



Our 2011 Sustainability Review

Better Future



Our people

We employ 94,158 people (full, part-time and job share) worldwide of which 77,096 people are employed in the UK. Our people are crucially important to our reputation and success. They are the talent behind our innovation and our public face, while on business and out of hours.

When our people reach their full potential it benefits BT, our customers and society. We want to empower our people by investing in their skills and motivating them to help BT and our customers operate more sustainably.

We strive to treat our people fairly and responsibly, help them achieve their full potential, and respect their personal and community commitments. We communicate our business principles to all employees in [The Way We Work](#).

In this section, we explore how we attract the best people to work at BT, the training, development and career opportunities we provide, how we communicate with and engage our employees, and how we create an inclusive workplace where health, safety and wellbeing is a priority. The section covers:

- Engaging Our People
- Diversity & Equality
- Health, Safety & Wellbeing
- Getting the most from our people
- What we offer our people

Engaging our people

Clear and two-way communication is essential for ensuring our employees understand BT's business strategy and contribute to achieving it.

In a fast-moving and competitive industry like ours, it's important that our people focus on effectively delivering our products and services to customers.

Our employee communication and engagement activities keep our people informed about any changes that may affect their ability to meet these expectations. We also value employees' ideas and contributions, and use them to improve how we do things at BT.

Our employee networks – facilitated by BT technology – allow our people to share experiences and support each other in their professional and personal development.

Encouraging employees to volunteer their time to the causes they support is another important way to increase engagement. In the 2011 financial year, we expanded our volunteering programme to give employees more opportunities to make a difference in their local communities.

Good employee relations are another essential component of a healthy, successful workplace. BT employees are free to join Trade Unions and we consult employee representatives about changes that affect our people. When disputes arise, we have formal mechanisms in place to address and resolve any issues.

As an active supporter of the UK 'Work Inspiration' campaign, BT is providing exciting work experiences to students around the country, and giving our people the chance to engage and inspire young members of their communities.

We are very proud to sponsor the London 2012 Olympic and Paralympic Games. [The Games](#) provide us with an opportunity to internally engage and inspire our people to strive for excellence and to build a better business with a better future.

Our 'Team BT 2012 Challenge' campaign uses a series of quarterly 'sprints' to motivate employees to meet challenging targets such as improving customer service or reducing operational costs. Winners receive a pair of tickets to a top Olympic event and are featured on the campaign intranet site.

Targets

Start	End	Description	Update	Target Status
April 2011	March 2012	We will improve or maintain the level of employee engagement from 2011 result (3.61 from 5).		New
April 2010	March 2011	We will maintain or improve the 2010 level	Our 2011 employee engagement index	Completed

		of Employee Engagement, 3.58, as measured by our employee attitude survey.	score was 3.61 (from 5)	
April 2010	March 2011	We will improve our new employee pride index from 2010 score of 3.64 (out of 5).	We achieved a score of 2.73 (out of 5) in 2011 - the second year that we have used this measure	Completed
April 2007	December 2012	20% of BT's employees will be actively engaged in reducing carbon footprint at work and at home.	2011 update: At the end of March more than 15% of the workforce had signed up to at least one of our initiatives.	On Target

Case Study

BT's contribution to charity fundraising

Uniquely, BT supports all the UK fundraising telethons and engages all its lines of business, both in the delivery and support functions. This includes telethons for BBC Children in Need; Disaster Emergency Committee (DEC); Soccer Aid; and Comic Relief's appeals, Red Nose Day and Sport Relief.

Although each of these telethons has its own corporate partners, BT is the only one that works across each and every telethon. BT is a core operational partner helping make the appeal happen, helping the process of donation to be as easy and efficient as possible. Quite simply, a major telethon couldn't happen in the without BT's expertise and support.

BT has supported Comic Relief since the very first Red Nose Day in 1988 (and also launched Sport Relief in 2002). And the support that BT gives keeps growing.

To say it's a big job to set up and manage the telephone network needed on Red Nose Day is a massive understatement. BT's senior engineers and thousands of staff in call centres up and down the country volunteer their time to ensure everyone can make vital donations on the big night.



For Red Nose Day 2011, BT hosted call centres in: Belfast; Blackburn; Cardiff; Doncaster; Glasgow; Newcastle; Sheffield; Warrington and BT Tower.

For the Comic Relief Red Nose Day 2011 we handled over 760,000 calls to the donation line, helping to raise a record £74.3 million. Over 1,100 employees took part at BT call centres.

With our fundraising target of £350,000 surpassed before the day even began, the 2011

Comic Relief Red Nose Day was our most successful one yet. BT people embraced the challenge enthusiastically, donning themed fancy dress, baking cookies and participating in various athletic activities. In London, a team of six BT Innovate & Design employees completed a lunchtime Comic Relief challenge of visiting five London BT buildings in under 5,000 seconds, pedalling their way to their £5,000 fundraising target. BT Chief Executive Officer, Ian Livingston, cheered the team on at the finish point.

Following the successful 2010 BT Sport Relief Million Pound Bike Ride and 2009 BT Red Nose Climb, this year we raised money by sponsoring the BT Red Nose Desert Trek, in which nine celebrities covered 100km in five days to raise over £1.3 million.

The impact of all of this on our key audiences :

Consumers	All BT's research shows that consumers are positively influenced by its CR/ charitable commitment – and telethons are right at the top of customers' recall; BT provides the mechanisms that most of the public use to donate to Red Nose Day, giving BT positive contact with thousands of donors; Additionally, BT engages consumers directly through cause-related marketing initiatives. In 2011, the BT Red Nose Desert Trek attracted large scale publicity and BT encouraged customers to help raise hundreds of thousands of pounds by making calls from BT landlines on Chat for Change Day in February).
Business customers	Supporting the telethons is a tremendous showcase for BT's capabilities. For example, BT actually set a Guinness World Record for the "most lines connected to one telephone number" when it connected the Red Nose Day donation line to 14,368 call centre volunteers simultaneously! No other telecoms provider has this capability;
Employees	BT relies on employees to make Red Nose Day happen; awareness of BT's support of telethons is over 90% amongst staff with 98% saying they take pride in supporting these events;
Analysts	BT's support of Comic Relief demonstrates its core capabilities, skills and values which has a positive impact on reputation, which is increasingly important to share price; Analysts accept that companies with thorough corporate responsibility programmes perform better over time. During the 2010 Children in Need campaign Ian Livingston, our Chief Executive, received a positive reaction from industry analysts when he introduced Pudsey Bear at our quarterly results presentation. But there are very practical impacts for BT, as involvement in telethons has led to technical innovations which have benefits for business and residential customers, such as the

	development of new platforms;
Partners and suppliers	BT encourages its partners and suppliers to support these telethons, looking at how costs can be reduced or how delivery can be more efficient. This has helped develop more positive relationships with partners and suppliers. For example, BT has been able to work with Computacenter to supply laptops for the BT Tower call centre at no cost to the charity, which allows staff to enter donations directly to an online system that speeds the process up.

Communications

We place great importance on communicating effectively with our people. This involves giving them opportunities to ask questions and express their views, as well as sharing information with them. By maintaining two-way communication, we help employees to understand the challenges we face and contribute to a successful future for BT. We have well-established communications channels in place at both corporate and local levels to keep our people informed and involved.

We regularly ask our people about work-related issues through our CAREagile survey. Over the 12 months from January 2010 to January 2011, we saw improvements in the following questions relating to senior leaders and communication:

- They give everyone a clear sense of direction
- They communicate openly about our progress
- They inspire people about the future of the company.

Group-wide communications

BT shares information in multiple ways, to meet the differing needs of our diverse workforce and different working styles. Our people can access information about our global business strategy on our company intranet. A 'Big Picture' slide pack is available for download on the site, which gives regular progress updates on BT's business strategy.

BT Today, our quarterly magazine, is available to all employees and shares news about company developments. It also includes employee opinions in a section called 'Your views'. In addition to over 96,000 hard copies distributed each quarter, BT Today is also available on our intranet, where it is updated daily with company news such as media releases and features on BT and our industry. In web form, 'Your Views' gives employees a forum for sharing opinion, feedback and debate on work-related topics.

We are reaching employees in other dynamic ways through internal social media tools such as blogs, wikis, podcasts and RSS feeds. We are also piloting an in-house version of 'Twitter' called 'Office Talk'. We publish social media guidelines but do not centrally monitor messages as our approach is for users to self moderate. If people feel that a posting is inappropriate, they can raise this with site administrators.

'My Profile,' an online tool, is one way of allowing our people to collaborate on projects, share knowledge, skills, experience and interests, and build their internal network.

While the vast majority of BT people have access to the internet, we also use a phone-in news service for those who prefer to receive their information this way. Called Newsline, around 3,500 calls are made to it each week compared with typically 62,000 people who access BT Today online each month.

Contact with senior leaders helps our people to feel connected to the business and to engage with our business strategy. Our Chief Executive, Ian Livingston, holds regular web chats so employees can raise questions and share their views and ideas. By responding in real time, he ensures that BT people know their views are considered at the highest level. Our Chief Finance Officer, Tony Chanmugam, also holds web chats with employees following quarterly financial results announcements.

Communications in our businesses

Our businesses maintain two-way dialogue with employees on local issues, which are led by their Chief Executives. These include briefings, events, webcasts, audio conferences and online meetings.

For example, our Global Services line of business re-organised in 2011 to a '4 by 4' operating model comprising 4 regions and 4 vertical global industry sectors. It was important people understood why the changes were being made and how they and their work fitted into them. The approach was to communicate the changes several times using different mediums. These included messages from Jeff Kelly, the CEO, sent to employees and face to face two-way briefings led by senior managers. A comprehensive website was created that set out the organisation structure, ways of working between vertical sectors and regions and gave an overview of how customer accounts had been allocation by business unit.

These communications are ongoing and critical to enable the changes to be implemented on time and effectively and so that teams can maximise the benefits of the new model for BT and our customers.

Consultation

We recognise employees' right to representation, and appreciate the value of constructive dialogue with employee representatives. We work with several employee bodies to help us better understand the needs and interests of BT people.

UK Trade Unions

BT works with two trade unions in the UK:

- The Communications Workers Union (CWU), which represents around 50,000 UK-based BT people in non-management roles. The CWU is the biggest communications industry union in the UK, with members from the Post Office, BT and other information and communication technology (ICT) companies
- Prospect, which represents managers, specialists and professional employees. There are around 30,000 managerial and professional employees within BT, of which approximately 52% are Prospect members.

The collective bargaining arrangements between BT and both unions are based on a Group-wide structure. Two separate negotiating tables cover the non-management employees represented by CWU and the managerial and professional employees represented by Prospect.

BT is committed to working with the unions and appreciates the value they bring. Our constantly changing sector sometimes makes it difficult to agree on changes, but we maintain a good track record of cooperation with both unions.

The current economic downturn requires BT to operate more efficiently and effectively. More than ever, we need to employ flexible working practices to remain competitive and provide excellent customer service. We will continue to work with the unions to ensure we consider all options and agree the necessary changes

We work with both unions on other common goals such as employee wellbeing and equality.

Health and fitness

BT and both Unions have worked together on a number of health promotion campaigns over recent years, the latest version of this is the 'Workfit' campaign 2011, open to our people worldwide. We are encouraging people to take on a year-long 'team' challenge to get active – and stay active – in 2011 and beyond. Participants, working in teams, record weekly 'keep fit' activity levels which, for simplicity, are expressed as the number of steps walked. Prizes will be awarded to top performing teams, including tickets to the London 2012 Olympic and Paralympic Games. Both unions are represented on the campaign steering group and have advertised the campaign to their members. This has included developing materials for use at events in BT sites around the UK.

Equal Pay

BT and Prospect have worked together to identify and minimise equal pay gaps in the pay structure for a number of years. We have analysed salary data to identify potential pay gaps and then discussed and agreed methods of reducing those gaps. As a result of this pay increases were paid to approximately 5,000 people in January 2011 amounting to 0.5% of the total paybill. Further increases have been agreed for 2012 and 2013. Alongside this BT and Prospect will also be discussing any other actions that may be necessary to help close or prevent equal pay gaps. You can read more on equal pay here.

The BT European Consultative Council

The BT European Consultative Council (BTECC) supports dialogue among employees, their representatives and management in the UK, Ireland and continental Europe. It has been in place for 17 years.

The BTECC focuses on BT Group performance and strategy, jobs and employment plans, as well as the commercial and regulatory factors affecting our operations. It also discusses other relevant issues such as training, health and safety, environmental stewardship and corporate responsibility.

The Council meets up to four times per year, usually following Group financial results announcements. Our Chief Executive and other senior executives regularly attend meetings with employee representatives who are chosen according to local legislation and practice. The representatives hold their positions for a minimum of three years.

BT also has separate works councils in the European countries we operate in.

Employee networks

Employee networks enable BT people with shared interests, backgrounds, or beliefs to support each other. We currently have nine such networks at BT:

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

Our networks were active in a number of ways during the 2011 financial year:

Able2 held a pain management class and several carer chat sessions, created a dyslexia support group, and arranged for mentoring with the British Dementia Association during 'Carers Week' in June 2010.

The Women's Network worked with a number of senior customers at Chief Executive and Director level across the public sector, including local and central government, police, health, education and the judiciary to celebrate International Women's Day in March 2011 encouraging participants to discuss ideas for accelerating more women into Board positions.

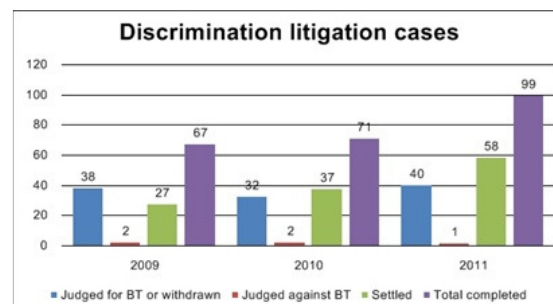
Our people networks are involved in a variety of activities across the business, including with customers. For further examples of their involvement, visit the [diversity and equality](#) section of this report.

Resolving disputes

BT takes employee concerns very seriously. Our employee assistance team provides 24-hour specialist support – such as confidential counselling – to BT people involved in workplace conflict. Our team of equality and diversity experts provides support and advice on serious issues such as bullying, harassment and discrimination.

Wherever possible, we encourage employees to discuss and resolve their issues informally, and we provide tips for managing conflict. Occasionally, informal resolution is not possible however. In these cases, employees' complaints and issues are fully and professionally investigated through a formal grievance procedure which includes an appeal stage for anyone who remains concerned.

In the 2011 financial year, BT faced 93 new discrimination-related cases in the UK, compared with 116 the previous year. Of the 99 cases closed, 40 were won or withdrawn and 58 settled. The remaining 1 judgment was made against BT. Every discrimination litigation case is one too many. Our policies forbid discrimination and harassment of any kind.



Volunteering

BT employees are committed to their communities. All of our people have the opportunity to volunteer in their community during work time when customer priorities allow.

Volunteering can help employees to learn new skills as well as share their expertise, contributing to their personal development. We ensure the opportunities available support a range of employee skills and interests, as well as meeting the needs of the business and communities.

We believe focusing our contribution to communities gives employees a greater sense of pride in their work and BT, and will further connect our brand with local community activity.

BT has committed to:

- Enable all BT employees to participate in a volunteering activity or activities of their choice
- Provide all employees with up to three days within work time to volunteer
- Unlock individuals' talent by focusing on skills-based volunteering
- Provide BT-led volunteering activities for employees who need guidance
- Ensure volunteering remains completely voluntary.



Support for our volunteering programme is increasing. Employees gave over 49,000 days of their time to charities and community organisations in the 2011 financial year (2011), at an estimated value of £13.8m. This represents 70% more time than in the previous year, during which our people volunteered 28,713 days at an estimated value of £8m. The value of employee time donated has helped to maintain our community investment at 1% of pre-tax profits, even during the economic downturn.

In 2011, BT worked with several charities to provide volunteering opportunities, and we describe some examples below.

Growing into Work

BT Wholesale has developed a portfolio of volunteering opportunities through its 'Growing to Work' partnership with Career Academies and Young Enterprise. The programme targets 16-18 year old school leavers, supporting their development, introduction and transition into the workplace. Volunteering opportunities include mentoring students, hosting events, and joining boards of local Academies. The partnership has already helped more than 1,000 young people gain an insight into the world of business and work, raise their career aspirations and inform their career choices. To date 204 BT people have been involved in the growing into work programme.

Growing into Work embodies BT's volunteering strategy, involving the development, acquisition and transfer of valuable skills. It gives our people the opportunity to get involved in supporting young people from economically disadvantaged backgrounds.

IT Ambassadors

Pioneered by BT Innovate and Design in collaboration with the national STEM Ambassador science and technology mentoring scheme and education charity [RightsideUNIAID](#), IT Ambassadors is the first stage of BT's virtual IT mentoring programme. A website links young people aged 14-19 with volunteer IT professionals, giving them access to career advice from people working in the industry. So far the scheme has been well received by BT Volunteers and participating schools. Since 30 Sep 2010 259 BT people have taken part with over 300 students registered on the system. One teacher said

"My students gave found the scheme to be really beneficial. One young man used his mentor for guidance on his extended project resulting in him receiving a grade A"

Teacher – Ashton under Lyne

"The steps you talked about in your previous message are fantastic!!! They are just the sort of thing I was looking for!"

Year 12 student

BT Troubleshooter

[BT Troubleshooter](#) puts our most talented people to work solving specific problems for participating charities. To date, our volunteers have lent their expertise to more than 50 charities, providing guidance on problems such as marketing and communications, developing business models and strategic direction.

Each charity can spend up to a day with a team of BT Troubleshooter volunteers to brainstorm ideas and formulate a plan. The session is free and typically hosted at a BT site, giving charities access to

ideas, expertise and experience from a commercial environment.

Feedback from the programme has been very complementary:

"I was impressed at the professionalism of the BT team – particularly at how quickly they grasped what we do and what it is we are looking to achieve."

"We will certainly examine some of the thinking to see how we can incorporate into our plans".

"There isn't anything that has been put forward that I won't attempt and I can't begin to express how fortunate we feel to have been given such support".

"In such economical times, it seems ludicrous to say it was better than a cash donation, but believe me it was."

These programmes are just a small sample of the breadth of the volunteering opportunities available to our people. Currently our system lists over 1,000 opportunities and 170 registered charities and organisations submitted by our people. This is all managed through a database that BT people can use to search for opportunities in their local area or for an opportunity that interests them. This is not just for UK based people; as an example we have opportunities in India, Spain, USA and South Africa.

BT people can nominate a charity or organisation that they wish – this then goes through a short verification process and is accepted onto the system. Once on the system our people can register opportunities and search for volunteers to match with opportunities. On a weekly basis a list of new opportunities is emailed to everyone registered in the system.

Case Study

BT's contribution to charity fundraising

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Partners and suppliers	BT encourages its partners and suppliers to support these telethons, looking at how costs can be reduced or how delivery can be more efficient. This has helped develop more positive relationships with partners and suppliers. For example, BT has been able to work with Computacenter to supply laptops for the BT Tower call centre at no cost to the charity, which allows staff to enter donations directly to an online system that speeds the process up.

Work Inspiration

The Work Inspiration campaign is a UK-wide programme, led by [Business in the Community](#) (BitC), which launched on 15th September 2009.

The campaign is a national call to action to improve work experience for young people. We knew from the varying quality of applications we receive for our apprenticeship programme that more needed to be done to help young people make the transition from education into employment. We knew we could improve the standard of these recruits by engaging earlier with the future workforce. There is a need to provide young people with a clearer picture of work, to equip them to make decisions about their future career paths and increase their employability. The opportunities provided through the programme are intended to bridge the gap between the classroom and work.



BT is a committed partner to the Work Inspiration campaign, and as part of our support, pledged to provide opportunities for 3,000 young people in the year to 31st March 2011. We exceeded this target, with 3,563 young people doing Work Inspiration with us this year. Work Inspiration events are based around three "insight tools". These tools were developed through a series of Big Conversations where young people met business leaders to debate what would turn conventional work experience into Work Inspiration. The insights are:

Insight 1 - All about me

"All about me" aims to ensure each young person on work experience is given time, in a one-to-one conversation, to talk about what they're interested in and feel they are good at, inside and outside the classroom

Insight 2 – A look behind the scenes

"Look behind the scenes" aims to ensure that whatever the specific experience of work they have with BT, young people are also given the chance to become aware of the variety and scope of opportunities in the broader world of work.

Insight 3 – Careers happen

"Careers happen" aims to illustrate how careers unfold: how opportunistic the nature of career progression can be, often developing in surprising directions, sometimes with valuable lessons coming from decisions that didn't work out!

We have provided Work Inspiration to a wide range of students, including those:

- Who are excluded from mainstream education
- From areas of social deprivation

- Who are classed as gifted or talented
- With a disability.

Our own people also feel that they benefit from participating in Work Inspiration. For example, some of our apprentices have worked on the campaign, developing their project management, presentation and relationship management skills.

Through a "federated approach", we are encouraging other businesses to provide similar Work Inspiration opportunities. For example, a Work Inspiration event in Birmingham in March 2011, held in partnership with local charity [BXL](#), Millennium Point and local universities, brought together 60 local businesses that provided Work Inspiration for over 120 young people.

At the end of each Work Inspiration programme we ask for feedback from the students to ensure we are inspiring them and helping them make informed decisions about their futures. Here is a sample of their feedback

"Found it rather inspiring. At first I thought BT was a phone company and broadband, but now that I have gained an insight into the world of work I realised it is much more than that."

"BT does TV and has a 3D TV that doesn't need glasses. Wow."

"I will be applying for a BT apprenticeship in 2012"

"I really liked my job shadowing placements and it helped me to understand more about working life. I learnt a lot about interview skills and the activities were really fun!" -

"BT is a warm and welcoming environment. I loved the entire experience and have learnt a whole lot. The staff that worked with us were welcoming and very attentive and I love the apprenticeship team."

"Learning about the different roles and responsibilities and to believe in myself and be confident and assertive. Also so embrace diversity and the importance of team building."

"I wish there were more opportunities like this. They should do this every year for every student!"

"The week at BT was amazing because I learnt a lot and it helped me with my plans for the future."

We have now committed to providing 4,000 Work Inspiration opportunities in the 2012 financial year.

Equality and diversity

Diversity is at the heart of our company and makes us more resilient and competitive. Our workforce reflects the diversity of our customers, so we can imagine, create and deliver the products and services they require now and in the future.

We know that 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 unique perspective to BT, so we take care to maintain a working environment that supports this diverse workforce. This includes preventing and addressing all cases of bullying and harassment.

Measuring our performance in this area is a corporate responsibility key performance indicator, because it allows us to compare our practices and approaches to those in other organisations. We are currently in the Top 10 employers for Race for Opportunity, Opportunity Now, Employers Forum on Disability, International Gay & Lesbian Chamber of Commerce and Working Families.

Our challenge is to build diversity into our recruitment and retention programmes. The people we recruit have different needs at different stages of their careers – for example, they will get older and may have a family, take on additional roles in society or become ill. We need to consider these factors throughout our people strategy, and offer ways of working that enable more people to find and stay in work.

This section discusses our policies and activities relating to:

- Age
- Bullying and harassment
- Disability
- Ethnic minorities
- Gender
- Religion and belief
- Sexual orientation.

Our equal opportunities policy is available [here](#).

Targets

Start	End	Description	Update	Target Status
April 2011	March 2012	We will maintain a top 10 placement in four of five major diversity benchmarks.		New
April 2010	March 2011	We will maintain our top ten placement in four of five major diversity benchmarks.	We are in the top 10 in Opportunity Now (Gender), RFO (Race), EFD (disability), top employer (Working Families) and the International Business Equality Index (GLBT) benchmarks.	Completed

Bullying and harassment

BT takes a zero tolerance approach to bullying and harassment in the workplace. We believe that people can only give their best efforts if they are treated with dignity and respect". BT is a member of the [Dignity at Work Partnership](#) led by the UK Department for Business, Enterprise and Regulatory Reform and the trade union, Amicus.

Monitoring progress

We monitor employees' perceptions of bullying and harassment in our quarterly employee survey, CARE. Line Managers receive a report showing how their team has responded, and we provide detailed information and guidance to help them take appropriate action if required.

Sharing guidance

Our bullying and harassment intranet site provides line managers, HR and other employees with information and videos to help them understand the personal and business impacts of bullying and harassment and to tackle inappropriate behaviour at work. In response to employee feedback, we added a new tool which provides guidance and advice on all stages of identifying and addressing harassment from recognising the symptoms, to addressing the causes and checking for improvement.

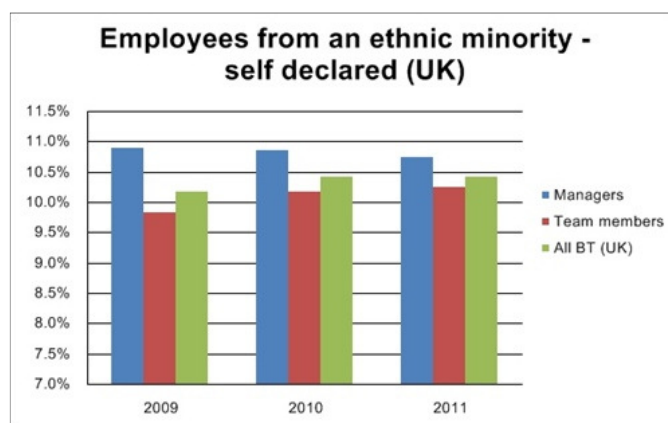
In the 2011 financial year, we also held a series of workshops for line managers. At these sessions, managers discussed appropriate standards of behaviour in the workplace and were given tools and techniques to ensure they behave appropriately toward their teams. The workshops received positive reviews. We plan to hold additional events in the 2012 financial year.

Resolving disputes

BT takes all reports of bullying and harassment seriously and works with those involved to resolve disputes decisively and fairly. When possible, we encourage employees to settle incidents informally, however we provide professional investigation and grievance procedures when required.

Ethnic minorities

Having a workforce that reflects the ethnicity of the markets where we operate helps us gain a better understanding of our customers' needs. BT is committed to broadening the ethnic diversity of our workforce, and in the 2011 financial year, 10.42% of BT people in the UK told us they are from an ethnic minority group.



BT Ethnic Minority Network

The BT Ethnic Minority Network (EMN) is open to all employees and contractors, and supports its members through a variety of regular activities such as workshops on career planning and personal development. In 2011, EMN re-launched its mentoring scheme, providing mentees with an opportunity to think about career options and progress. Anyone with a skill or background that could help mentees from the network can be a mentor.

To celebrate ethnic minorities' contribution to BT over the years, EMN has taken a roadshow to different BT locations around the which displays the journey BT has been on over the years and the role people from different backgrounds have played in the success of BT. It has also hosted a series of events featuring motivational speakers such as Tony Chanmugam, BT's Race Champion and Chief Finance Director.

BT is a champion member of Race for Opportunity (RfO) – an organisation committed to improving employment opportunities for ethnic minorities across the UK. In 2011, BT and RfO worked together to create the RfO diversity recruitment toolkit. The toolkit – launched on RfO's 15th anniversary in September 2010 – is designed to help employers and recruitment agencies improve their processes for recruiting and growing diverse talent within their organisations.

Supporting Asian customers

We want people from all backgrounds to be able to use our products and services. Our Asian Language Helpdesk (0800 401000) addresses enquiries from customers in Urdu, Punjabi, Gujarati and Hindi. Helpdesk staff also provide translation during calls between customers and other BT departments.

Supporting the community

BT celebrated Black History Month in the UK in October 2010 with the launch of a [Work Inspiration](#) module on inclusion. The interactive sessions encouraged students to consider the extent to which discrimination and disadvantage continue to exist, and what can be done to create a fair and equal society.

BT people participate in the Minority Ethnic Role Models for Learning and Inspiration (MERLIN) programme, which inspires young people from ethnic minorities and raises their aspirations by introducing them to successful professionals from similar backgrounds. The EMN extended its support for the programme in 2011 not only hosting an event at BT Centre on 25th March 2011, but for the first time hosting an event in Bristol on 7th October 2010. Both events gave young people guidance about working in the City.

The EMN has committed to raise £10,000 by June 2011 for flood relief for Pakistan. It aims to meet this goal through a series of online raffles for BT employees. The first raffle, launched in November 2010, offered entrants the chance to win four VIP tickets to watch Chelsea play at Stamford Bridge – in return for a £5 donation to the appeal.

In 2011, BT continued its partnership with the Adab Trust – a charity which helps increase representation of Black, Asian, minority ethnic and Muslim students in graduate schemes and at management level in leading firms. We are working together on our graduate recruitment campaign, and running coaching sessions to help students develop their application and interviewing skills.

Disability

BT strives to anticipate and accommodate the needs of all our people, removing barriers for disabled employees so they can enjoy fulfilling careers with us. Sally Davis, CEO of BT Wholesale, is our

disability and carers champion and sponsors these efforts.

We are a Gold Member of the Employers Forum on Disability (EFD) and ranked joint first in the latest [Disability Standard Benchmark](#). This disability standard helps organisations to measure their performance in every way disability affects the business. BT scored 97% against a sector average of 57%.

It's important that talented people can stay at BT even if their capabilities change, for example through injury or illness. To support our disabled employees, we work with [Remploy](#), an organisation that helps people with disabilities overcome barriers to work. In 2011, we helped over 1,000 BT people continue working by making adjustments to their job including hours of attendance, location, role and provision of specialist computing equipment.

BT is an active member of the Department for Work and Pensions Disability Employer Engagement Steering Group. This enables us to work with the government to share good practice in recruiting and retaining disabled people and removing barriers to productive careers. We reached a first milestone in this work with the October 2010 launch of [Clearkit](#) – a toolkit that will help us support disabled employees. BT is on the journey to becoming Clear Assured, an accreditation that ensures our recruitment practices are as inclusive as possible.

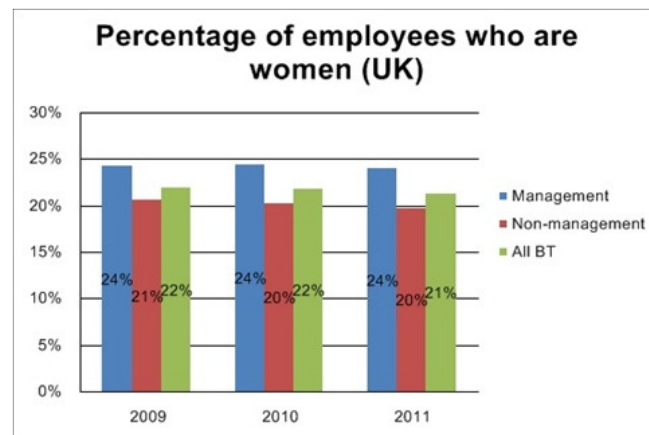
Our 'Able to Work' programme continues to seek and recruit disabled candidates for jobs in our contact centres. In 2011, we partnered with the UK Ministry of Defence to provide work experience for service men and women injured on duty. We held a successful pilot session in Glasgow in October and are developing a programme for 2012.

It is equally important that we cater for customers with disabilities by providing easy-to-use products and services that meet their needs. See [Inclusive Design](#) for more information.

Gender and family

We continue to ensure that men and women have equal opportunity to work and advance their careers at BT. Our Gender Champion Chris Ainslie supports our gender equality strategy.

In the 2011 financial year, women made up 21.28% of the BT workforce. They accounted for 19.71% of team members and 24.06% of managers. Of new recruits in 2011, 29.68% were women – including 36.19% of new graduates and 7.14% of modern apprentices.



The BT Women's Network helps our female employees to achieve their full career potential, providing contacts, mentoring, coaching, advice and guidance to its members.

In the UK, the network provided workshops on managing careers / understanding aspirations, and networking know-how. It also ran two successful events in conjunction with the police and local government – 'Time to be Confident' was a joint event with the North of England Police women's network, held in Manchester and looked at strategies to increase women's confidence; 'Time to lead Change' was held at the BT Tower to celebrate International Women's Day in March 2011, and focused on leadership it involved women from BT and senior women pan government (police, education, judiciary, health & justice). Both events developed relationships with BT customers as well as providing new or extended networking opportunities for those who attended.

Members of the smaller BT Women's Network in Dalian, China, also celebrated International Women's Day, by looking at the 3 years they have worked for BT since it was established in Dalian; this was one of many of the global events that took place. There are satellites of the Women's Network in Europe, North America and South East Asia.

BT continued its relationship with [Opportunity Now](#) as a Corporate Champion.

Supporting Families

BT's maternity and paternity policies provide working mothers and fathers with more than the statutory minimum support. At BT, 99% of new mothers return to work after maternity leave.

While starting a family is a joyous occasion, we realise that it can sometimes come with challenges and difficult times. With the help of BT people, we introduced guidance for employees who experience a premature birth. The material can be downloaded from the BT intranet to support parents through the difficult time.

BT established and chairs the Employers 4 Fathers (E4F) Forum. Launched in November 2010, E4F is comprised of employers concerned with retaining and engaging with male workers who are fathers. E4F promotes the [business benefits](#) of supporting fathers and provides advice and support on father-friendly policy and practice, for biological or non-biological, straight or gay fathers

BT, in partnership with the [Fatherhood Institute](#), has run two pilot employee workshops through a programme called [Staying Connected](#). The session's aim to help fathers cope with separation by providing them with information on where to go for support, how to communicate more effectively with their former partners and how to stay connected with their children. See BT [Case Study](#) for full details.

In 2011, BT also offered the "[Parenting Matters at Work](#)" course to BT parents. The course, which was facilitated by NHS child psychiatrist Dr Clare Bailey, helped employees improve their work-life balance, positively engage with their children, learn parenting skills and feel less stressed and anxious through improved relationships at home.

Further support for families includes the BT Childcare Salary Direct scheme, which enables employees to save £933 a year in the cost of childcare and the range of [flexible working](#) options we offer our employees.

Transgender employees

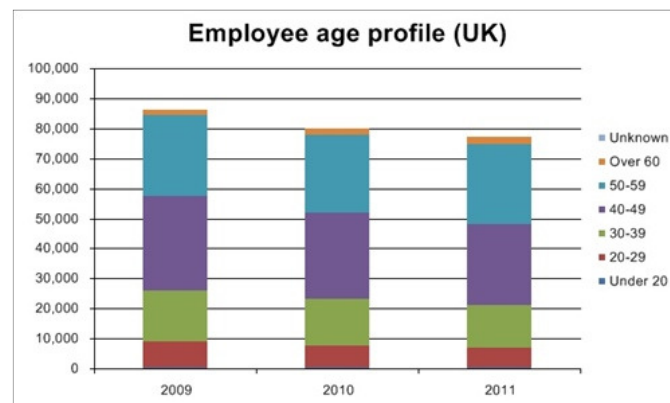
Our policy is for transvestite and transgender employees to come to work as the gender they feel most comfortable with.

On our internal Q&A portal, 'Ask HR', we provide our employees support and comprehensive information about all aspects of being transgender. Confidential counselling and emotional advice is available via our Employee Assistance Programme.

BT shares information and best practice on this, and other gender topics, through the employer forums of which we belong. We are also a member of the [Gender Trust](#), which provides coaching and training to help businesses deal with transgender issues.

Age

BT employees span a wide age range. Many have worked for us for most, or all, of their working lives, beginning as apprentices directly from school or graduate trainees from university. At the end of the 2011 financial year, 37.6% of the UK workforce was aged over 50, of which over 2,403 are over 60.



We have clear policies to ensure we treat employees of all ages equally. These cover areas such as recruitment, where considering age when hiring is clearly prohibited.

Encouraging young employees

BT actively recruits graduates and apprentices to bring younger people into our workforce. In 2011, we increased the number of apprentices we planned to hire from 221 to 421, to take advantage of the abundance of talented candidates available to help us deliver our next generation network.

We have a great deal of support in place for younger people at BT, such as the Apprentice Employee Network and Graduate Alumni programmes. In 2011, we introduced our [Work Inspiration](#) programme, through which over 3,000 young people have gained work experience through placements in BT locations across the country.

Supporting employees in planning towards retirement

BT recognises that retirement is an important and inevitable life change for the vast majority of people. Since eliminating our fixed retirement age in the UK in 2005 and reviewing the BT Pension Scheme in 2009, our employees face a range of choices. To help them make decisions, we worked with our partner, [WEALTH at work](#), to develop a 'Planning for Retirement' course. This explains the terms of the BT pension scheme, entitlement to state benefits and the principles of capital investment and tax efficiency. In early 2010, over 5,000 employees aged over 55 voluntarily attended the course. The positive reaction prompted us to repeat the course for employees aged over 50, beginning in October 2010.

Our 'Achieving the Balance' intranet site also suggests options to enable older workers to 'wind down' for retirement by, for example, reducing their weekly hours or level of responsibility.

Sharing best practice

BT partners with organisations such as the [International Longevity Centre](#) and the [Age and Employment Network](#) to share information and experience on age-related issues. Caroline Waters, our People and Policy Director, is a trustee of the [Employers Forum on Age](#). These organisations enable us to share best practice and discuss common issues with a range of other employers.

In 2011, [AARP](#), a US-based organisation dedicated to enhancing quality of life for older people, awarded BT the 'International Innovative Employer' for the third consecutive year. The accolade specifically noted our approach to offering both flexible working and pre-retirement training to our employees.

Religion and Belief

We want to provide a workplace where people of all faiths feel comfortable and supported. Caroline Waters, our director of people and policy, is the current chair of the Employers' Forum on Belief ([EFB](#)). This informal network of private and public sector employers was established to share good practice on religion and belief in the workplace.

BT supports multi-faith employee networks for Christian and Muslim groups, where employees can meet others who share their beliefs and use the multi-faith quiet rooms available in many of our buildings.

Through our intranet, employees can access information about respecting people's beliefs, including a downloadable guide to religion in the workplace called 'RESPECT' which gives information about the different religions practiced by colleagues and customers. It also advises line managers on striking a good balance between the needs of individuals and the needs of the company. In the 2011 financial year, we supplemented this information with articles in our online employee newspaper, BT Today, about forthcoming religious festivals such as Diwali, Ramadan, Hanukkah and the Jewish High Holy Days. We also made EFB guides available on the intranet.

Sexual orientation

BT provides the same support to all employees and their partners, regardless of sexual orientation. This includes offering equal partner benefits – such as survivor pensions and healthcare – to gay couples. Our lesbian, gay, bisexual and transgender (LGBT) employee network, BT Kaleidoscope, gives employees a source of further support within BT. Visit [employee networks](#) for more information.

In 2011, BT took third place in the International Gay and Lesbian Chamber of Commerce (IGLCC) Business Equality Index. We also hosted its annual conference at the BT Tower in London, where we shared approaches to addressing LGBT issues with other participating companies.

BT supports several LGBT organisations. We are a diversity champion of Stonewall, a gay rights group in the UK, allowing us to network and share best practice with other employer members; we have provided funding and volunteers as part of the UK LGBT History Month - an annual celebration of the achievements of LGBT people in the UK; and we have recently partnered with Iliad, a group of London-based LGBT entrepreneurs, supporting them to create trading circles through sharing our expertise in working with, and for, minority owned businesses.

In 2010, we developed and launched a new website on behalf of the International Lesbian, Gay, Bisexual, Trans and Intersex Association. The site provides a resource for LGBT people and their employers to build their knowledge of LGBT-related laws and cultures worldwide. We continue to work with ILGA to develop the website.

We invite employees to voluntarily inform us of their sexual orientation, in the strictest confidence, to

help us ensure all BT people are treated fairly. In March 2011 22.66% of employees had supplied this data.

Anne Heal, managing director in Openreach, sponsors inclusiveness for people of different sexual orientation across the company. Ann has been very active in working with our partners to build best practice in BT.

Health, safety & wellbeing

Protecting the health and safety of all BT people is a major priority for us, and is one of our key CR risks. We systematically assess our health and safety risks and have comprehensive management systems to help 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 employees and their families can make the right choices to stay healthy. In addition to helping improving employees' quality of life, this helps improve productivity and reduces costs associated with sickness absence.

We measure our health and safety performance with two key indicators:

- Lost time injury rate – the number of accidents resulting in sickness absence per 1,000,000 working hours
- Rate of total sickness absence – the percentage of calendar days lost due to sickness.

In this section we discuss:

- Health and safety performance
- Health and wellbeing
- Mental health
- Occupational road risk management
- Policy and management systems.

Targets

Start	End	Description	Update	Target Status
April 2011	March 2012	We will reduce the number of lost time injury cases (LTI) to 1.8 cases per million working hours on a 12 month rolling average.		New
April 2011	March 2012	We will reduce to 2.21% calendar days lost to sickness absence (SAR) expressed as a 12 month rolling average.		New
April 2010	March 2011	We will reduce our Sickness Absence Rate to 2.21% calendar days lost to sickness.	We achieved a sickness absence rate of 2.41% calendar days lost to sickness.	Failed

Health and safety performance

The health and safety of employees is one of BT's key corporate responsibility risks. We track our lost time injury incidences and sickness absence rate as key performance indicators of health and safety.

Lost time injuries

BT employees experienced 390 lost time injuries in the 2011 financial year – up from 368 in 2010. These were all in the UK, where 82% of our employees are based, and where we employ many field engineers and other workers likely to face workplace hazards. Our global business did not report any incidences.

In 2011, our worldwide lost time injury rate was 2.25 per 1m working hours, compared with our target of 1.80. This represents a 10.6% increase from 2010. The main causes of lost time injuries were slips, trips and falls, with the majority related to the adverse weather conditions our employees faced during the latter part of this year.

Fatalities

We are pleased to report that there were no work related fatalities involving BT people in 2011. Any employee fatality is one too many, so we have robust systems and policies to ensure our people conduct themselves safely in everything they do. For more information, see '[Safety policies and management](#)'.

In October 2010, following a court case, we were fined for failing to ensure an employee's safety in a 2006 incident in which an engineer died after falling from a ladder. We have been fined £300,000. As we disagree with the outcome of the ruling and remain confident in our safety systems and policies, we plan to appeal against the conviction.

Sickness absence rate

BT's sickness absence rate – the percentage of calendar days lost to sickness absence – was 2.41% in 2011, down from 2.46% in 2010 and 0.20% greater than our target of 2.21%. Mental health related absences decreased 11% in 2011. For more information, see [Mental health](#).

There were 182 cases of work-related ill health predominantly in the form of musculoskeletal disorders such as back problems and mental health issues such as stress.

Targets

Start	End	Description	Update	Target Status
April 2011	March 2012	We will reduce the number of lost time injury cases (LTI) to 1.8 cases per million working hours on a 12 month rolling average.		New
April 2011	March 2012	We will reduce to 2.21% calendar days lost to sickness absence (SAR) expressed as a 12 month rolling average.		New
April 2010	March 2011	In 2011 BT will achieve a 2% 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	We achieved a 31% reduction	Completed
April 2010	March 2011	We will reduce out Lost Time Injury Rate to 0.180 cases per 100,000 hours worked.	We achieved 0.225 cases per 100,000 hours worked. The rise in lost time injuries is largely attributable to slips and trips associated with the extended period of ice and snow in the UK winter and some contribution from an increased overtime requirement in the field engineering workforce.	Failed
April 2010	March 2011	In 2011 BT will have no successful health and safety prosecutions or prohibition notices served against the company worldwide	In October 2010, following a court case, we were fined for failing to ensure an employee's safety in a 2006 incident in which an engineer died after falling from a ladder. We have been fined £300,000. As we disagree with the outcome of the ruling and remain confident in our safety systems and policies, we plan to appeal against the conviction.	Failed

Policy and management systems

Policy

We aim to create a culture where safe behaviour is the norm. Our [business principles](#) commit everyone at BT to protecting their colleagues, maintaining a healthy and secure workplace and ensuring our products are safe to use. Our [health and safety guiding principles](#), set out what we expect from employees.

Governance

BT Group's Chief Executive Officer (CEO), Ian Livingston, has overall responsibility for safety performance across BT. The CEO of each group business is responsible for safety performance within that business and they appoint Health and Safety champions to support them in this role. Line managers are responsible for implementing our health and safety policy.

Management systems

BT Group businesses operate health and safety management systems tailored to their business and specific health and safety risks. These systems include an annual health and safety plan and improvement targets, and our businesses report their progress against these plans annually. Safety champions audit the management of health and safety in their business, make recommendations for improvement and follow up on their implementation.

Risk assessments

Our businesses maintain a comprehensive inventory of physical, chemical and mental health hazards. They conduct assessments to quantify the risks and put measures in place to control them. We provide information to employees, contractors and customers on dangers we are unable to eliminate and the risks they present. Employees performing hazardous tasks such as aerial rigging or driving fork lift trucks, 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.

There is a core set of mandatory online training courses covering general health & safety principles, fire awareness, display screen equipment, risk assessment, driving, work environment which are for all BT employees. Other training is provided as needed, depending on the role or tasks performed.

Health and safety partnership with BT Unions

We have an agreement with the Communication Workers Union and Prospect 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 Union Safety Representatives are consulted and involved in day to day safety activities such as incident investigation, risk assessment, introduction/ amendment of working practices, equipment etc. The partnership enables us to address health and safety issues in a non-political and non-confrontational manner, ultimately helping us to protect our people more effectively.

Health and wellbeing

There is growing evidence to suggest that healthy people are more engaged and productive at work. We encourage employees to adopt a healthy lifestyle, and offer information and support to help them do this. Many of our wellbeing initiatives are conducted in partnership with trade unions CWU and Prospect.

We broadened the scope of our Work Fit health programme this year, to focus in more detail on lifestyle factors that can cause chronic health conditions such as lack of exercise, diet, smoking and obesity.

In January 2011, we launched a global campaign to increase levels of physical activity at BT in the run up to the London 2012 Olympic and Paralympic games. Entitled 'Work Fit get active', the campaign encourages our people to form teams of 4-6 employees and support each other in their goal of reaching 10,000 'walking' steps per person per day. The campaign is supported by one of the BT Olympic Ambassadors and awards monthly health-related prizes to the top performing and most improved teams. Overall winners will be eligible to win tickets to the 2012 Games. Both unions are represented on the campaign steering group and have helped to raise participation by advertising 'Work Fit get active' to their members.

Launched in January 2010 and continuing through 2011, 874 graduates, apprentices, fast track and talent pool employees took part in an online health assessment and behaviour change programme. [Fitness2live](#) (F2L) is an online programme that provides people with a health assessment and determines key health risks. It then helps people set goals to improve diet, exercise, and stop smoking etc. The health assessment covers lifestyle factors as well as physiological indicators such as blood pressure, glucose, cholesterol, Body Mass Indicator, depression, smoking, alcohol, exercise, diet. The programme sends regular emails and newsletters to those signed up to help them track their progress.

The incidence of all risk factors was less than the Fitness2live Corporate average of the 9 areas described. Interim results suggest that this group is healthier than the corporate average but this may be due to their younger age. At the moment, the Work Fit programme has taken precedence and we have no plans to extend the F2L further at this point.

Mental health

We aim to promote the mental wellbeing of all our people and reduce workplace stress. We have a three-part framework focused on promoting health and preventing illness; identifying problems and intervening at an early stage; and supporting and rehabilitating employees affected by mental ill health.

Promoting mental health

We promote a culture of positive mental health by raising awareness and promoting healthy behaviours. For example, our 'How good is your mental health?' campaign during 2011 used the [new economics foundation's](#) '5 Ways to Wellbeing' research to help BT people understand how to protect their mental health. "How good is your mental health" was a global campaign which ran from 27th Sept to 18th October 2010. There were a series of 9 articles in BT Today, knowledge calls, a quiz and Dr Paul Litchfield, our Chief Medical Officer, signed the [Time to Change](#) anti-stigma campaign pledge.

We aim to help our people reduce their stress levels and improve their approach to handling pressure. We have a dedicated section on stress on our Health and Wellbeing intranet site where employees can share ideas and information

Identifying mental illness

Mental ill health can be hard to identify especially if there are few outward symptoms. We are training our people managers in 'mental health first aid' to increase their knowledge and awareness of mental health issues and build their confidence in addressing these issues. 2,474 people managers have been trained so far and we are planning to train a further 2,500 managers in the coming year.

Supporting ill employees

We continue to develop the mental health resources and services available to our people. In April 2010, we launched a Cognitive Behavioural Therapy (CBT) service which provides rapid diagnosis and individualised care for common mental health problems. This service is tailored to the needs of the individual and can include guided self-help and CBT-focussed coaching delivered online, by telephone and face-to-face.

Occupational road risk

With over 33,000 BT vehicles on the roads in the UK, there is a significant risk that our people will be involved in collisions and incidents.

Since introducing our occupational road risk management programme in 2002, we have halved the number of monthly collisions from 60 to 30 per 1,000 BT vehicles. Our Starting Point programme aims to reduce the risk of road collisions by asking drivers to identify factors that increase the risk of collisions, then offering tailored support to minimise these risks. Online training improves driver knowledge and hazard perception and encourages safer attitudes to driving. We also provide practical training for drivers we identify as high risk due to previous collisions or the amount of driving their job requires. Starting Point is one of the largest corporate driving safety programmes in the world. It is available to all BT employees and their families in the UK and Ireland.

Figures supplied by Interactive Driving Solutions show that::

- 4,000 managers have been trained in occupational road safety, 29,000 people who were trained via computer-based modules, 11,000 drivers who attended behind the wheel training courses and 4,000 family and friends have used the road safety programme
- 80,000 people are currently registered on our occupational road safety system and 65,000 people have registered as drivers or non-drivers on Starting Point. Registering as a non-driver means no further intervention is required. We use both these pieces of information to measure the size of our driver population as the Starting Point programme is applicable to all business drivers i.e. drivers of liveried vehicles, company vehicles, hire car users and private vehicle use.
- 46,000 drivers have signed our road safety undertaking, as one of the first stages of the Starting Point programme.
- 22,000 people have participated in BT's Safe Driver of the Year competition. We are also reducing road risk by decreasing the number of journeys undertaken on BT business through the use of conferencing technologies. Read more in [Travel and Transport](#).

In 2011, the [European Transport Safety Council](#) (ETSC) and Brake, a UK road safety charity, recognised BT for its fleet safety programme. We have also been invited to share our road safety practices at a range of research, policy and practice-based conferences.

Targets

Start	End	Description	Update	Target Status
April 2010	March 2011	We will reduce out Lost Time Injury Rate to 0.180 cases per 100,000 hours worked.	We achieved 0.225 cases per 100,000 hours worked. The rise in lost time injuries is largely attributable to slips and trips associated with the extended period of ice and snow in the UK winter and some contribution from an increased overtime requirement in the field engineering workforce.	Failed

Case Study

Our CR strategy in action at Openreach

Openreach, the BT Group business that maintains the UK's communications network, demonstrates how being a responsible and sustainable business creates benefits for BT, our employees, customers, communities and the environment.

Many of the benefits result from our efforts to get things Right First Time for our customers, for example by upgrading our network to reduce faults. This doesn't just improve satisfaction levels, it also reduces the number of journeys our engineers need to make to fix a problem and the associated environmental impacts of fuel use.

This is significant, as Openreach's engineering vehicles account for 11% of the Group's total carbon footprint. In addition to reducing journeys, we are also cutting fleet carbon dioxide (CO₂) emissions by training employees in fuel efficient driving and making vehicle improvements, such as fitting speed limiters and lighter racking systems to reduce weight. The combination of these measures, when added to our network health and Right First Time improvements, has led to a 15% reduction in Openreach's fleet fuel emissions over the last 4 years. In addition, CO₂ emissions from engineering visits made to repair our network have reduced by an estimated one third since Openreach was formed in 2006.

We offer all Openreach employees the chance to become involved in our sustainability efforts, not just our drivers. For example, we include sustainability related campaigns and competitions in 'The Loop', the weekly Openreach newsletter. To measure the success of campaigns like these, in the third quarter of 2010 we began to ask in our regular employee survey whether our people have taken action to reduce energy use at BT.

Our network upgrade is enabling the roll out of super-fast broadband as well as reducing faults. The enhanced internet speeds it provides will boost our customers' ability to provide more energy efficient products and services. This will help them reduce their own carbon footprints, and enable their customers to do so too.

The fibre roll-out requires different skills from those that our business has needed in the past. We are retraining many of our engineers to give them these skills, benefiting both BT and our workforce. Openreach also provides career and training opportunities for young people, employing the majority of apprentices within BT's award winning Apprenticeship scheme.

Like the rest of BT, Openreach encourages employees to help us build stronger communities. Our people work with our charity partner, ICAN, to help pre-school children start developing the communication skills necessary in later life. Openreach provides resources such as a communication activity pack for young children, and DVDs to help parents understand the importance of communication during their early years. We also run events to promote communication skills in local nursery schools.

We work with other parts of BT to encourage our employees to recycle and to reduce energy wherever possible. In addition, through our copper recovery programme, we recovered 55,823 tonnes of redundant copper cable from our network for recycling.

Read more about responsible and sustainable business activities at [Openreach](#).

Getting the most from our people

To achieve our business strategy we need an appropriately skilled, engaged and productive workforce. Helping our people to realise their full potential benefits BT, our people, our customers and shareholders.

To compete effectively in the rapidly changing ICT sector we need to continually invest in skills, helping our workforce to keep up with changing technology and customer requirements. We do this in a variety of ways including through the BT Apprentice Scheme, our Graduate and MBA programmes and our annual learning and development planning. We provide regular performance feedback to employees through their careers with us.

We continue to adapt our business in response to changes in technology and customer requirements, cost pressure, and a challenging economic environment. This means we need to reduce headcount in some areas of our business, acquire new skills or workers in others, or use external suppliers. We aim to reduce the impact of these changes on employees, and wherever possible, we focus on reskilling existing employees so they can take new jobs within BT or elsewhere. As part of this commitment, our Transition Centre was established to help our people make a smooth transition from one role to the next and to ensure individuals receive the coaching and training they need.

As a responsible business, we are also working to improve our impact on the environment and communities, and encouraging our employees to do the same.

Our awareness campaign, 'The Difference is You', reminds every employee that they have a role to play in improving customer satisfaction and achieving BT's strategy. The programme aims to inspire and empower as well as engaging all our people with one 'big idea' through branding, key messages, guiding principles, style guides, speaking with one voice, workshops and team events. We have identified examples of best practice that have been shared across the Business.



In this section, we provide more detail about how we help employees to realise their full potential, including our approach to:

- Embedding sustainable practices
- Managing performance
- Resourcing globally
- Talent management
- Training and development.

Training and development

BT is a recognised [Investor in People](#) (IiP) – a business improvement framework that encourages good practice for training and development. The framework was devised by leading UK business and employee organisations and challenges us to continually improve our approach to developing our people. Training begins when people join BT, and continues throughout their careers, equipping them with the skills to do their jobs well today and in the future.

Apprenticeships

BT is an award-winning provider of the UK Government's Apprenticeship programme, both for new recruits and existing employees. The accreditation of skills through nationally recognised frameworks such as Apprenticeships improves performance, motivation and retention and gives our customers confidence that they are dealing with a professionally qualified workforce.

We are using our experience of providing Apprenticeships to help the Government increase uptake of the programme and generate an efficient workforce development system that attracts as many employers as possible. We hosted the launch of [Apprenticeship week 2011](#) at which 197 employers and stakeholders came to BT Centre to be addressed by a Secretary of State, a Minister of State and the Mayor of London. The theme was increasing uptake of Apprenticeships and driving simplification. In addition we speak regularly at conferences concerned with driving up Apprenticeship uptake. Finally we are working closely with government on simplification activity – complexity in the system is regularly cited as a reason that small employers don't engage with Apprenticeships.

Developing our people

We provide opportunities for our employees to develop across a broad range of skills throughout their career. The Company's online learning portal R2L is a comprehensive learning resource that provides employees and their families with access to online and offline training programmes for their own personal and professional development. In addition to formal learning, we offer networking & knowledge-sharing to provide help and guidance. A number of the courses we provide are mandatory, so more than 90% of employees take part in learning.

The BT Learning Council ensures alignment of expenditure on learning to strategic business objectives and the recently formed Learning & Development Operational Forum ensures our R2L learning portfolio remains current and appropriate to our workforce.

BT was one of over 200 businesses and foundations pleased to support and send delegates to the inaugural One Young World Summit held in London. Nine of our young leaders joined over 800

delegates from 112 countries to participate in debate and hear opinions from prestigious presenters. One of our delegates, Higher Apprentice Oliver Partridge describes his experience at the Summit as 'humbling and insightful'. He acknowledges that he found real value in being made aware of world issues at such an early stage in his career with BT.

Reskilling

Technology evolves quickly, and so must the skills that support it. To remain competitive, we need an ever higher level of skill within our workforce. We are making a significant investment to improve and sometimes change the skills of our people. This also gives our employees more opportunities to further their careers, either within BT or externally.

We use forecasting to continually assess the capabilities our businesses will need in the future. When it is clear that employees will need new skills to take on new roles, our Transition Managers support them through training and development, ensuring they receive the best preparation to be successful in their new jobs.

We work closely with employer groups such as the Confederation of British Industries and the UK Commission for Employment and Skills to ensure that public and private investment in skills is based on the most up to date labour market intelligence. These collaborations ensure that the British education and skills system remains responsive to the needs of the job market.

Managing Performance

We want BT employees to be a winning team. Having a high-performance culture will help make our company a better business with a better future. Encouraging confidence and supporting our people to develop and be the best they can be are fundamental to this culture.

To manage performance, we use a framework with 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 – evaluating achievements and delivery in formal quarterly and year-end reviews and setting development action plans.

Our online performance management system guides employees and their line managers through the performance management process, by providing all information about an employee in one place. Managers can update a performance review form at any time. Employees can add their own input and request feedback from colleagues as well.

We have developed a set of performance policy principles which aim to support what we aspire to achieve in performance management:

- We evaluate performance according to its two main elements - what we deliver (objectives and job standards) and how we deliver (capabilities)
- Leaders should clarify what good performance looks like and set appropriate job standards at the beginning of the performance evaluation cycle. We support our people, continuously giving fair and honest feedback and coaching
- Everyone in BT is responsible for their own contribution and development
- We differentiate between levels of performance with clear metrics so people are clear on their level of contribution We identify high performance and ensure talented individuals are developed
- We address under-performance quickly, fairly and consistently, with a goal of improving contribution
- We provide appropriate training, development and support, giving our people the tools to carry out their performance responsibilities effectively
- We only use objective and job-relevant criteria to prevent 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.

In the 2011 financial year, we focused on how we apply the performance review process in practice, making sure we embed the core principles throughout. We emphasised that everyone at BT has a role and responsibility to contribute to an effective performance management system, led by strong leadership.

Talent management

To maintain a high-performing workforce we aim to attract talented people to place in roles which benefit their career and the business, engaging and developing them so they choose to continue their career with BT. The purpose of our Talent Pool is to develop individuals who will ultimately fill our top Leadership Team positions, to maintain a diverse representation of leaders, and to retain our high potential people.

Attracting talent

Talent is attracted and identified via the talent entry channels of the Masters of Business Administration (MBA), Fast Track and Graduate programmes, these form our talent pool.

Identifying and developing high performers

We identify talent pool members – those with the potential and experience to become senior leaders in our organisation – through an annual nomination and review process managed centrally by the Group talent team. In 2011, we held four Talent Master classes to give the talent pool an opportunity to learn from our most senior leaders. The Master class events are run quarterly throughout the year and are designed to support talent pool members and the commitment made in the 'Talent Deal', by giving the opportunity to build knowledge, visibility and networks across the business. Master class speakers are generally the most senior BT executives who share their career journey, key learnings and advice on successful leadership.

We also worked closely with the volunteering team to give talent pool members chances to put their skills to use in their communities by providing guidance to charitable organisations. See our [volunteering pages](#).

BT's talent deal

We continue to develop our company-wide 'talent deal', which is our commitment to developing and supporting our employees and specifies what we expect in return. For example, we commit to the talent pool members to provide a formal annual career development review, events with access to Senior Executives to build individual knowledge, opportunities for developmental career moves and access to executive leadership development programmes. In turn, talent pool members are expected to demonstrate continued exceptional performance, achievement of objectives, evidence of commitment to BT's values. To provide information such as: CV, development and performance reviews, as well as attending events and programmes. The deal covers areas such as career and personal development, networking opportunities and mentoring.

Sharing opportunities

In the 2011 financial year (2011), we introduced a regular internal event for recruitment managers to showcase vacancies to BT talent. This keeps our people aware of opportunities within the company, helping them to grow their career with us. We are also updating our internal talent website, to make it more interactive, up-to-date and user friendly.

We are replacing our quarterly talent newsletter, *The Pool*, with a monthly email newsletter providing career advice, updates on internal job postings, development opportunities and a calendar of events such as Masterclasses with senior managers, networking opportunities, and access to network with each other via an internal online forum. The newsletter will provide a cost effective way to offer employees more regular and useful updates.

Embedding sustainable practices

BT's 'Unlocking Talent' programme is, with the help of external expertise and the support of our senior leaders, working to embed sustainable skills and practices across BT.

Senior leadership support

In the 2011 financial year (2011), the programme continued to gain support within the Group, garnering

a commitment from BT's Committee for Sustainable and Responsible Business to support programmes and campaigns encouraging responsible and sustainable behaviours across BT.

Our Chairman, Sir Mike Rake, is also an active supporter of the programme and has made a video for employees explaining why he believes sustainability and responsible behaviours are key to supporting business growth and future success. Our Chief Executive Ian Livingston has also announced BT's ambition to be "A responsible and sustainable business leader" as part of our overall business strategy.

Sharing best practice

This year, a partnership with Henley Business School, Ashridge Business School, Forum for the Future, and Taylored Change helped BT to share and learn from best practice and experience.

Based on our learning, we introduced a series of individual pilot projects to gain a better understanding of how we can grow sustainable and responsible behaviours most effectively within BT.

One of these projects, a leadership development training pilot, was created by Henley Business School and has been rolled out to 15 senior managers. Initial feedback has been very positive - 88% of the survey respondents said they would recommend the course to a colleague. We intend to use the feedback from participants to shape future programmes to increase the understanding of sustainability amongst BT's senior managers.

Additionally, we have developed and delivered three new 'Route 2 Learn' modules which explain the basic sustainability issues facing BT.

Reaching our people

In 2011, we launched a new suite of online sustainability training for all our people. The first module outlines sustainability fundamentals and emphasises their importance to BT, while the second and third modules have been designed specifically for our product management, marketing and sales teams.

What we offer our people

Our people are of great value to our business, so we reward them fairly for their work. This approach helps us to secure the trust and commitment of our existing workforce, and to recruit talented people.

This section explains our approach to:

- Benefits and reward
- Flexible working
- Pensions.

Benefits and reward

To help attract, motivate and retain a talented workforce, BT provides competitive salaries and an attractive range of benefits such as annual bonuses, pensions and share ownership plans.

Our lowest starting salary for UK employees is currently £12,049 for a 36-hour week, or £6.44 per hour. This is approximately 9% higher than the national minimum wage.

Equal pay

We pay our people fairly regardless of, for example, gender, ethnic origin or disability.

All engineering, administrative and support roles fall within the same pay structure, which bases salaries on the skills the jobs require. Fixed pay ranges help to ensure that employees who provide equal value receive equal pay.

BT's performance-based reward system rewards managers fairly, allocating higher awards to the better performers according to their annual performance rating and to those lower in their salary range. This approach progressively decreases pay inequalities with each annual pay review cycle.

In the UK, we also set aside a portion of the funds available for salary increases to use to address equal

pay issues. We discuss the distribution of these funds with the trade union representing technical professional and management and provide clear guidelines to ensure they are allocated fairly and consistently. In January 2011, approximately 5,000 UK employees (both men and women) were given equal pay related increases as we continue to follow best practice in this area.

Benefits

In the UK, in addition to their annual leave entitlements employees have the opportunity for free broadband, savings on BT Vision and access to a whole range of retailer offers through an employee discount scheme. We also offer UK managers a flexible benefits programme that allows them to exchange a proportion of their salary for additional benefits such as extra holiday, private medical insurance or a health assessment.

BT share schemes help us to increase employee engagement and give our people an incentive to help improve company performance.

Employees in more than 25 countries can purchase discounted BT shares through our Saveshare programme. Nearly 60% of UK employees participate and about 15% in other countries. In the UK, almost 25% of employees buy shares from their pre-tax salary each month through our Directshare programme.

Performance incentives

Our managers are rewarded with bonuses that reflect both the success of the business and their personal contribution. The most senior managers are also eligible for long-term incentives where the performance measures are directly related to business performance.

Pensions

BT supports employees to save for retirement by contributing to various retirement schemes. These are statutory, required under local labour laws or established by BT in accordance with local market norms and practices. The most significant retirement schemes are provided to current and former employees in the UK.

The BT Pension Scheme (BTPS) for current and former employees in the UK is our largest pension scheme. As at 31 March 2011, membership included 51,118 contributing members, 188,048 pensioners and 88,484 deferred members. Employee members contribute at least 6% of their salary and BT pays the balance of cost (the total contribution currently averaging 13.6% of salary). The BTPS is a defined benefit scheme, which means that benefits are linked to members' salaries, not the performance of the pension fund. The BTPS provides defined benefits to members from the age of 65, with the option to take early retirement from the age of 55 (even 50 for many members).

We review our UK pension arrangements on a regular basis to make sure they remain affordable and competitive. BT conducted the most recent triennial BTPS funding valuation on 31 December 2008, and agreed an associated recovery plan with the Trustee – the body who holds and administers the fund on behalf of its members. According to the prudent funding valuation basis, the current deficit is approximately £9 billion. BT and the Trustee have agreed to a 17-year recovery plan which includes annual payments of £525 million for the 2010-2012 financial years.

In March 2011 BT took the decision to accelerate the deficit payment due to be paid in December 2011 as it was economically beneficial to do so and utilises existing cash deposits. BT made a cash payment of £505m into the BTPS, being the actuarial value of the £525m due to have been paid.

New employees joining BT are eligible to join the BT Retirement Saving Scheme (BTRSS) – a contract-based defined contribution scheme. Both BT and members contribute to the BTRSS with BT matching member contributions. The scheme is administered by Standard Life, one of the largest providers of pension arrangements in the UK. To encourage participation, employees are automatically enrolled on joining BT.

BTRSS members receive benefits linked to the total contributions paid, the performance of their fund and annuity rates at retirement. Members benefit from low charges, a wide and flexible investment choice and improved access to financial information and modelling tools to assist them in making investment decisions. The BTRSS has over 17,500 members. With £426,611,000 assets under management, the scheme is one of the largest contract-based schemes in the UK.

BT also provides life assurance benefits to all its UK employees in the event of death in service.

Flexible working

Flexible working enables employees to work productively alongside their personal commitments or interests. It also makes it easier for people with disabilities and/or caring responsibilities to work.

By offering flexible working options BT hopes to attract and retain the best talent. The ability to work flexibly helps to meet the increasingly high expectations of our customers. When bad weather such as snow and ice threatens to disrupt our operations, flexible working enables employees to continue to work from remote locations, where available.

Home working also benefits the environment; we calculate the net annual saving per home-based employee is 1.4 tonnes of CO₂e, as a result of reduced commute travel emissions (primarily) and reduced office energy use, accounting for some increase in home energy use. See our [SMART 2020](#) study.

When employees' personal commitments make it difficult for them to work full-time, job sharing arrangements – agreements in which two people share one full-time role – can help them to work at a level that suits their schedule.

At the end of the 2011 financial year, BT had approximately 4,370 part-time employees, 232 job sharers and around 9,460 registered home workers among its 94,158 employees.

Thank you

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 review and sustainability at BT.

If you'd like more details about our corporate responsibility and sustainability activities and performance please visit our website where you can:

- Search our full sustainability report
- Download our free educational resources
- Check out our latest information
- Join in on our blogs

all at www.bt.com/betterfuture



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