK, BT recognises two trades unions:

- The Communications Workers Union (CWU), which represents around 55,000 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. There are around 26,000 managerial and professional employees within BT, of which approximately 50% are members.

The collective bargaining arrangements between BT and both unions are based on a company wide

bargaining structure. There are two separate negotiating tables, one covers the non-management grades represented by CWU and the other the managerial and professional employees, where BT negotiates with Connect.

BT is committed to working with the unions and appreciates the value of constructive dialogue with employee representatives. The constantly-changing commercial environment within which we operate means it is not always possible to reach agreement to changes. However, we maintain a good track record of co-operation with both unions. In the 2009 financial year, after extensive discussions we agreed changes with the CWU and Connect designed to ensure BT's UK pension arrangements remain affordable, sustainable and competitive.

The current economic environment requires that BT becomes more efficient and effective. This in turn means there is an ongoing need for working practices to be flexible so that BT can continue to compete successfully and deliver excellent customer service. Where changes to working practices are necessary we shall continue to work with the unions to agree changes, thus building on the professional and commercial relations that are already established with each union.

The BT European Consultative Council

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

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.

Our Chief Executive and other senior executives regularly attend the BTECC while employee representatives are chosen according to local legislation and practice and hold their positions for a minimum of three years.

The BTECC meets up to four times per year, usually after the announcement of Group financial results.

We also have separate works councils in European countries outside the UK where we operate.

Employee grievances

BT takes employee concerns very seriously. 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. Our team of equality and diversity experts provides support and advice on serious issues such as bullying, harassment and discrimination.

We have a formal grievance procedure that gives our people the chance to have their complaints and issues investigated in a comprehensive and professional manner. This includes an appeal stage for anyone who remains concerned after the initial investigation.

In the 2009 financial year, we developed a range of additional resources to help our people deal with workplace conflict and interpersonal problems. In accordance with the draft Advisory, Conciliation

and Arbitration Service (ACAS) Code of Practice (effective from April 2009), we introduced a more streamlined and simplified grievance policy and case management. In line with the code, we are placing an increased emphasis on informal resolution.

In 2009 we made the following improvements to our approach:

- Policy simplification including the renaming of the previous Stage 1 as the grievance investigation and Stage 2 as the grievance appeal.
- We replaced the informal grievance stage with guidance on managing employee issues and other informal methods of resolving employee concerns.
- We introduced a complaint and appeal template to help employees to identify the nature of their complaint or appeal clearly.
- We updated and simplified our communications to ensure people know what to do and who to contact if they have concerns.

Both of BT's trade unions were involved in these improvements.

Resolving disputes

In the 2009 financial year, there were 67 discrimination-related cases involving BT in the UK, compared with 71 the previous year. Of these, 20 were withdrawn, 27 settled, 18 judged in favour of BT and two cases judged against BT.

Every discrimination litigation case is one too many. Our policies forbid discrimination and harassment of any kind. We also have a number of measures in place to make sure that we learn from litigation to prevent a recurrence:

- 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 may arise.
- We make sure that learning from other employment tribunal cases is shared with our equality and diversity specialists.

Positive working culture

We believe that an inclusive working environment which is free from harassment and where diversity thrives is key to attracting and retaining the best people. A diverse workforce enables us to understand the needs of our diverse customers. Talented people are not defined by their age, gender, sexuality, 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

We recognise the importance of enabling our employees to balance work with caring responsibilities - for a disabled, elderly or a sick partner, relative or friend.

As the population ages, more and more people in work are taking on caring responsibilities. It is estimated that one in seven working employees have caring responsibilities, and this is set to increase.

We are working to influence the UK government to adopt carer-friendly policies. We are core supporters of Employers for Carers, a membership forum for employers who want to support the people in their workforce who are carers, and our Director People & Policy, Caroline Waters, is the forum's Chair. We were delighted to host the launch of the forum, supported by Minister for Disabled People Jonathan Shaw MP, at the BT Tower on 27 January 2009.

Keith Edwards

Keith joined BT in 1985. He has since worked in BT Group, Retail, Wholesale and BT Global Services. Now, he is officially office-based but often works from home. He has recently returned from an assignment for BT in Turkey advising the Board of Turk Telekom.

Keith is married to Jane and has two children, Charlotte (9) and Lucy (8). Keith not only juggles a job and fatherhood, but also a considerable caring responsibility.

When she was one, Charlotte was diagnosed with Cerebellar Hypoplasia and Microcephaly. This syndrome affects Charlotte's cerebellum which controls her muscles so, although she can crawl, she is unable to balance so can't currently walk unassisted or co-ordinate her movements well enough, for example, to feed herself (although her parents say she can hold a bar of chocolate and won't let go of it when she has one!) In addition, Charlotte cannot communicate verbally and is in nappies. Charlotte requires total care and cannot be left unattended as she has no sense of danger so could easily injure herself. Keith explains she also requires a high level of entertainment and stimulation, "Charlotte gets frustrated if she has no one to play with or to talk to her," he says.

Charlotte's routine

Charlotte goes to the PACE Centre in Aylesbury – a charity-run school, during term time. Keith explains the family had to go to a tribunal to get Charlotte into this specialist school when the local authority tried to get her to attend the local Special Needs school – a solution they felt just wasn't appropriate for Charlotte, as couldn't meet her needs. She is collected every morning by taxi at 8:10 and comes home every evening at 4:45. The couple have had to move house to accommodate Charlotte. They now have the space to accommodate an au pair to help them with care for Charlotte and Lucy. This takes a great deal of the pressure off, although the au pair can only work a maximum of 25 hours per week. The local authority provides some respite care at weekends. Every three weeks Charlotte goes into a respite centre. This alternates between two nights and three nights to give the couple a break. Although the family does receive support, caring for Charlotte remains a huge responsibility while they both work full time, with a very large time and cost implication.

Working for BT means Keith is able to work flexibly and often from home. This helps enormously, he says, because he can co-ordinate with Jane to help collect the girls from school if Jane needs to go to a meeting. This is “a lifesaver” during school holidays when Charlotte is not in school. Keith explains that he and Jane even use the Microsoft Outlook calendar appointments system to keep track of who is collecting the girls when and from where in order to make sure they have everything covered. BT's flexible working patterns means it is rare that neither of them can be available during school holidays, which means a level of consistency for Lucy and Charlotte and a mutual alleviation of the burden for Jane and Keith.

Keith says he has found the vast majority of BT people “very understanding” and has been delighted to receive the support of many colleagues in raising money for Charlotte’s school. Culturally, BT, as an organisation, is understanding and supportive, says Keith. “If Jane and I weren’t working for a flexible employer we’d have much bigger problems,” he asserts.

Keith and Jane benefit from the “Care 4” scheme which BT offers to enable them to contribute towards the cost of Charlotte’s and Lucy’s school holiday play schemes and save money. This is because the money is taken from their gross salaries saving them tax and National Insurance. In addition, BT’s Give as You Earn Scheme enables the couple to donate to the charity that runs Charlotte’s school with the same tax and National Insurance benefits. BT then pays a “matching” amount based on the amount they donate.

BT communication solutions also helps Keith keep in touch with his family when he needs to work abroad. For example he recently “attended” Lucy’s parents evening at her primary school via mobile phone from Turkey without having to worry about the cost of calling from overseas.

As a family, Keith, Jane, Charlotte and Lucy enjoy going to theme parks, swimming, and going to water parks. Keith is a qualified flying instructor and enjoys the “escape” that this provides. He has also taken a large number of children that attend Charlotte’s Special Needs School, as well as their parents, flying. Jane is a talented jeweller and sells what she makes in aid of Charlotte’s school. People often say “they don’t know how we do so much and achieve so much!” says Keith.

Jane Darley

Jane joined BT in 1984 and has always worked in roles connected with retail. Her first job with the company was as a marketing analyst.

Looking back, she explains there were problems with the pregnancy. Charlotte appeared normal at birth but didn’t develop as quickly as other children. “We were always told she was fine and not to compare her to other babies,” says Jane. “It wasn’t until we were on holiday in Australia and Charlotte had burst eardrums that a specialist recommended we see another specialist back home.” The couple then went through a series of tests and referrals at Great Ormond Street Hospital that led to an

eventual diagnosis of Cerebellar Hypoplasia and Microcephaly. By that time, Jane was pregnant with Lucy.

Strongly backed up by Keith, Jane is primarily in charge of co-ordinating Charlotte's care.

Jane says her current boss at BT is very sympathetic and understands her situation and responsibilities to Charlotte. BT's flexible working policy enables Jane to be primarily home-based but she does have to go to meetings in Hemel Hempstead, London and often Lancaster on a weekly basis. Jane's colleagues understand that her working hours can be constrained by Charlotte's care: if she has no carer and comes up to London for a meeting she cannot get there until 9:30 as Charlotte doesn't get picked up by the taxi for school until 8:10, and she must leave by 3:00 to be back in time for when Charlotte gets home. Jane says she is able to do her job to a high standard because of the flexibility offered by the company. Jane's team sometimes even come for meetings at her house as they all travel anyway and are happy to accommodate Jane's caring responsibilities. Working from home allows Jane to get so much more done and, by cutting the commute, gives her two hours back a day. Jane also feels BT quietly supported her a lot when the family was going through Charlotte's diagnosis and remembers "I wasn't questioned or criticised when I had to take time off for appointments."

Jane worked four days a week for eight years but has recently returned to work full time and life, she admits, is "hectic". Juggling work and care is a real challenge, especially when she needs to go on business trips to Lancaster, or workshops lasting several days and doesn't feel she can stay overnight.

Jane says caring for Charlotte and being a parent in general has made her more patient in life. However, having very restricted time and planning every day down to the last detail means she has very little interest in time wasters!

Jane says she doesn't know of many other parents working full time and caring for a child with severe learning difficulties and is adamant she couldn't do the job she does at her level without a flexible employer. However, Jane stresses that flexible working is a two way process and that give and take is "critical". She recognises she also needs to be flexible with BT as they are flexible with her and works hard to achieve a balance that works for her job, herself and her family – something she says she doesn't know how she'd achieve in an organisation that was not as flexible and understanding as BT.

Leadership in equality and diversity

We aim to lead by example in our diversity policies and our actions. We share our experiences with others through diversity forums and we join initiatives to promote effective diversity legislation in the UK.

Highlighted below are some of the initiatives that we participated in during the 2009 financial year.

Leadership in action

- Sir Mike Rake, our Chairman, held a lunch with the RNIB, for people with visual impairments to discuss the challenges and opportunities they experience in the workplace.
- Ian Livingston, our Chief Executive, gave a presentation to OFCOM about our diversity programmes.
- Janet Entwistle, Managing Director BT Fleet and Opportunity Now board member, gave a presentation to National Grid on our approach to diversity.
- Caroline Waters, Director of People and Policy participated in government committees relating to diversity. For example, she chaired the Prime Minister's Employment Task Force on Carers which is promoting tax breaks for carers of older people.

- Anne Fletcher, General Counsel for BT and her team, are working with the Law Society to develop their diversity charter and set up a programme to promote diversity.
- Olivia Garfield, BT Group Director, Strategy and Portfolio, received the award for Business Woman of the Future 2008 at the Women of the Future Awards.

Awards and benchmarks

- BT was named as the UK's Best Large Employer for Mums at the Take a Break Awards. We were presented with the award by Gordon Brown at 10 Downing Street.
- We won the Best Company Advancing Women in Technology award at the BlackBerry Women & Technology Awards 2008.
- We work with several organisations to benchmark our practices against other companies. BT is currently in the top ten in four out of five of the major diversity benchmarks.

Membership of diversity forums and organisations

BT is a member of the following UK organisations:

- 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
- Employers for Carers
- The Schneider Ross Global Diversity Network (a global business forum on diversity and inclusion)

Read about our efforts to make our products accessible to as many people as possible.

Bullying and harassment

We take 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 for Business, Enterprise and Regulatory Reform and the trade union, Amicus.

We monitor our employees' perceptions of bullying and harassment in our quarterly CARE survey. The results help us understand which parts of the business are more vulnerable to bullying and provide them with tailored support. Our HR teams and line managers use our comprehensive toolkit, to discuss and address this sensitive topic with employees. The toolkit forms part of a wider intranet site, called 'Lets Cut it Out', containing information to help our people understand the personal and business impacts of inappropriate behaviour at work. The site contains four videos tailored to the specific requirements of different business areas. These contain scenarios based on the experiences of our 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.

We also support anti-bullying campaigns in schools, to help ensure that the next generation of workers are clear about what constitutes bullying.

Age

We work hard to challenge age stereotypes in the workplace. Assumptions that younger people lack experience or maturity or older people ideas or motivation are not only wrong but potentially discriminatory and if not challenged could lead to bias in appointments and promotion processes. We believe that these decisions should be made purely on merit.

A workforce made up of a variety of age groups helps us to understand all our customers' needs and benefit from a richer diversity of opinions and experiences. Aaron McCormack, CEO of BT Conferencing, sponsors age diversity across the Company.

Our policies forbid age discrimination and we conduct internal audits to ensure compliance. The last audit took place in August 2008.

Prior to the introduction of new legislation, we removed the fixed retirement age of 60. At 31st March 2009 there were 1,923 people in BT who were continuing in employment after age 60.

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, our People and Policy Director, is today an active trustee of the EFA Board.
- In 2008 we won the American Association of Retired People (AARP) award for International Innovative Employer for our age policies.
- Over 30% of BT's UK workforce are now aged 50 or older
- In 2009 we trialled a pre-retirement course for older employees which provides information about pension entitlements, investments and state benefits.
- Our Apprentice Employee Network and our Graduate Alumni programmes support younger people at BT

Glenys Hayers

Glenys is 62 years old and has worked for BT for 19 years. As Team Manager for BT Business she is responsible for setting up major sales exhibitions and conferences across the country.

When Glenys turned 60, her manager was worried about losing the considerable skills that she had acquired over the years. She need not have worried as Glenys soon made it clear that she had no intention of retiring since she valued her work too much.

Glenys manages to balance her busy role and the demands on her personal life by working flexibly, moderating her hours and working from home. She says that home working is perfect for her as the rest of her team are based all over the UK and it is therefore not necessary to come to the office everyday. She can make choices based on her workload and when the next event she is organising will take place.

Glenys believes there should be no ‘cut-off’ age for anyone to stop working. “Everybody is different and I certainly feel as good as I did 20 years ago”. She adds that she will know when the time is right to leave and will consider going part-time before she finally retires.

Religion and belief

We believe that a person’s faith or belief is a key aspect of their identity. Respecting and responding to their faith is important to our employees and our customers. We want to ensure that people of all faiths have a right to practice their beliefs proudly and openly in our workplace.

BT supports a multi faith network and which includes active Christian and Muslim networks. These enable employees to meet others who share their beliefs. Our intranet provides advice about respecting people’s beliefs and includes a downloadable section called RESPECT, which offers an insight into different religions practiced by colleagues and customers. It also provides advice for line managers on striking a good balance between the needs of individuals and the needs of the company.

BT also chairs the Employers’ Forum on Belief (EFB), an informal network of private and public sector employers established to share good practice towards religion and belief in the workplace. The EFB launched a website in January 2008, which provides advice on real dilemmas that members have encountered in the workplace. BT has also joined employer panels to provide advice to others based on our experiences.

Some interesting facts

- We provide multi-faith quiet rooms in several of our larger buildings. We worked closely with St Ethelburga’s Centre for Reconciliation & Peace as they compiled ‘Recovering the Calm’, their guide to best practice in creating and managing prayer space for employees. BT features as a case study in the publication.
- This year, the BT Christian Network supplied free Bibles on request to people visiting their website.
- The Christian Network have run Alpha courses for its members and other interested parties. They have presented to employers at the EFB about their findings.

Disability

BT’s vision on disability and inclusion is to anticipate and accommodate the needs of all our people. This is supported by BT’s disability and carers’ champion – Sally Davis, CEO BT Wholesale. We aim to remove any barriers for employees with disabilities so that they can reach their full potential in their careers with BT.

2.90% of our employees have declared a disability – 3.34% of team members and 2.12% of managers.

‘Effortless Inclusion’ – achieving our vision

For our customers;

- By delivering simple, easy to use, products and services that help all our customers communicate, interact and be entertained
- We will be number one for customer service

For our stakeholders:

- By routinely anticipating and accommodating difference
- We will benchmark amongst the global leaders on diversity

For our employees

- By creating an environment where all BT people can be themselves and make a unique contribution
- We will attract and retain the best talent from all over the world
- And we will release their energy to trigger change

Leadership

Our leadership in this area is recognised. We attained 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.

Through our outreach programme, Able to Work, we work with specialist recruitment agencies to attract disabled people to work at BT. For example we work with specialist recruitment agency, Remploy, to recruit disabled people to work at our call centres. We have found that Remploy candidates are as effective as other recruits and remain with the company 50% longer than other employees. We run a similar programme in BT Spain.

We work with Prospects, the employment agency of the National Autistic Society to attract more people with Asperger Syndrome into BT.

We want to make sure that talented people can stay at BT, even if their capabilities change, for example through injury or illness. In 2008 we signed a contract with Remploy to deliver our Enable retention service which ensures that we can meet the needs of employees when their capabilities change.

Our technology and services can help employees and customers with disabilities to do their work. Our User panel, comprised of a group of volunteers with various disabilities, provides accessibility advice to BT people developing products and services for both internal and external use.

Ben

Ben is 35 years old and has Secondary Progressive Multiple Sclerosis (MS). Ben first experienced MS symptoms in 1992 however he received no concrete diagnosis until early 1995. The time between developing symptoms and diagnosis was very difficult as he had no explanation for why he was feeling the way he was.

Ben is very open about his condition and keeps lines of communication open with his managers. He believes this helps them support him ‘All my managers have been very supportive of me and my career. If and when I need time away from the office to go to my annual check up, GP appointments or just an early finish due to fatigue my manager and team fully support me’.

Ben refutes the idea that MS immediately correlates with absenteeism from work ‘I have only had 2 days off due to illness in the whole of my BT career and these instances were not MS related’ says Ben. Ben says he is mentally quite stubborn about how much his MS will affect his life therefore it takes a lot to make him stay away from work.

Not all people with MS require a wheelchair (in fact only 20% do) so MS can be a very hidden disability. Ben has huge mobility problems but he can walk - he often uses a stick - making his MS less obvious.

Fatigue is one of the symptoms that affects people with MS on a varying scale, Ben often finds himself getting home from the office in an evening with little or no physical energy to do anything but sleep, fatigue is a symptom that people just think relates to being tired, but this is not the case.

Ben often finds walking, balance and co-ordination difficult. He tells people about his MS to various extents depending on who it is and what the situation is.

Around 85,000 people in the UK have MS. It is one of the ten most common recorded conditions within BT. MS is most often diagnosed in people between the ages of 20 and 40. Women are almost twice as likely to develop it as men.

Gender

Our gender equality strategy aims to ensure that women and men have equal opportunities to work for BT and to advance their careers. This aim is supported by our Gender Champion, Chris Ainslie, Vice President of Systems Integrators and Channel Partners, and by the BT Women's Network.

In the 2009 financial year (2009) 22% of all BT employees were women – 21% of team members, 24% of managers. 34% of new recruits were women – including 40% of new graduates and 14% of modern apprentices.

The BT Women's Network supports women to achieve their full potential. The network provides contacts, mentoring, coaching, advice and guidance. People can access the network's job-share register to find a suitable job-share partner. There are satellites of the Women's Network in Benelux, France, Germany and the USA. In February 2009 the network had 1,565 registered members from BT globally. The Executive Women's Network provides additional support for women who aspire to the highest levels in BT.

In 2008 BT was included in the Times Where Women Want to Work Top 50, recognising our innovative and progressive approach to recruiting women.

Supporting new parents

BT's policies on maternity and paternity leave support working mothers and fathers, providing more than the statutory minimum. At BT 96% of new mothers return to work after maternity leave.

Schemes such as BT Childcare – Salary Direct saves employees up to £1,000 on the cost of childcare each year, and our approach to flexible working provides support to parents in the workplace.

Employees can also visit the BT-sponsored Netmums website, which provides access to local support networks. In January 2009 BT won the award for Jobs4Mums launched by Take a Break magazine.

Transgender employees

We offer paid sick leave for transsexual people undergoing sex-change surgery, and a period of non-customer-facing duties on return to work, should the person feel this would be beneficial. Our policy is

for transvestite employees to come to work in the gender they feel most comfortable with. We provide 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 Programme.

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.

In the 2008 financial year, BT Kaleidoscope, our lesbian, gay, bi-sexual and transgender people network, created a new position of Transgender Co-ordinator to represent the interests of transgender employees.

Benchmarking and certifications

BT is a member of Opportunity Now, a network of employers promoting inclusiveness for women. In its most recent benchmarking exercise, we received the Gold Standard award.

In 2009, BT was identified an exemplar employer by the Government Equalities Office. Exemplar employers offer women flexible career paths and work options, including quality part-time work. The government aims to encourage other employers to adopt these practices by highlighting exemplar companies.

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 at work. These include flexible working, opportunities for development and progression based on merit, and fair and equal pay.

Gill Roberts

Gill has been a BT employee for over 25 years, having worked full-time, part-time and other flexible options during this time. Gill has experienced a variety of different roles during her career with BT including ones in accounts, sales, service centres, organisational excellence and HR.

Gill is currently office based with the option to work from home on occasion if she needs to. She has two children, both school age.

When Gill returned to work after maternity leave with her first child, she returned to full time work initially. However, once she had both children she negotiated with her manager to drop her hours to 4 days a week to allow her to spend some quality time with them. Once the children were older, Gill returned to working 5 days a week again.

Gill has found the flexible working options offered by BT important in allowing her to balance her career with her responsibilities as a mother.

Gill's daughter has dyslexia so Gill agreed with her manager that she could finish earlier one day a week to allow her to take her daughter to dyslexia classes, to help her with her learning difficulties and her homework. She was also able to take her daughter to dance classes so she could participate in an activity she found she could excel at and use it to boost her confidence.

Gill also made use of the dyslexia information BT makes available to employees, which proved a great resource and both informative and helpful.

Gill commented that BT had been very supportive when she has needed to take time to look after one

of the children when they were ill. She has always been able to rush to school if needed and confirmed that her manager was very understanding in these circumstances.

On one occasion Gill arranged to take a sabbatical (unpaid special leave) for a couple of months to allow her to help her son with his education. Her son had been suffering from glue ear and was a little behind with his speech and learning. The time with him during the sabbatical allowed Gill to support him with his core literacy skills and prepare him for a school entrance exam. The time off helped and the result was that her son was accepted into the school of his choice. Since having grommets fitted his hearing has greatly improved and he is now really enjoying his education.

Working reduced hours didn't hinder Gill's career. Gill was promoted during the time she was working 4 days a week. She found that planning a realistic schedule meant she could work flexibly and still meet operational requirements.

Now that Gill's children are older, she has once again moved back to full-time working but with the option to work flexibly and from home when it helps.

Gill has found that she has been able to continue her career with BT whilst caring for her children and balancing her home life. She recognises the support and opportunities BT has been able to offer her. Gill says "BT has been a great employer and I am extremely grateful that I have had the opportunity to work for a series of enlightening managers who were willing to support me and assess my performance against my outputs and delivery rather than a standard attendance schedule. As a result of that I am a much happier, more motivated and committed employee."

Gill says that BT has been a very supportive employer that has recognised hard work and personal commitment and encouraged her to progress her career whilst at the same time allowing her some work life balance to enjoy her personal life. Gill says, "I believe that BT promotes equality and fairness and my experience has been that managers judge people on their abilities and the results they deliver

Ethnic minorities

A diverse workforce brings innovation and helps us to understand the needs of customers from different backgrounds. We strive to provide an inclusive workplace, where people have equal opportunities and are judged on merit alone, and for our workforce to reflect the ethnicity of the markets where we operate.

In the 2009 financial year (2009), 10% of BT people told us they consider themselves to be from an ethnic minority group.

This year we appointed Ray Leclercq, Chief Finance Officer BT Global Services, as the BT Race Champion.

The BT Ethnic Minority Network and the BT Asian Network, support members to achieve their full potential and promote understanding of different cultures at BT. The networks are open to all employees and contractors, and run regular events and workshops in areas such as career planning and personal development.

We are a Champion member of Race for Opportunity, the campaign to improve race diversity in the workplace. We came second in the Race for Opportunity Benchmarking Survey with an overall score of 94% against a sector average of 67%.

In 2009, we held a number of workshops to support black, Asian and minority (BAME) ethnic employees:

- Tony Chanmugan, the BT Retail Finance Director, hosted a networking seminar for talented BAME BT Retail employees. Participants heard from senior managers from BAME backgrounds and learnt how they achieved success. Tony has now been promoted to Group Finance Director.
- We held the BT Property Cultural Exchange, in conjunction with Tata Consultancy Services (TCS). TCS is an Indian owned and run IT Consultancy company employed by BT Design to provide development and support for most of BT Property's IT systems. The workshop aimed to promote greater cultural awareness among TCS and BT Property employees.

Supporting Asian customers

We want our products and services to be accessible to people from all backgrounds. Our Asian language line (0800 401000), deals with enquiries from customers using the Asian languages of Urdu, Punjabi, Gujarati and Hindi. Members of the helpdesk also join calls between customers and other departments to provide translation.

Supporting the community

Our employees participate in the Minority Ethnic Role models for Learning and Inspiration (MERLIN) programme which 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 supports this programme and hosted an event at BT Centre in September 2008 to teach pupils about the City of London. Participants learned about the skills and qualities employers look for in potential employees, and how to effectively apply for jobs.

We also support 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.

Chandra Babu

Born in India, Chandra moved to the UK in 1971 when he was 16 and unable to speak a word of English. He joined BT nine years later and now works as a consultant for the BT Corporate Responsibility team.

Chandra started as a technician in a telephone exchange, and was swiftly promoted to technical officer, the most senior role in the exchange. He moved to BT's Sales Group as a sales support officer in 1987, before moving to the role of bid manager and then systems engineer and manager. Finally Chandra was promoted to technical consultant towards the end of his career until retiring from full-time employment in April 2007.

Chandra credits his success to BT's flexible approach and equal opportunities policy. 'Having started my career with BT at 21, I managed to complete 13 years of part time study in the evenings. It was this flexibility that enabled my skills and knowledge to move from zero to completing a post graduate degree.'

Chandra says that race was never a barrier to his achievements. 'BT is a company that gives

opportunities to all types of people and were certainly very tolerant all the way through my career.'

Chandra has done a large amount of charity and volunteer work. Between 2000 and 2008, he ran the BT volunteer programme, helping children at 22 schools around London develop basic communication skills.

In 2005 Chandra was named overall winner of the Community Champion of the Year Award, after setting up the Asian Resource Centre in Croydon. The £6,300 award was spent on creating a centre for 14 to 16 year olds, which offered sporting facilities and activities such as abseiling and biking.

As a consultant for BT, Chandra is working to encourage Asian employees to volunteer in the community. He also continues to work with the Asian Resource Centre as well as charities such as Childline.

Sexual orientation

BT aims to ensure that employees of every sexual orientation are supported, represented and have a voice. BT Kaleidoscope, our lesbian, gay, bisexual and transgender (LGBT) people network, provides a support network.

Our executive champion, Anne Heal, an Openreach Board member, ensures that LGBT issues are highlighted at the most senior level in the organisation.

Read more about our efforts to support transgender employees.

We work closely with Stonewall, a UK campaign group supporting lesbians, gay men and bisexual people and have participated in their Workplace Equality Index since 2005. In the 2009 financial year (2009) we were ranked 25th in their top 100 employers for gay people in Britain list, with an overall score of 75%. We have reviewed our results with Stonewall and are developing an action plan to address improvements during the 2010 financial year.

BT Kaleidoscope was voted fourth in Stonewall's Employee Networks Review in 2008, and has been a key player in the Stonewall Diversity Champions Programme in Scotland. There is a case study at the bottom of this page on our LGBT employees' experiences of working at BT.

Some interesting facts

- BT has offered survivor pension to same sex couples since 1981 and have bought all other benefits similarly in line.
- Since March 2007 BT has invited employees to voluntarily declare their sexual orientation. Employees were reminded again in 2009 that providing this information, in strictest confidence, helps ensure that everyone in BT is treated fairly and that any indication of bias is identified and dealt with. In March 2009 22.6% of employees had supplied this data.
- We analyse the results of CARE, our employee survey, against people's sexual orientation.
- During 2009 we developed software for the International Lesbian and Gay Association (ILGA) to provide information on their websites for LGBT people who travel abroad. When operational, we will send links to this website to all BT people who travel on business.
- BT Kaleidoscope has worked hard to build relationships with a number of other employee networks and associations. At their 2009 conference speakers included representatives from

- Microsoft and Barclays.
- 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 LGBT people are supported inside and outside BT, and to showcase some of the great things LGBT people are doing in the company.
- During 2009 BT Kaleidoscope developed their women's group. They created a woman's officer role and collaborated with the BT women's network on initiatives such as participation in the Institute of Work, Health and Organisation's research into the menopause and its affect on the work place. Invitations to participate were sent to members of both networks.

Kat Murphy

Kat joined BT in 2005 as a Training Design Manager, and has now progressed to Strategic Consultant specialising in Retail Systems Transformation.

At the time of joining BT Kat had been out for five years, both at university and at a subsequent job prior to joining BT. She says that she never had any intention to start hiding her sexuality when she started work. She says, "Making non-descript comments about how you spent your weekend, and using non gender-specific pronouns like 'we' and 'they' all the time in an attempt to cover up is just too stressful!" For Kat, being out at work is a natural choice and one she has never regretted. She has never experienced problems connected to her sexuality at BT. She feels fairly managed and has progressed through the organisation in exactly the same way as her straight colleagues. She has never experienced discrimination. "BT provides a really comfortable and accepting working environment and, although it is an individual's own personal choice to come out at work or not, I definitely recommend it as the option that worked for me!"

Kat has become an "extremely active" member of BT Kaleidoscope. She has been working as Women's Co-ordinator and Regional Representative for the Midlands for sometime and in March 2009 was elected as Co-Chair of the network. She has also just recently stood down as and Chair of the Midlands LGBT employees' network which encompasses local employees working both within BT and other companies.

In 2009 Kat married her partner Jenna who is also active in her Company's LGBT network.

Health, safety & wellness

The health and safety of everyone working for BT is a key priority for us. 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 reduces the costs to our business of time away from work.

We use two 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 100,000 working hours
- Rate of total sickness absence – the percentage of calendar days lost due to sickness.

In 2009, we achieved a 15% reduction in the rate of lost time injuries. The rate of sick absence reduced by 10%. During the year, there were no work related fatalities involving BT People.

In this section 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 everyone at BT to protect their colleagues, to maintain a healthy and secure workplace and to ensure our products are safe to use. Our policy, known as our health and safety guiding principles outlines our commitments, governance structure and what we expect from our employees. We aim to create a culture where safe behaviour is the norm.

Governance

Our Chief Executive, Ian Livingston, has overall responsibility for safety performance across BT Group. Each of our group businesses Chief Executive Officers (CEO) 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 their CEO.

Management systems

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

Safety champions audit the management of health and safety in their business, 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 and stay safe.

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
- Giving up smoking
- Mental health
- Cancer prevention
- Improving diet and exercise
- Diabetes

Diabetes

In the 2009 financial year we launched the ‘What’s your risk?’ diabetes campaign with support from the charity Diabetes UK. The campaign aimed:

- To raise awareness of diabetes.
- To encourage personal responsibility for preventative health behaviours.
- To emphasise prevention and early detection.
- To provide BT people with information resources about diabetes and to raise awareness about external resources such as Diabetes UK and other global resources.

We launched the campaign using a flyer and an article in the November edition of BT Today, our employee magazine. Over the next six weeks we provided information about diabetes online, including a diabetes risk assessment tool, and we held 22 road shows in the UK and five in the rest of Europe and the US.

We conducted surveys before and after the campaign involving 10% of employees. 72% of respondents to the pre-campaign survey had personal experience of diabetes. There was a 25% improvement in diabetes knowledge between the pre- and post-campaign surveys. The online risk assessment was completed by 5,200 people during the course of the campaign, of which 2,003 people were identified as at ‘medium’ risk and 341 at ‘high’ risk.

A number of people attended screening after the campaign. Of those that reported back, 33% required advice only while 26% had to go through further tests. Two thirds of respondents to the post campaign survey had taken action to reduce their diabetes risk.

Mental health

Stress is a significant cause of mental ill health and 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 by designing roles appropriately. This includes, making sure jobs are done by people with the right skills and training and management capabilities. We provide support to employees affected by stress in their private lives.

Being able to balance work and home commitments successfully is an important aspect of mental wellbeing. Read about how we offer flexible work options to help our employees achieve a work-life-balance.

We believe that the success of our approach is demonstrated by our data. For example, we now get some 80% of people who have been absent for more than six months due to a mental health problem back into their own jobs – a more typical figure nationally is less than 30%, according to our Chief Medical Officer, Dr Paul Litchfield.

Our strategy for mental wellbeing

Our strategy has three phases:

- **Primary** - promoting good mental health and reducing risks to mental wellbeing at source through workplace and job design.
- **Secondary** - identifying early signs of mental ill health and supporting individuals to address any work or non-work pressures.
- **Tertiary** - helping people suffering from mental ill health to cope and recover.

We have developed mental wellbeing programmes around each of these phases:

Primary

We reduce risks of predominantly healthy employees developing mental ill health through our Work Fit programme, which promotes healthy behaviour and provides information on how to stay well.

The programme focuses on:

- Good workplaces – conducting health and safety risk assessments, promoting exercise and healthy eating, providing break areas and high quality facilities.
- Good jobs – creating job satisfaction by providing fulfilling roles, job security, fair pay, appropriate support, training and development and by communicating effectively with employees.
- Excellent leaders – developing supportive and competent managers who are educated in mental health issues.

Secondary

We regularly assess wellbeing, for example through STREAM, our online stress risk assessment tool and STRIDE, the accompanying management training tool as well as our Health and Wellbeing Passport. We use the results of these assessments to target management support and programmes to improve coping skills.

Tertiary

We provide a range of support for people who are suffering from mental ill health:

- We provide training to help managers and human resource professionals to support their teams.
- We provide self-help materials such as books and computerised programmes.

- We offer counselling via our employee assistance programme and our telephone delivered computer based training (CBT) trial.

We focus on keeping people at work, returning them to work as soon as appropriate or helping people move on with dignity.

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

Occupational road risk management

We have a fleet of over 37,000 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.

Our Starting Point programme aims to reduce the risk of road accidents. Each driver is assessed to identify factors that contribute to a higher risk of accidents, we then offer tailored support to our drivers to minimise those risks. This includes online training to improve driving skills and encourage safer attitudes to driving. We believe Starting Point is the largest corporate driving safety programme in the world. It is available to all UK employees and their families.

Since the programmes launch in 2002, we have reduced monthly collisions per 1,000 vehicles from 60 to 30.

Since 2002 more than:

- 3,000 managers were trained in occupational road safety, and logged onto our simple to use line manager information system.
- 95,000 people registered on the occupational road safety system.
- 65,000 drivers were risk assessed.
- 45,000 drivers signed a road safety pledge.
- 45,000 people were trained via computer based modules One More Second and RoadSKILLS.
- 14,000 people participated in BT's Safe Driver of the Year competition.
- 6,000 drivers were trained in-vehicle.
- 3,000 family and friends used the family members' road safety programme.

We have also reduced the number of journeys by 10% through increased remote working and by making work practices more efficient.

Outside the UK

We are introducing road safety programmes in other countries and regions where there is a high risk of accidents.

Health and safety performance

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

Lost time injuries

There were 303 lost time injury incidences in 2009. These were all in the UK where 82% of our employees are based, and where we employ many field engineers and other workers more likely to come across workplace hazards. Our global business did not report any incidences.

Our worldwide lost time injury rate was 0.160 per 100,000 working hours, down 15% from 0.188 the previous year. Our target for 2010 is 0.156.

Sickness absence rate

Our sickness absence rate – the percentage of calendar days lost to sickness absence – was 2.17% in 2009, down from 2.43% the previous year. Our target is to reduce this to 1.9% in 2010.

There were 312 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.

Key performance indicators

Indicator	Description	Measure	Target
Employee engagement index	A measure of the success of BT's relationship with its employees through its annual employee attitude survey	3.61	BT will maintain or improve the 2009 level of employee engagement
Diversity	A measure of the diversity of the BT workforce	BT is in the top 10 placement in four of five major diversity benchmarks	BT will maintain a top 10 placement in 4 of 5 major diversity benchmarks.
H&S: lost time injury rate	Lost time injury cases expressed as a rate per 100,000 hours worked on a 12-month rolling average	0.160 cases	Reduce to 0.157 cases
H&S: sickness absence rate	Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average	2.17%	Reduce to 1.90% calendar days lost due to sickness

Note 1: We moved to a five point scale (five being good) this year and have restated previous scores

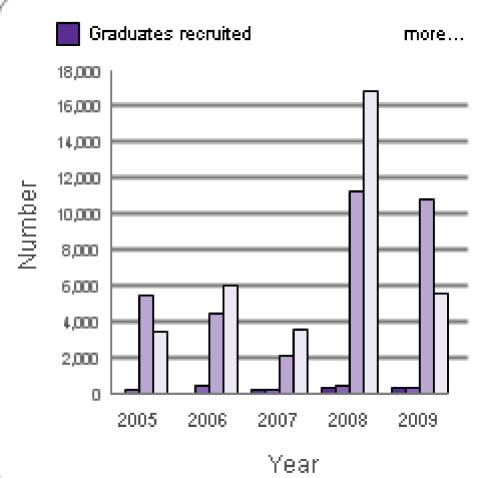
Note 2: Includes four UK benchmarks and the Schneider-Ross global diversity benchmark (from 2008)

BT targets

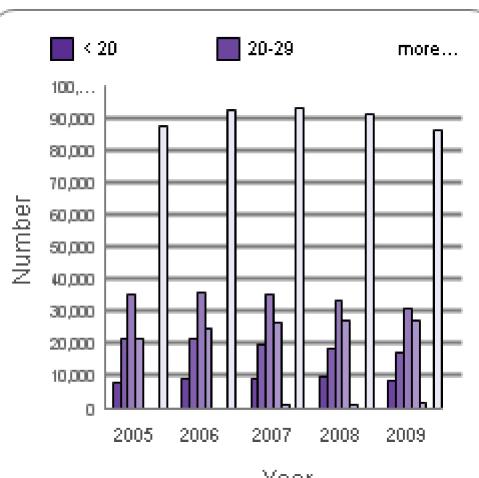
Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will achieve a 20% reduction in the incidences of ill health meriting referral to occupational health which may be possibly attributable to work activity within the UK expressed as cases per 10,000 people in post	BT achieved a 41.6% reduction in the number of cases meriting referral to occupational health which may have been caused or made worse by work.	Completed

April 2008	March 2009	BT will have no successful health and safety prosecutions or prohibition notices served against the company worldwide	There were no health and safety prosecutions in the year.	Completed
April 2008	March 2009	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	BT is in the Top placement in four of the five major diversity benchmarks.	Completed
April 2008	March 2009	BT will maintain the 2008 level of Employee Engagement, 5.04, as measured by its annual employee attitude survey	We achieved 3.61 (out of 5), a revision to the 7 point scale used last year. The recalculated figure for 2008 is 3.60.	Completed
April 2008	March 2009	BT will reduce Lost Time Injury Incidents to 0.186 cases per 100,000 hours on a 12 month rolling average.	We reduced to 0.160 cases	Completed
April 2008	March 2009	BT will reduce the percentage of calendar days lost to sickness absence by 2.2% expressed as a 12 month rolling average.	We reduced to 2.17% in 2009.	Completed
April 2009	March 2010	BT will have no successful health and safety prosecutions or prohibition notices served against the company worldwide		New
April 2009	March 2010	BT will maintain a top 10 placement in four of five major diversity benchmarks. Includes four UK benchmarks and the Schneider-Ross global benchmark		New
April 2009	March 2010	BT will maintain or improve the 2009 level of Employee Engagement, 3.61, as measured by its annual employee attitude survey		New
April 2009	March 2010	BT will reduce the percentage of calendar days lost to sickness absence to 1.9% expressed as a 12 month rolling average		New
April 2009	March 2010	By March 2010, we will use a coach approach on labour standards and engage with 4 global suppliers and their supply chains		New
April 2009	March 2010	BT will reduce Lost Time Injury Incidents to 0.157 cases per 100,000 hours on a 12 month rolling average		New

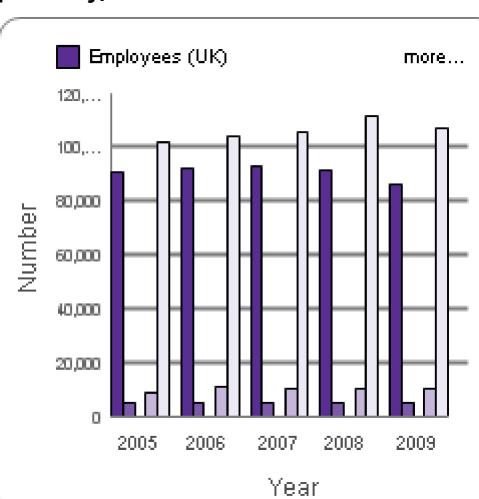
Quantitative data



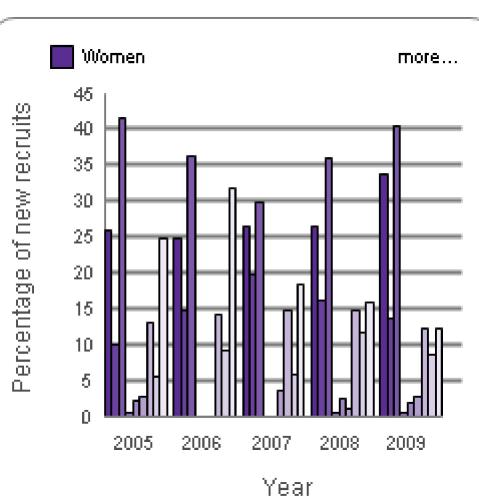
Recruitment (group-wide from 2007, UK only previously)



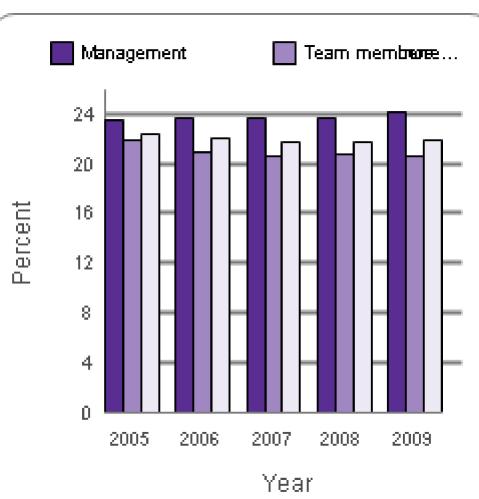
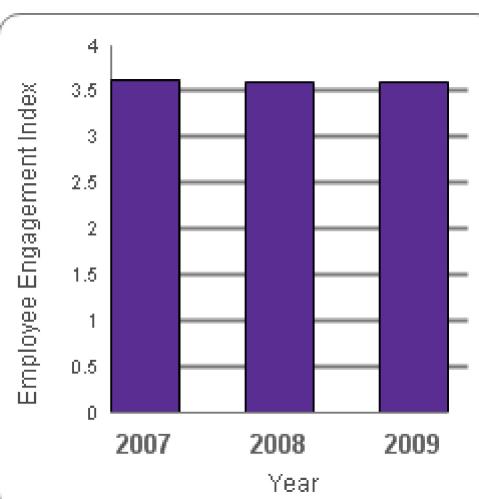
Age Profile (UK)



Number of employees

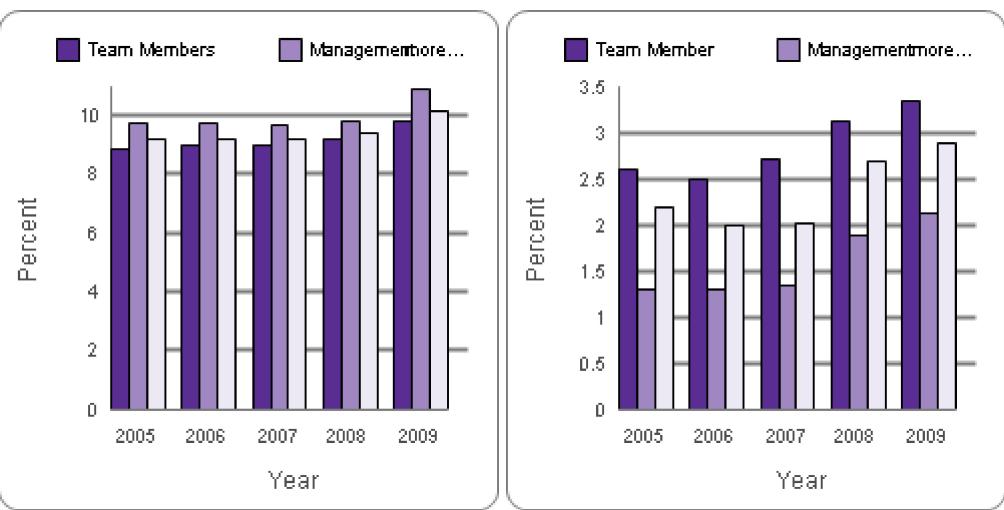


Diversity recruitment (UK)



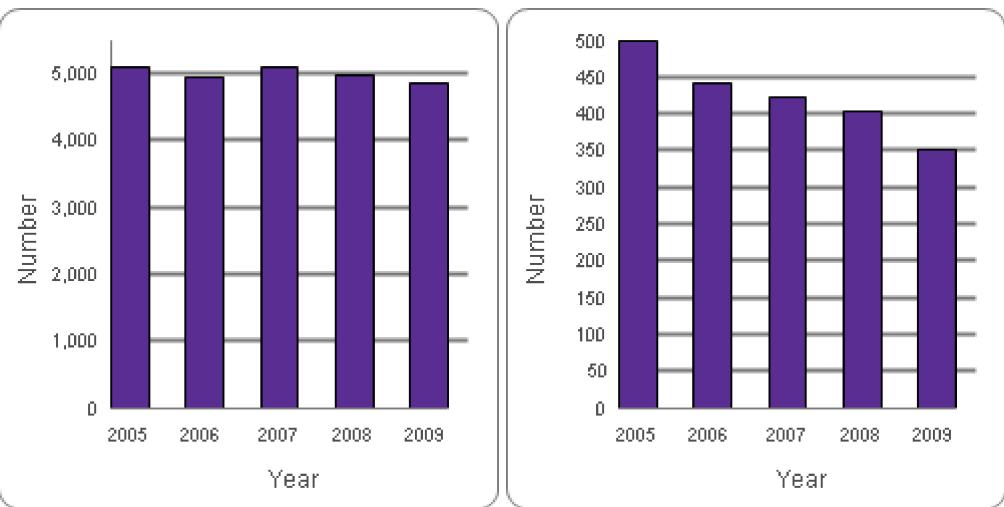
Employee Engagement Index

Diversity (Women Employees in the UK)



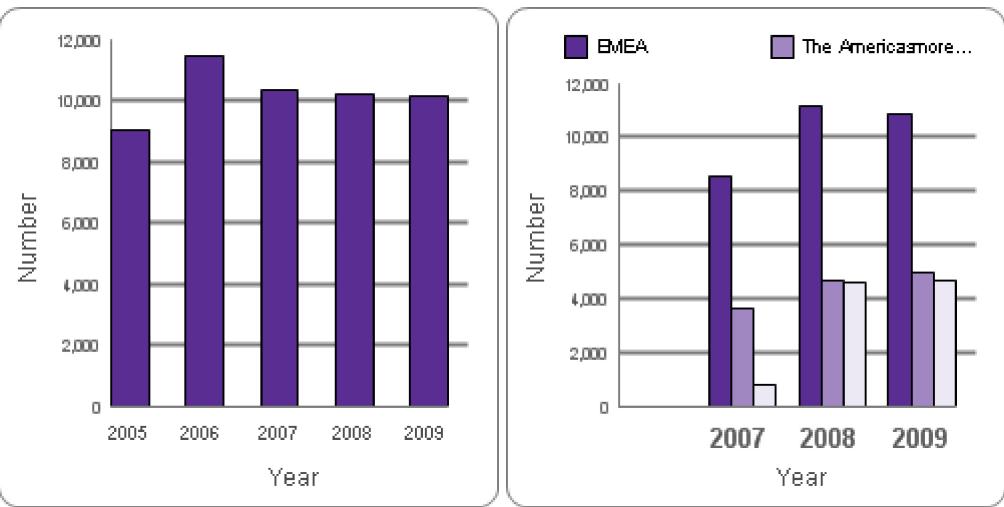
Diversity (Ethnic Employees in UK)

Diversity (Disabled Employees in UK)



Part Time Employees (UK)

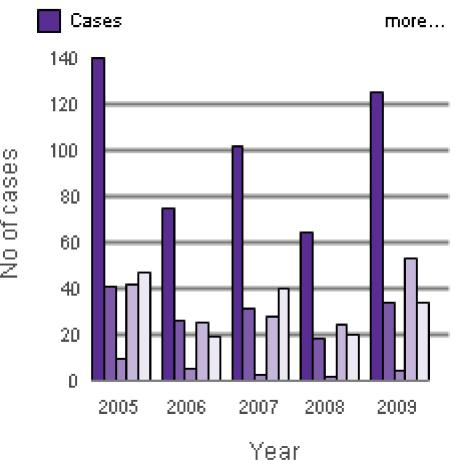
Number of Job Sharers (UK)



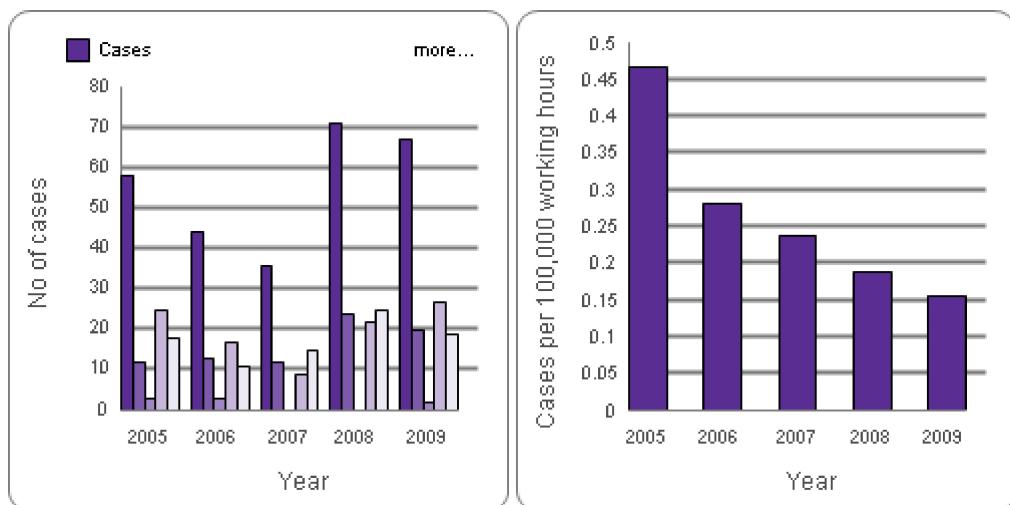
Homeworkers (UK)

Employees by Region

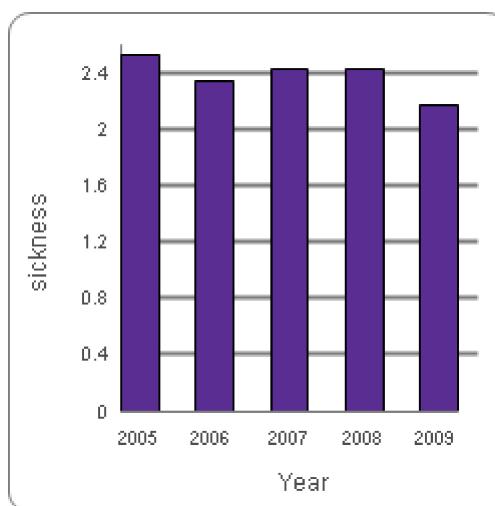
Employees represented by a trade union (UK only)



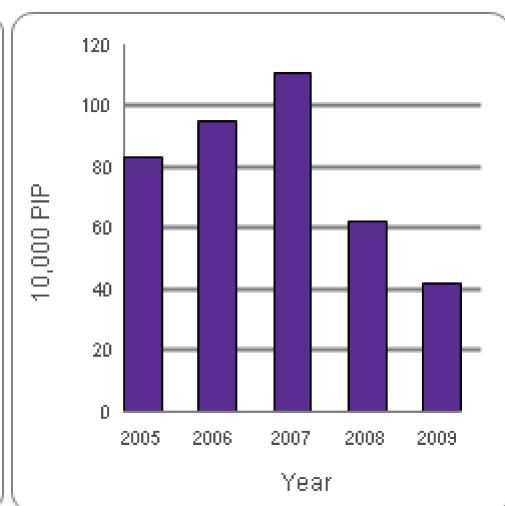
Employment Tribunal Cases (UK only)



Discrimination Litigation (UK only)

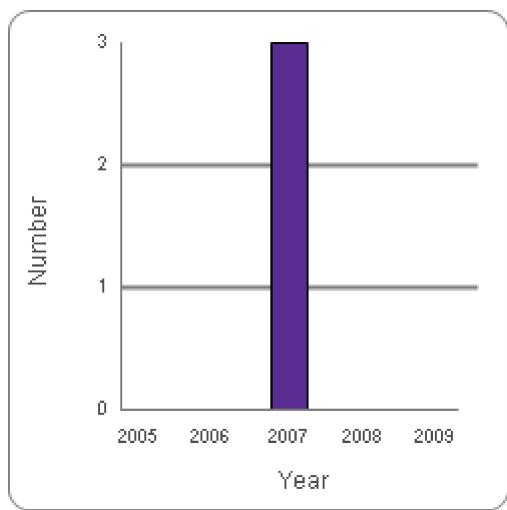


Lost time injury rate



Sick absence rate

III Health OHS Referrals



Number of work related fatalities

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.



BT Group plc

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