Our Better Future report covers progress against our goal to be a responsible and sustainable business leader.

In this short summary, we show what we’ve been up to in 2012 across our four areas of focus – **Better connected**, **Better with less**, **Better lives** and **Better business** – and how we’re helping to create a better future for BT and our stakeholders.

**Read our online report:**

Our full online report provides much more detail on our 2012 performance. You’ll also find a series of stories that show how we’re using our insight, technology and skills to deliver benefit to our customers and communities around the world.

**Online Better Future report**

www.bt.com/betterfuture

**In this summary report:**

1. A message from our Chairman and Chief Executive
2. Our Better Future strategy
3. Better connected
4. Better with less
5. Better lives
6. Better business
7. How we did this year
8. Leadership Panel statement

**2012 Annual Report:**

Online Annual Report

www.bt.com/annualreport

**We’re proud to be recognised by:**

FTSE4Good
A message from our Chairman and Chief Executive

A year ago, being a ‘responsible and sustainable business leader’ joined our list of strategic priorities. What have we done since? What’s still to do?

Through this short summary you’ll get a flavour, but our second annual Better Future report covers far more online.

Fibre is our future

We think our £2.5bn investment is money well spent. Fibre broadband for the whole of the UK means people and businesses can share and work together much more easily. We’ve been laying the fibre faster than pretty much anyone else in the world. Which means businesses can make video calls, use conferencing and work at home – working smarter. We’re co-investing with central and local government and the EU to reach areas that would otherwise not be economic.

Society is facing some monumental challenges. To help meet them, we’ll be unveiling some bold long-term goals as part of our Better Future strategy later this year.

But 2012 hasn’t been without challenges

Since 1997, our carbon emissions intensity has dropped by 60 per cent. Back then, we promised 80 per cent by 2020. We still do. But it’s getting harder to push ahead with the wind and solar power plans which will help us hit that number, because we need more clarity from policy makers. We need to think big – which means ensuring we take our customers, partners and suppliers with us. However difficult that may be, it will be the only way to succeed for shareholders, keep our customers happy and motivate our people while sustaining the society and environment we all rely on.

Our Better Future strategy

We make many positive contributions to society, the economy and the environment that we operate in through our people, products and services, and using resources responsibly. We know that there is more to do to help meet the challenges that society faces, and that we need to step up to deliver on our leadership ambition.

Our Better Future strategy sets out how we will become a responsible and sustainable business leader. Our strategy evolves in response to changes in our operating environment and stakeholder views.

About our reporting

We report annually on our performance. This covers the period 1 April 2011 to 31 March 2012 (2012). We undertake an annual materiality review to respond to stakeholder concerns. Our full report is assured by LRQA against AA1000 (AS) and is informed by GRI G3 guidelines.

Better connected

We want everybody to enjoy the benefits of a more connected society, no matter who they are or where they live.

Better with less

We believe that BT can be a force for ‘net good’ by providing services which help us to live within the environmental constraints of our planet.

Better lives

We believe our technology and people can be powerful enablers which help support people all over the world to improve their lives.

Better business

We believe there are several ‘foundation’ areas that businesses that call themselves responsible need to consider and manage.

Sir Michael Rake
Chairman
May 2012

Ian Livingston
Chief Executive
May 2012
We want everybody to enjoy the benefits of a more connected society, no matter who they are or where they live.

**Investing in fibre broadband**

We accelerated our rollout of fibre broadband in the UK this year, investing both the capital and people to deliver a year ahead of schedule. Customer demand for higher speeds is the driving force behind our fibre broadband deployment. This will help businesses to work faster and smarter and individuals to connect more easily, helping them to save time and carbon.

Our investment will also help people access digital health, education and government services.

**Enhancing customer service**

We do our very best to do things ‘right first time’ – keeping our promises, being easy to contact and straightforward to deal with.

No-one should need to contact us twice about an issue. In 2012, 82% of residential customers that called us resolved their issue in a single call, saving them and us time and frustration.

Sixty per cent of our interactions with BT Retail customers are now ‘self serve’, putting customers in control of when, where and how they deal with us.

**Increasing digital inclusion**

Many people already enjoy the social and financial benefits of being connected to the internet through our network. Our Get IT Together campaign is helping to connect some of those that aren’t. Since its launch in 2010, 52,000 people have benefited from the resources on our Get IT Together website.

In future, we want to help more people get online through a series of local programmes, focusing our energies on places with high levels of socio-economic deprivation, and low broadband take-up.

Despite the complexity of reaching people in these places, we’ve set ourselves the bold target of getting 100,000 people online by the end of 2012.

Valerie, who was part of our local project in Cornwall, says of her new-found online skills,

> It’s lovely to keep in touch. It feels like I’m contacting my family immediately and I feel that I’m closer to them. I can see my grandchildren growing up. Being online has made my life so much easier.

We also have a number of other digital inclusion projects running around the world.
We believe that BT can be a force for ‘net good’ by providing services which help us to live within the environmental constraints of our planet.

Carbon emissions and energy use
We have been reducing our impacts on climate change since the 1990s. We’ve already done a lot to reduce our carbon footprint, so our approach now requires us to be more innovative – thinking beyond our direct emissions by increasing engagement with suppliers and customers to produce lower-carbon solutions for all.

Energy is the largest contributor to our carbon footprint. This is the third consecutive year that we have reduced consumption. Despite increased business volumes we reduced our energy consumption by 3.3%, against our target 2% reduction from 2011. We delivered energy saving programmes which will save £21.9m per year.

Our 2013 target is to reduce our global energy consumption by 1.5% compared to 2012.

We are working closely with governments to help develop a consistent approach to energy labelling, much like the A–G ratings used for consumer products, which will help us to make more informed choices about how we all source lower-carbon energy.

Developing smarter solutions
The IT industry will play a key role in the transition to a low-carbon economy – estimates suggest there is the potential for the sector to reduce global CO₂ emissions by 15% for 2020 (www.smart2020.org).

We’re helping customers by providing smarter, lower-carbon solutions. For instance, the automated energy-saving system we developed for Banca Civica’s 350 branches across Spain cuts carbon by a quarter, while reducing the bank’s electricity bill by €400,000 (£346,000) a year.

Miguel Angel Castro, Director of Efficiency, Banca Civica said,

66 Implementation of an inmotics system reduces our exposure to increases in the price of electricity. Over the past two years alone, the price per unit went up by somewhere in the region of 33 per cent. The new system reduces levels of consumption by an average of 25 per cent depending on the branch – an excellent result.

99 In the UK, the Carbon Reduction Commitment has prompted an increase in the use of technology such as smart metering, which helps organisations understand real-time energy use. In BT we are equipping 150 new buildings each month in this way. However, it’s not all been straightforward, payback on such investments can take longer than average, making it challenging to prioritise these over shorter-term opportunities.

Rethinking product stewardship
We’re working with suppliers and partners to design products that produce less waste and are more environmentally sustainable. One of our partners includes the University of Cambridge’s Engineering Design Centre.

The centre’s Director, Professor John Clarkson, said,

66 Design is about solving real problems. Humankind faces the unprecedented challenge of creating a sustainable future, so that we can leave our planet as we would like to find it. We are proud to partner with BT in leading a consortium to develop a toolkit for Designing Our Tomorrow.

99 As part of our continuous improvement process we have identified opportunities to improve our product stewardship reporting systems. To address this we have initialised a full review to determine how best to improve our systems and processes. We have notified the relevant stakeholders that this review is underway.

Read more online
- How we’re helping reduce our customers’ impacts
- Our carbon and water footprinting efforts
- About our direct environmental impacts
- Our carbon accounts
We believe our technology and people can be powerful enablers which help support people all over the world to improve their lives.

Helping customers
Many of our customers use our network to create services that improve or enhance people’s lives. Health is one of the sectors where technology can make a real difference.

For instance, in the UK our NHS contracts are leading to efficiency gains and better patient care. We support out of hours stroke assessment by providing videoconferencing facilities to remotely based consultants.

Adrian Blight, Surrey Telestroke clinical director explains,

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I can review scans and test results online, see and talk with the patient over the High Definition video link, and speak face to face with the onsite medical team and worried family members – all without leaving my home office.

99

Providing charity support
BT people and our technology support the largest telethons in the UK. This year we got behind BBC Children in Need and Sport Relief, helping raise the money needed to support people in need around the world. For Sport Relief alone, our network handled up to 134 calls per second.

£38.5m
Collected by BT people and through our technology for charities in 2012

Launching MyDonate
Our MyDonate giving platform, the only one in the UK that doesn’t have a service or commission charge, launched in April 2011. There are now more than 3,000 charities using MyDonate, with around 100 new charities joining us every week.

Internationally our people are working with local communities to raise IT skills, for example in the USA, India and Colombia.

Fanny Gomez, a teacher in one of the Colombian schools for hearing-impaired children we’ve worked with, said,

66

I thought about how one company, BT, fulfilled the dreams we’d had for the past ten years of the things we wanted to have at the school, which we thought were impossible. The hearing-impaired community will never stop saying thank you, BT!

99

Learning and skills
We work with a number of partners on projects that grow young people’s communication and collaboration skills, and support them in the transition from learning to the world of work. We’ve also developed learning and skills projects for young people as part of ‘Get Set’, the London 2012 Olympic and Paralympic Games’ official education programme.

420,000 visits
To our learning and skills website in 2012

£38.5m

Read more online
– How our solutions are being used
– Helping our communities
– Supporting young people

Our key performance indicator

Community investment

Percentage of profit before taxation

Community investment (time, cash and in-kind support)

£m

2010 2011 2012

£27.6 £31.9 £38.5

1.1% 1.3% 1.5%

20% 22% 24% 26% 28% 30% 32% 34% 36% 38% 40% 42%
We believe there are several ‘foundation’ areas that businesses that call themselves responsible need to consider and manage.

Our work to become a better business underpins the other areas of our Better Future strategy.

Sustainability is increasingly a basic requirement of doing business.

Creating a great place to work
Our people are what make our business work. Whether it’s someone developing the next technology or making a vital customer repair, we rely on them to deliver our strategy.

Health, safety and wellbeing
In 2012, we broadened our approach to health and safety by including wellbeing as a strand of our strategy. Our focus is on prevention, followed by promoting and supporting good health, and providing rehabilitation where necessary.

Procurement and supply chain
In 2012, we continued to build relationships to drive more sustainable behaviour through our supply chain. By working in partnership with our suppliers, we reduce risk to our own business and have a great opportunity to encourage more sustainable behaviour in theirs.

Ethics and anti-corruption and bribery
The introduction of the UK Bribery Act in July 2011 paved the way for us to strengthen our approach in 2012. We have implemented a comprehensive anti-corruption and bribery programme to build on our ethical culture and ensure that we have adequate procedures in place to prevent bribery and corruption by BT people and those who act on our behalf. This is backed by governance across all our global operations.

Read more online
- Ethics, anti-corruption & bribery
- Creating a great place to work
- Procurement and supply chain
- Innovation and research
- Human rights
### How we did this year

#### Key indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Target 2012(^a)</th>
<th>2012</th>
<th>Status</th>
<th>2011</th>
<th>2010</th>
<th>Target 2013(^b)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customer service</strong> – a measure of success across BT’s entire customer base.</td>
<td></td>
<td></td>
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<tr>
<td>The Group Customer Service measure will consist of continuing RFT and the new measurement of Customer Issue Reduction. We will publish the result in our 2012 report.</td>
<td>The Group Customer Service measure will consist of continuing RFT and Customer Issue Reduction. We will publish the result in our 2013 report.</td>
<td>3% improvement in RFT service from 2011</td>
<td>3% improvement in RFT service from 2010</td>
<td>10.5% improvement in RFT service from 2009</td>
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<tr>
<td><strong>Employee engagement index</strong> – a measure of the success of BT’s relationship with employees, through its annual employee attitude survey.</td>
<td>Maintain or improve the 2011 level of employee engagement. (^b)</td>
<td>3.68</td>
<td>3.61</td>
<td>3.58</td>
<td></td>
<td>Maintain or improve the 2012 level of employee engagement.</td>
</tr>
<tr>
<td><strong>H&amp;S: Sickness absence rate</strong> – percentage of calendar days lost to sickness absence expressed as a 12 month rolling average.</td>
<td>Reduce to 2.29% calendar days lost due to sickness.</td>
<td>2.16%</td>
<td>2.41%</td>
<td>2.46%</td>
<td></td>
<td>Reduce to 2.05% calendar days lost due to sickness.</td>
</tr>
<tr>
<td><strong>Ethical trading</strong> – a measure of the application of BT’s supply chain human rights standard.</td>
<td>To achieve 100% follow up within three months for all suppliers identified as high or medium risk, through our ethical standard questionnaires.</td>
<td>149 risk assessments with 100% follow up</td>
<td>70 risk assessments with 100% follow up</td>
<td>180 risk assessments with 100% follow up</td>
<td></td>
<td>To achieve 100% follow up within three months for all suppliers identified as high or medium risk, through our ethical standard questionnaires.</td>
</tr>
<tr>
<td><strong>Investment in community activities</strong></td>
<td>Maintain a minimum investment of 1% of underlying pre-tax profits.</td>
<td>1.5%</td>
<td>1.9%</td>
<td>1.05%</td>
<td></td>
<td>Maintain a minimum investment of 1% of underlying pre-tax profits.</td>
</tr>
<tr>
<td><strong>CO(_2) equivalent emissions</strong> – a measure of BT’s climate change impact.</td>
<td>By December 2020, BT Group will reduce its CO(_2)e emission intensity by 80% against 1997 levels. Target set in 2008.</td>
<td>CO(_2)e 757,000 tonnes 53% reduction 60% intensity reduction</td>
<td>CO(_2)e 772,000 tonnes 53% reduction 58% intensity reduction</td>
<td>CO(_2)e 786,000 tonnes 52% reduction 57% intensity reduction</td>
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<td><strong>Ethical performance measure</strong> – an index of the success of BT’s employee awareness and training.</td>
<td>Maintain or improve our 2011 index score. (^b)</td>
<td>4.19</td>
<td>4.16</td>
<td>4.10</td>
<td></td>
<td>Maintain or improve our 2012 index score. (^b)</td>
</tr>
</tbody>
</table>

\(^a\) All targets have an end date of 31 March 2012 unless otherwise indicated

\(^b\) On a five-point scale

#### Non-financial indicators

- 3% improvement in RFT service from 2011
- 3% improvement in RFT service from 2010
- 10.5% improvement in RFT service from 2009

#### Financial indicators

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<th>Indicator</th>
<th>Target 2013(^b)</th>
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<tr>
<td><strong>Total revenue</strong></td>
<td>£19,307m</td>
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<td>Average revenue per (UK) consumer household</td>
<td>£343</td>
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<td><strong>Employee costs</strong></td>
<td>£4,885m</td>
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<td>Number of employees (full, part-time and job share)</td>
<td>90,520</td>
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<tr>
<td><strong>BT sick pay costs</strong></td>
<td>£80m</td>
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<tr>
<td><strong>Value of procurement contracts where our suppliers agree that we work with them to improve sustainability impacts.</strong></td>
<td>87% of supplier spend</td>
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<tr>
<td><strong>Total energy costs</strong></td>
<td>£256m</td>
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\(^b\) On a five-point scale

#### Ethical performance measure

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This is a time of enormous change within BT regarding Corporate Sustainability. There is a new strategic priority, and a new Better Future strategy, to be unveiled later this year.

The Panel members acted in a personal capacity – the organisational affiliations below are listed for identification purposes only.

Our Leadership Advisory Panel met four times this year to provide guidance and advice on our Better Future programme.

In 2012, the Panel consisted of:

**Jonathon Porritt**
Chair of the Panel and Director of Forum for the Future, a UK sustainable development think tank

**Mark Goyder**
Founding Director, Centre for Tomorrow’s Company, a business think tank

**Elisabeth Laville**
Founder-Director of Utopies, a Paris-based sustainability consultancy

**Jørgen Randers**
Professor of climate strategy at the Norwegian Business School

**Nick Robins**
Head of Climate Change Centre of Excellence at HSBC in London

This is therefore the last report in this format (with the current KPIs) and the last statement from the Leadership Panel which has now stood down as part of the new governance arrangements.

But do please check out the full Statement for the last year in our online report.

We concluded our work as Panel members with a reminder to BT of the importance of independent, external challenge as part of an integrated stakeholder engagement strategy throughout the business.

66
It has been a privilege to work with BT colleagues (both past and present) on all its many sustainability challenges.

99

Jonathon Porritt, Mark Goyder, Elisabeth Laville, Jørgen Randers, Nick Robins
4 May 2012

In our full online report, you’ll find much more information on our Better Future agenda. As well as the detail on our four main areas of focus, you’ll find a series of stories that show how:

- We’ve helped improve digital inclusion in Colombian schools
- We’re working in partnership to deliver fibre broadband a year ahead of schedule in the UK
- Innovation through our Challenge Cup is helping us to be better with less
- Our people and technology supported Sport Relief 2012
- And how we’re growing skills in science and technology

Online Better Future report
www.bt.com/betterfuture

Thank you for reading our report – we’d love to hear what you make of it.
Email us at crreporting@bt.com and tell us what you think.

The Better Future reporting team

Join us on Twitter:
You can follow some members of our team on Twitter. Join the conversation with them by clicking on the links below.

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