

Better Future report 2012



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

Online Better Future report
www.bt.com/betterfuture

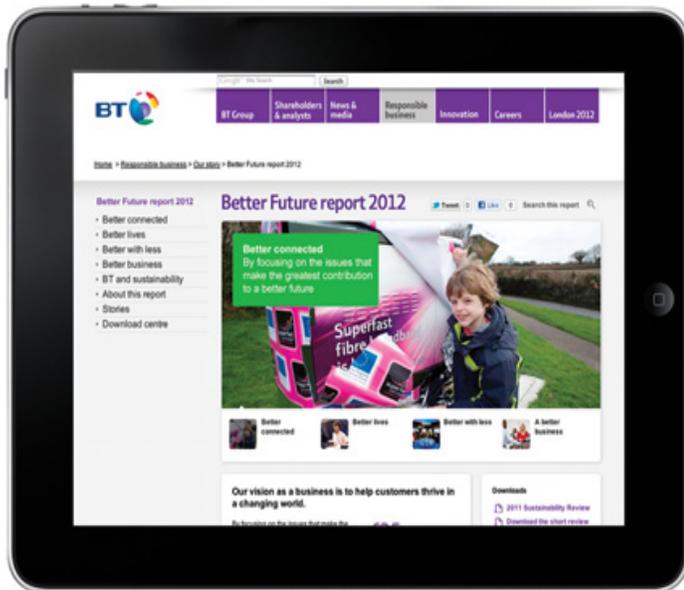


Table of contents for your report

Better business	3
Great place to work	3
What we offer	5
Benefits, reward and pensions	5
Flexible working	7
Communications and engagement	8
Communications	9
Consultation	10
Employee engagement	13
Valuing diversity	16
Gender	17
Age	19
Race	20
Disability	22
Carers	23
Sexual Orientation	24
Religion and Belief	25
Bullying and harassment	25
Health, safety and wellbeing	26
Training and talent	32
Attracting apprentices and graduates	33
Developing our talent	34
Training and development	36
Employee volunteering	38
Work Inspiration	41
Ethics, anti-corruption and bribery	42
Procurement and Supply Chain	47
Managing our procurement and supply chain	47
Assessing environmental and social risks	51
Onsite supplier assessments	54
Suppliers and climate change	57
Supplier diversity	60
Innovation	61
Respect for human rights	64
Sales and marketing practice	67

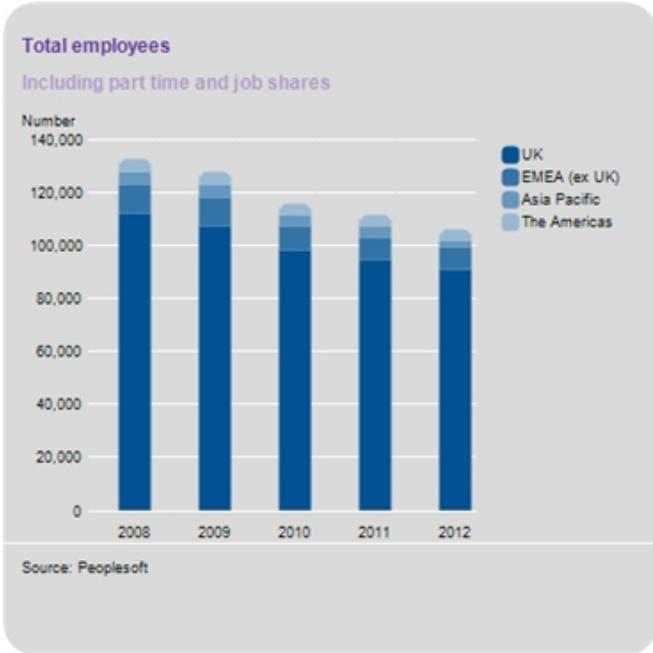
Better business

We have focused on improving our performance in key foundation areas as part of our long-term efforts to become a more responsible and sustainable business leader.

Great place to work

Only through our people's commitment and creativity can we maintain and strengthen our success. By building on our people's talent we strengthen our core capabilities, by listening to our employees we better address their needs and by promoting wellbeing we help our workforce live healthier lives. All of this helps us to deliver a better service for our customers.

We employ 90,520 people (full, part-time and job share) worldwide of which 75,217 people are employed in the UK. Our people are crucially important to our reputation and success.



This section of our Better Future report is the basis of our Business in the Community Workwell reporting.

Our people – data summary

Employees	2008	2009	2010	2011	2012
Total employees (Group)	111,858	107,021	97,798	94,158	90,520
Employees (UK)	91,342	86,521	79,832	77,096	75,217
Part-time employees (UK)	4,984	4,967	4,782	4,370	4,216
Job sharers (UK)	404	352	277	232	210
Homeworkers (UK)	10,228	10,168	9,641	9,460	8,376
Homeworkers (UK)	11.2%	11.8%	12.1%	12.3%	11.1%
Employees (Non-UK)					
EMEA (excluding UK)	11,202	10,866	9,294	8,823	8,733
Americas	4,714	4,967	4,411	4,146	4,082
Asia Pacific	4,600	4,667	4,159	4,040	2,488
Recruitment (Group)	2008	2009	2010	2011	2012
Graduates	343	277	139	105	112
Modern apprentices	435	319	65	476	210
Age profile (UK)	2008	2009	2010	2011	2012
Under 20	553	420	214	266	243
20-29	9,734	8,563	7,447	6,684	6,781
30-39	18,819	17,109	15,455	14,201	13,471
40-49	33,305	31,182	28,776	26,979	25,719
50-59	27,197	27,121	26,078	26,561	26,137
Over 60	1,480	1,923	1,858	2,403	2,844
Unknown	254	203	4	2	22
Total	91,342	86,521	79,832	77,096	75,217
Gender profile - women	2008	2009	2010	2011	2012

Managers (UK)	23.8%	24.2%	24.5%	24.1%	24.3%
Team members (UK)	20.8%	20.6%	20.2%	19.7%	19.1%
All BT (UK)	21.8%	21.9%	21.8%	21.3%	21.0%
Ethnic profile (UK)	2008	2009	2010	2011	2012
Managers	9.8%	10.9%	10.9%	10.7%	10.8%
Team members	9.3%	9.8%	10.2%	10.3%	10.5%
All BT (UK)	9.4%	10.2%	10.4%	10.4%	10.6%
Disability profile (UK)	2008	2009	2010	2011	2012
Managers	1.9%	2.1%	3.0%	3.3%	3.6%
Team members	3.1%	3.3%	4.0%	4.3%	4.7%
All BT (UK)	2.7%	2.9%	3.6%	4.0%	4.4%
Health and Safety	2008	2009	2010	2011	2012
Lost Time Injury Rate	1.88	1.6	2.09	2.25	2.13
(per million working hours)					
Sick Absence Rate	2.43%	2.17%	2.46%	2.41%	2.16%
(calendar days lost)					
Source: HR people system					

What we offer

Competitive rewards mean that we can attract and retain the talent we need.

In this section of our report, we provide information on pay and pensions. We also provide information on our flexible working arrangements..

Benefits, reward and pensions

While benefits and reward is just one driver of employee engagement, they are undoubtedly a key part for many of our employees, especially in the current economic climate.

Salaries

We benchmark salaries in all markets, and believe we pay a fair salary. For those who are eligible, we pay bonuses based on business success and personal contributions.

This year, we gave pay increases of 3% in the UK, in line with Group performance and marketplace benchmarking. Elsewhere, pay increases were similarly awarded in line with local salary benchmarking and increases being made in each country.

We also monitor our fairness from an equal pay perspective and in the UK an additional 0.3% of the value of management population salary increases was set aside to reduce any differentials.

Pensions

Beyond this, we offer pension schemes in more than 50 countries that aim to provide fair levels of retirement benefits.

The largest of these schemes is in the UK, where the BT Retirement Savings Scheme (BTRSS) provides employees with the flexibility to determine their own level of contribution and to choose from a range of investment alternatives. This gives considerable ownership to the members to determine their own level of retirement benefits.

The BTRSS replaced the BT Pension Scheme (BTPS) which is now closed but still has considerable financial implications for BT Group. BT and the Trustee of the BTPS reached agreement on the approach to the 2011 triennial funding valuation and recovery plan. The funding deficit has provisionally been agreed by BT and the Trustee to be £4.1bn at 30 June 2011. This is based on the same methodology as the previous valuation at 31 December 2008, when the deficit was £9.0bn.

Under the recovery plan BT has made a lump sum payment of £2.0bn into the scheme and this will be followed by nine payments of £325m in March of each year from 2013 to 2021.

Other benefits

Similarly, other benefits are provided in line with local practice, such as life insurance, healthcare and company car schemes. We offer these schemes in the countries in which we operate to maintain a fairness and competitiveness of overall reward package compared to the local employment market.

How this made a difference

A fair reward and benefits package is a critical basis for developing a harmonious working environment where people can achieve their best. The overall improvements in our employee survey results give us an assurance that we are getting the basics right.

Flexible working

Flexible working offers many benefits: it meets the needs of many employees, enabling us to retain skills and experience that we may otherwise lose. But beyond this, it can help with business continuity and delivers environmental benefits.

Our approach

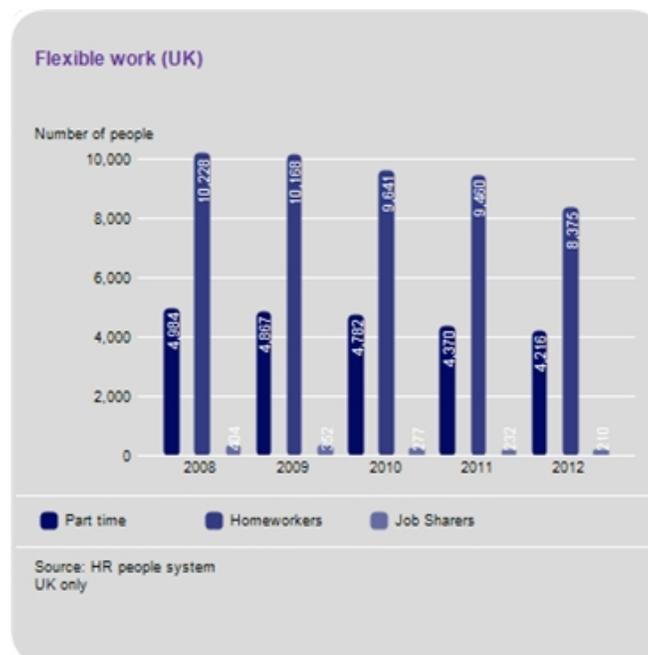
Our employees are equipped to work flexibly, everyone can access their emails remotely and 69,000 of our employees are equipped to enable them to access systems remotely. Our flexible working policies enable employees to work productively alongside their personal commitments or interests. It also makes it a lot easier for people with disabilities and/or caring responsibilities to keep working.

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

A solid business case

Flexible working supports us in a number of ways beyond employee engagement. A key secondary benefit is to business continuity: when bad weather such as snow and ice threatens to disrupt our operations, for instance, flexible working means employees can continue to work remotely, where available and appropriate.

At the end of the 2012 financial year, BT had approximately 4,200 part-time employees, 210 job sharers and around 8,400 registered home workers among its 75,217 UK employees.



Home working also has environmental benefits; 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 for more information.

Communications and engagement

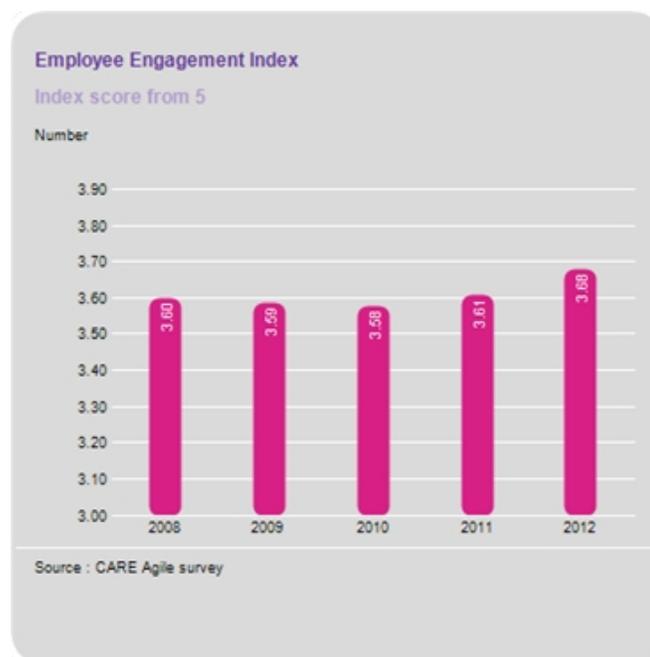
By listening and talking to employees, we boost engagement – and company performance.

We are passionate about the engagement of our people. We want everyone to understand our company's priorities and be engaged in their work so they can do an excellent job for our customers. In turn, we will benefit from increased productivity, lower absence rates and lower employee turnover and these all help improve our customer's experience.

In this section of our report, we show:

- How we use communications to keep people up to date and informed
- How we engage with unions and the BT European Consultative Council (BTECC)
- Other ways we boost employee engagement and how we measure our performance

Employee engagement is one of our KPIs for measuring progress on our journey to being a responsible and sustainable business leader. In 2012, our people's engagement improved from 3.61 to 3.68 (out of 5) according to our CARE Agile survey. This Index measures the success of BT's relationship with its employees giving a score out of five. We run the survey annually and aim at improving – or at least maintaining- our score next year.



Communications

We think effective internal communication is two-way – which means sharing our priorities with employees and listening to what they have to say.

Our approach

We try to make all our employee communications as clear to understand as possible – for instance, we avoid using technical jargon and acronyms where we can.

Print and online channels

Internal communications are delivered in a number of ways although BT Today is our main group-wide print and online channel. The quarterly BT Today magazine is sent to all employees' and BT pensioners' homes, while the website is updated daily with news and features.

The BT Today website includes the functionality for readers to feedback on the stories, share and bookmark content – as well as introducing a 'like' function (similar to that found on Facebook). This functionality is part of a longer-term shift towards more social forms of internal communication: to this end, we're continuing to trial social media tools, as well as internal versions of Twitter and Facebook.

Leadership communications

We also recognise that dialogue with leaders helps people feel connected to the business and engaged with our strategy, which we make happen through

- Face to face forums in the UK and internationally with senior leaders
- Online chats – for example with Ian Livingston, our Chief Executive
- Video interviews

We share the outputs from these sessions after the events themselves, so that people can access them at a time that suits them.

Local communications

These group-wide channels are supplemented by local communications in our lines of business. One of the tools we provide to communications teams around the business is 'Newswire', a tailored weekly email bulletin. Newswire content is personalised in two ways: firstly, local communications teams filter relevant information to specific teams within the business; and secondly, employees themselves can choose to receive the information they're particularly interested in.

Our performance

We regularly ask our people about work-related issues through our quarterly CAREagile survey. In 2012, 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.

What next?

Moving forward, we want employees to be able to personalise BT Home in the same way they can personalise their Newswire content.

Consultation

By treating people fairly and working with the unions to help ensure that this is done consistently across all the parts of the business, we can develop a mutual trust and understanding that benefits everyone – BT, its people and its customers. We use consultation to address issues ranging from business restructuring to dispute resolution.

Our approach

Working with Unions

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.

We have collective bargaining arrangements in place with two unions to achieve good outcomes for our people:

- Around 55% of our people are members of [CWU](#), representing our engineering and call centre people
- A further c20% are members of [Prospect](#), which represents people in managerial and professional roles

The current economic downturn requires BT to operate more efficiently and effectively. We need to employ flexible working practices to remain competitive and provide excellent customer service, so we're currently discussing a new contractual arrangement for those who no longer wish to work full-time. We match their requirements for reduced working with the business need during the busy summer period and then provide other work up to the number of weeks we have agreed with them. We will continue to work with the unions to ensure we consider all options and agree the necessary changes.

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

Our 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.

Resolving Disputes

BT takes employee concerns very seriously. Our employee assistance team provides 24-hour specialist support to BT people involved in workplace conflict, while 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. Mediation has been introduced across all lines of business: a total of 115 cases were received across the business in 2012. We have an internal team of accredited mediators who are able to help employees in all parts of the business to resolve disputes without the use of the formal grievance procedure. The emphasis is on early resolution.

Occasionally, informal resolution is not possible. 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.

Restructuring our business

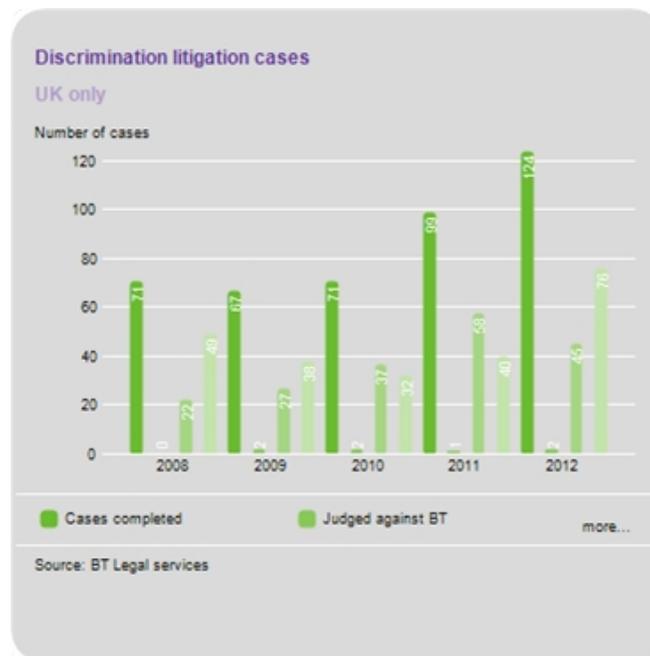
As our business develops and grows, there can be a mismatch between the people or skills that we have, and the people or skills that we need. We have an agreed way of dealing with this in order to try and find alternative work for those affected by taking people away from the jobs that are no longer required and providing the opportunity to re-skill and look for alternative roles. Since we started these arrangements six years ago, over 19,000 people have successfully found alternative employment within BT. Around 4,100 of these successes have been during the last year. We have also reduced the time it takes to find an alternative role.

Discrimination cases

We believe that even a single discrimination litigation case is one too many. To reflect this, our policies forbid discrimination and harassment of any kind.

In 2012, BT faced 183 new discrimination-related cases in the UK. Of the 129 cases closed, 80

were won or withdrawn, 47 settled and 2 lost. The increase in claims over the past year was primarily due to two separate lines of business where claimants co-ordinated their claims and put in Employment Tribunal claims at the same time.



What happens next?

We continue to talk to the unions about what is happening. We'll agree on some things, but not on others, but overall we look to maintain a relationship that provides the right environment for growth and success.

Employee engagement

We employ a diverse range of people around the world. We want them all to feel energised and motivated to do their best work.

It's important that we listen to their views so we can give them more of the things they need and value and remove any barriers that get in the way. This helps people to be more productive, give better service and feel good about working for the company.

Getting the basics right

As a basic, we making sure that all employees have a clear understanding of what is expected of them in their job and how this helps the organisation to succeed. Our managers provide clear job standards and personal objectives for everyone in their team and give feedback and support , through a regular cycle of one to ones and coaching discussions. People can develop their skills and grow their careers through the coaching offered, training provided and working on stretching

projects and roles. Employees work with their managers to plan their development, using an individual development plan to document and track their progress.

Staying connected

We ask people to tell us about their employee experience every three months through our employee engagement survey. Their managers and senior leaders listen to this feedback and follow up with focus groups, roadshows, interviews and site visits to learn more about what's working in the organisation and what's not. All managers leading teams work to improve the engagement of their teams by building on the positives in this feedback and addressing the things that get in the way. We also gather deeper insights through our Organisational Health survey and use a wide range of two way [communications channels](#) to tune into how employees are feeling.

Supporting leaders

Our leaders and managers are the ones who create the conditions for people to feel engaged. They have plans to improve levels of engagement that are specific to the teams they lead. Some of the things we are doing to support leaders in improving engagement include:

- Offering coaching and support to managers who need help to improve engagement and wellbeing in their teams
- Setting clear expectations with managers and senior leaders about the role they play in improving their employees' experience and making sure engagement is a key criterion in performance and appointment decisions for leaders
- Recognising and rewarding our leaders as role models through our Best Boss campaign
- Boosting visibility with the top 600 leaders running workshops, focus groups and talking to people on a 3 monthly rolling cycle about our priorities, progress and future direction
- Training managers to build engagement skills through our Difference is You training.

Creatively building engagement

BT people work hard, and have fun doing it. That's why we inject some fun, competition and sport into our engagement initiatives. There are many ways people can do good for the company and the community. They can:

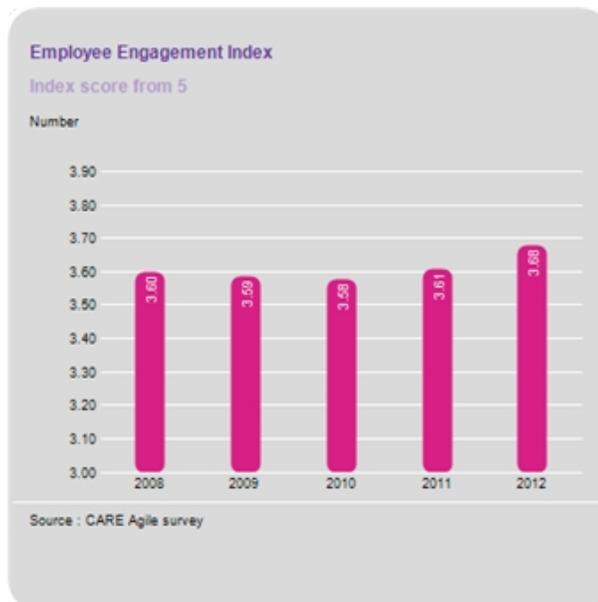
- get involved in our 2012 Team Challenge Sprints focussed on accelerating our strategy
- join a Challenge Cup team to compete against other teams with an innovative idea or proposal about how to improve service to customers
- take part in our Olympic sponsorship by carrying the torch, hearing from inspiring Olympic athletes and taking part in sporting challenges
- work with their teams to do volunteering in the community
- simplify our processes and ways of working with lean techniques
- submit an idea through our New Ideas scheme
- raise money for charity through our Sport Relief sponsorship.

Taking part in these activities brings people together across the company who wouldn't normally get a chance to work together and it gives them a real sense of ownership around improving the business.

We also expect many of this year's high profile sports events to drive engagement. We believe our sponsorship of London 2012 and charitable support of Sport Relief helps to build pride in BT as a good employer through high-profile initiatives. London 2012 has also offered employees more volunteering opportunities and chances to win tickets to the games, which again offers people different ways to engage with the organisation.

We're making a difference

Overall, engagement has been improving steadily. People are feeling more proud to work at BT and have greater confidence in the future and are feeling more healthy and well. All this has helped to drive an improvement in financial performance despite some challenging economic conditions, particularly in the UK. Creating the conditions where people can thrive at work is a constant challenge but with our senior leaders supported by nearly 12,000 people managers working hard to improve it, we expect and hope for our positive track record of improvement to continue.



At BT we don't just feel a responsibility to improve employee engagement in our own company, but we also feel a strong social obligation to improve it across the UK. That's why we have played a significant role in supporting the Engage for Success movement, which is committed to the idea that there's a better way to work. BT continues to sponsor the endeavour with direct involvement of our CEO and our Group People Director in the Task Force work. In addition BT funds a full time secondee to support the initiative and the Employee Engagement team have been instrumental in setting up and developing a national practitioner group of more than 500 members.

Related content:

[Innovating through our Challenge Cup.](#)
[Engaging for success \(website\).](#)

Targets

Start	End	Description	Update	Target Status
April 2012	March 2013	We will improve or maintain the level of employee engagement from 2012 result (3.68 from 5).		New
April 2011	March 2012	We will improve or maintain the level of employee engagement from 2011 result (3.61 from 5).	We exceeded our target with an index score of 3.68	Completed

Valuing diversity

Fostering an inclusive culture helps us to increase employee engagement and a diverse workforce helps us to see things through the eyes of our diverse customers more easily.

In line with our equal opportunities policy, we specifically consider disability, gender, race, age, families, carers, sexual orientation, and religion and belief in this section of our report.

We also show how we engage widely with organisations like the Employers' Network for Equality and Inclusion, of which we were founding members, to ensure our approach on diversity and equal opportunities is leading-edge.

What we achieved:

Our target for 2012 was to maintain a top 10 placement in four of five diversity benchmarks.

We are in the top 10 for

- Opportunity Now - Gender
- Race For Opportunity
- Employers Forum for Disability
- Working Families

In 2012, we successfully won several awards:

- We were named Employer of the Year at the Multiple Sclerosis Awards
- We were in the top 30 of Employers for Working Families
- We were in the Times top 50 Employers for Women

Related content:

[Our equal opportunity policy \(pdf\)](#)

Targets

Start	End	Description	Update	Target Status
April 2012	March 2013	We will maintain a top 10 placement in four of five major diversity benchmarks.		New
April 2011	March 2012	We will maintain a top 10 placement in four of five major diversity benchmarks.	We are placed in the top 10 benchmarks; Opportunity Now - Gender Race For Opportunity Employers Forum for Disability Working Families	Completed

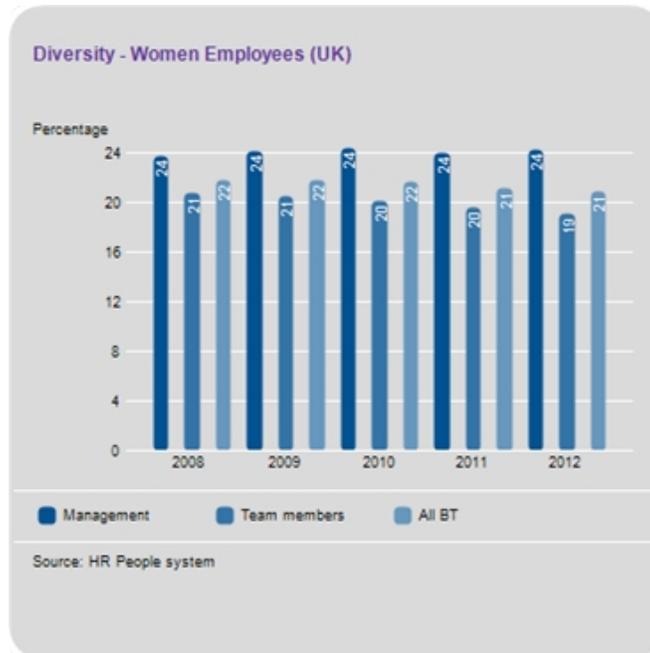
Gender

At BT, we believe women and men should be treated fairly at work, regardless of their gender.

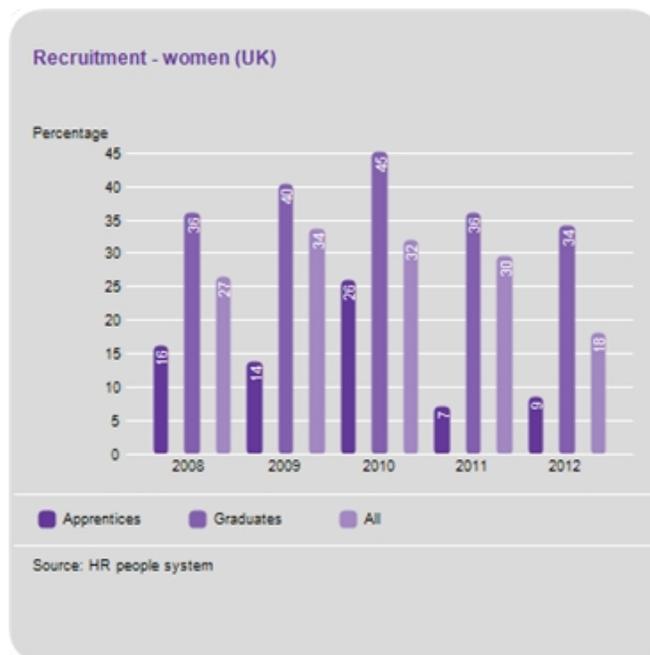
We continue to ensure that men and women have equal opportunity to work and advance their careers at BT and so we look at our processes from a gender perspective, such as recruitment, maternity and paternity. We also engage externally in current debates on issues like boardroom diversity.

Gender balance

Worldwide 21.8% of our employees are women. In the UK 21% of our employees are women around 24% of managers and 19% of team members.



Of new recruits in 2012, 18.25% were women.



Initiatives in 2012 included:

We have worked particularly hard to engage with government and wider society on the issues of senior women in business. Work in this space includes:

- We considered the recommendations made by Lord Davies on diversity on Boards and

indicated a strong support for the principle of diversity in its widest sense. We have since adopted a diversity policy for the Board. Currently BT has 27% female representation on the Board and our aim is to continue to have at least 25%. We believe strong and effective leadership in the attraction and appointment process will make sure that BT remains an organisation based on merit and provides the opportunity for talented individuals, whatever their background, to lead our business

- Signing up to the government's framework for voluntary equality reporting, the '**Think, Act, Report**' initiative, aimed at improving transparency on gender equality issues. We also engaged with government by hosting a roundtable discussion at the House of Commons with MPs and members of the House of Lords, on the role of women within organisations
- Running a series of internal calls on **International Women's Day 2012** on gender balance and the role of women on boards. Our Global Services and Openreach divisions also ran local workshops on this subject
- Encouraging 10 people to join the first year of the **Pearls Programme**, a new external programme which is part of the 'Inspirational Journey' initiatives for talented women. The programme is designed to help women access senior executive positions within the organisation, offering learning and growth opportunities with other talented women from different sectors across the UK and was created to address some of the issues highlighted in the Women on Boards report.

Other activity in the last twelve months has included:

- The **BT Women's Network** continued to help all employees (including men) to achieve their career potential. In 2012, this saw the UK network running two 'Hand Up The Ladder' events where senior female executives shared their knowledge and experience. Meanwhile the Asia Pacific Network focused on sharing best practice with other multinationals in the region by hosting roundtables and establishing a LinkedIn group - [APAC Diversity & Inclusion/Women's Action Network](#)
- Continuing our relationship with Business in the Community's [Opportunity Now](#) as a Corporate Champion.

Families

In 2012, 99% of women returned to work at BT following maternity leave.

Our maternity and paternity policies provide more than the statutory minimum support, for instance through our Additional Paternity Leave policy. Families also benefit from savings of up to £933 a year on the cost of childcare through our BT Childcare Salary Direct scheme.

Many parents take advantage of BT's [flexible working practices](#), covered elsewhere in this report.

Age

BT employs people of all ages and our equal opportunity statement confirms that people should be treated the same regardless of age

Supporting our people

While all our policies are age neutral, we recognise that people's needs change in later life. To reflect this, we:

- Make reasonable adjustment in the event of disability, chronic or acute illness that is likely to occur in later life
- Offer flexible working for those with caring responsibilities or who want to 'wind down' before retirement
- Developed a 'Planning for Retirement' seminar, attracting 14,300 employees aged 50 and above, offering guidance on subjects like pensions, capital investment, making a will and tax efficiency.

Helping young people

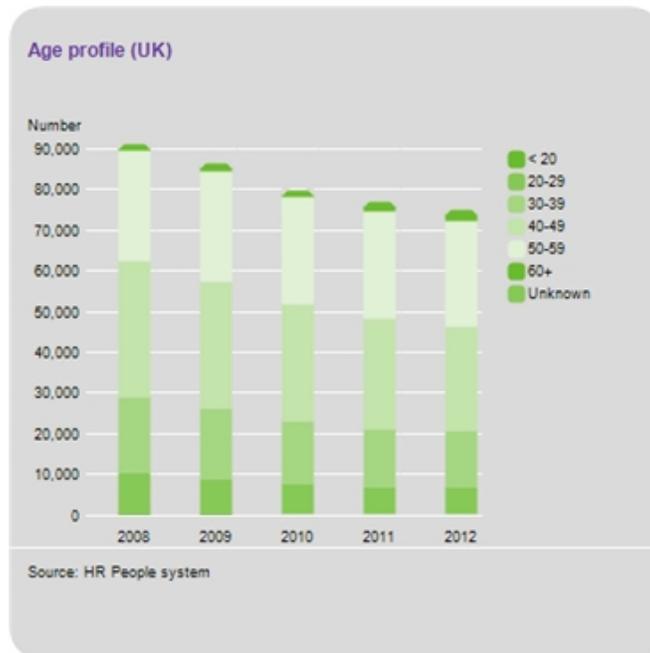
Beyond this, we also run programmes to connect young people to our business, including:

- [Work Inspiration](#) programme which brought around 7,000 school-age young people into our business to give them experience of the workplace
- Our **ITAmbassadors Volunteering programme**, which helps demystify technology and excite young people into considering technical careers

We also work with the Skills Councils and the education sector to influence the curriculum and encourage 'work readiness.'

We also are members of the [Age and Employment Network](#) and the [International Longevity Centre \(UK\)](#).

BT Age profile (UK only)



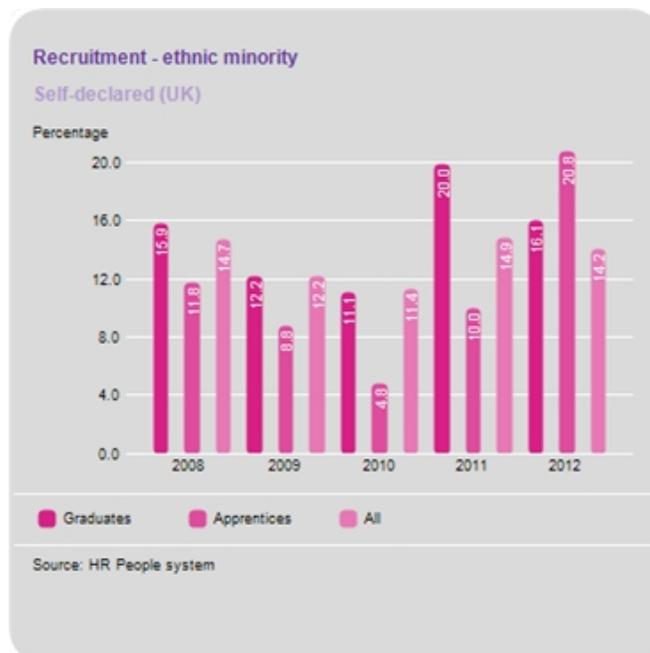
Race

The key aim of our Race strategy is to have a workforce which reflects the diversity of our customer base in the UK and worldwide.

Our ethnic profile



Recruitment in 2012



Supporting our people

The Ethnic Minority Employee Network established a mentoring scheme for its members in 2012 following a successful pilot. The pilot was short listed for the [Race for Opportunity Mentoring award](#)

in October 2011. There are currently 108 mentees registered and 83 mentors. The scheme has been very successful with one of the mentees quoted as saying how it helped them develop their career and that their recent promotion was helped significantly by the mentoring that they had received via the scheme.

Teams are also encouraged to celebrate cultural events like Diwali and Black History Month to promote understanding of different cultures.

Supporting our customers

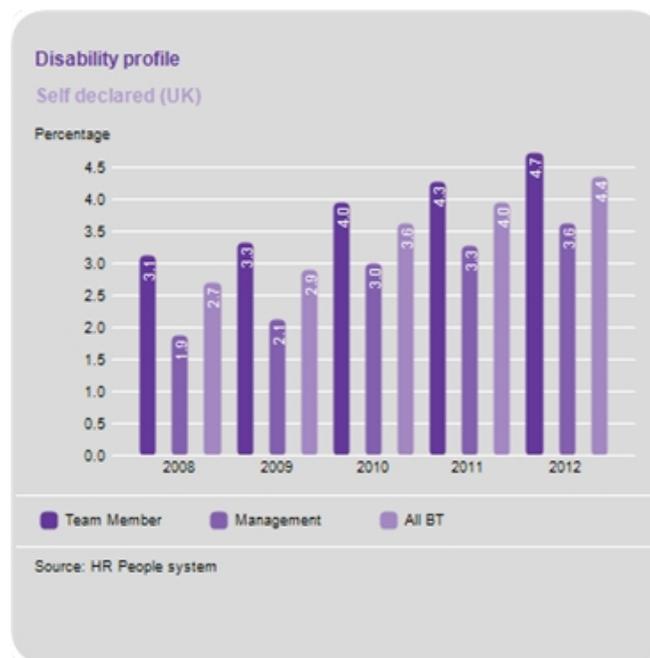
Our external offering includes the Asian Language Helpdesk (0800 401 000), supported by teams that speak Urdu, Punjabi, Gujarati and Hindi.

Disability

We actively encourage the recruitment, development and retention of disabled people. We guarantee an interview to disabled applicants who meet the minimum criteria for any vacancy

In 2012 - 4.36% of BT people have declared a disability – this has increased for the 6th year in a row and reflects our efforts to increase awareness of disability.

During 2012 - 1,170 BT people benefited from advice and support on adjustments to keep them productive at work.



We work in partnership with external organisations to hone our approach. During the year we developed two new disability factsheets in partnership with the Migraine Trust and Parkinson's UK, and we hosted a number of expert sessions with external parties on subjects including dementia,

dyslexia and disability hate crime.

We also continued to work with the UK Government through the Department for Work and Pensions Disability Employer Engagement Steering Group becoming [clear assured](#) in 2012 and Department for Work and Pensions Autism and Employment Round Table, which seeks to double employment rates amongst people on the autistic spectrum from 15% to 30%

In preparation for London 2012, we offered opportunities to disabled people as part of our Games Maker volunteering programme and hosted a conference that highlighted BT's leadership approach to disability through the ages, and encouraged others to do more for greater inclusion as the legacy of the 2012 Olympics. We also sponsored the Paralympic World Cup.

Other initiatives included:

- Running work inspiration programmes for wounded injured or sick MOD personnel to show how skills might transfer into the private sector.

Carers

A changing demographic reality means that the UK is seeing a rapid increase in the numbers of working carers. Many carers struggle to cope and, according to Carers UK, 1 in 5 people give up work to care.

We believe this often leaves carers facing financial hardship and businesses without experienced people – but we're thinking ahead to stop this happening.

Carers are indispensable in providing care to someone they know who is ill, frail or disabled. Despite the prevalence of carers in society, they often face a lack of recognition in all areas of their lives - from employers, doctors and social workers, even friends and family.

The main consequence of this lack of recognition, we think, is that carers can suffer more than they need to – and we're committed to raising awareness to stop this happening. We do this by raising awareness and offering flexible working solutions for our people who need to care for others.

BT is a founding member of [Employers for Carers](#) which is chaired by our People & Policy Director, Caroline Waters OBE.

Our approach

BT's Carers Network aims to connect and support people within the company who have caring responsibilities. At 31 March 2012 there were just over 500 members of the BT Carers Network and we hope to double this in 2013.

Carers' week at BT

BT supports [Carers' Week](#) each year, an annual event which aims to achieve greater recognition and support for carers, and to inform those who are not aware of the services and benefits they are entitled to.

In 2012 BTs objectives were to

- raise awareness of carers within BT
- promote the BT Carers Network and grow the existing membership – by 100 per cent
- ensure the correct interpretation of BT Policy to enhance the lived experience of BT Carers
- facilitate networking and knowledge sharing amongst BT Carers during Carers Week 2011 and beyond.

Keith Edwards, founder of the BT Carers Network, and Helen Chipchase, Carers lead in the diversity centre of expertise, hosted a phone in 'radio show' for BT people to share their hints and tips on managing care. We also published an article about carers in BT Today featuring BT people talking about their caring responsibilities.

Downloadable resources

We have wide ranging toolkit of support, on our intranet, already in place to support BT carers including a New to Caring factsheet, the BT Carers Passport, our Helping you Care booklet, and our Managing Carers - Top Tips for Line Managers factsheet.

During the year BT facilitated a series of expert master classes for BT people with external experts such as Professor Alistair Burns, National Clinical Director Dementia and Professor David Oliver, National Clinical Director Older People.

Sexual Orientation

BT Kaleidoscope, our Lesbian, Bisexual, Gay and Transgender (LGBT) network, celebrated its tenth birthday in 2012, showing our long-standing commitment to removing workplace taboos around sexual orientation.

BT is a Stonewall Diversity Champion, and in the last year, we supported LGBT History Month, the International Lesbian, Gay, Bisexual, Trans and Intersex Association and Doncaster Pride.

Religion and Belief

At BT we believe that faith is an important issue for many of our employees and customers and our Equality of Opportunity Policy recognises the need to minimise any barriers that they may face.

We therefore support Christian and Muslim Networks and 14 of our largest UK buildings provide quiet rooms for prayer, meditation or contemplation.

We also promote our religious diversity through information to employees through internal publications.

Bullying and harassment

We have a zero tolerance to workplace bullying and harassment. It is unacceptable behaviour and should not be tolerated because we believe it humiliates and damages the health and self-esteem of those affected, which in turn affects attendance and job performance.

While we perform well in this area when benchmarked against peers, we are not complacent and recognise there is more we can do.

Our approach

We have a number of initiatives in place to continuously monitor cases of bullying and harassment. This includes the provision of a quarterly survey and the development of a confidential hotline to report perceived bullying & harassment in most of the countries we operate in as well as a regular programme of activities to engage with management, which includes;

- Providing calls and a podcast to help managers to understand the results of this monitoring.
- We also deliver Dignity & Respect workshops throughout the year to support our people managers.
- Running knowledge calls on behavioural approaches, which reached 1,000 people managers.

Additional activity during 2012 included:

- Developing a dedicated internal microsite with supporting tools and contacts to provide guidance and advice on addressing symptoms of bullying and harassment.
- Development of short case study videos that give an insight into what it is like to be bullied in the workplace.

What next?

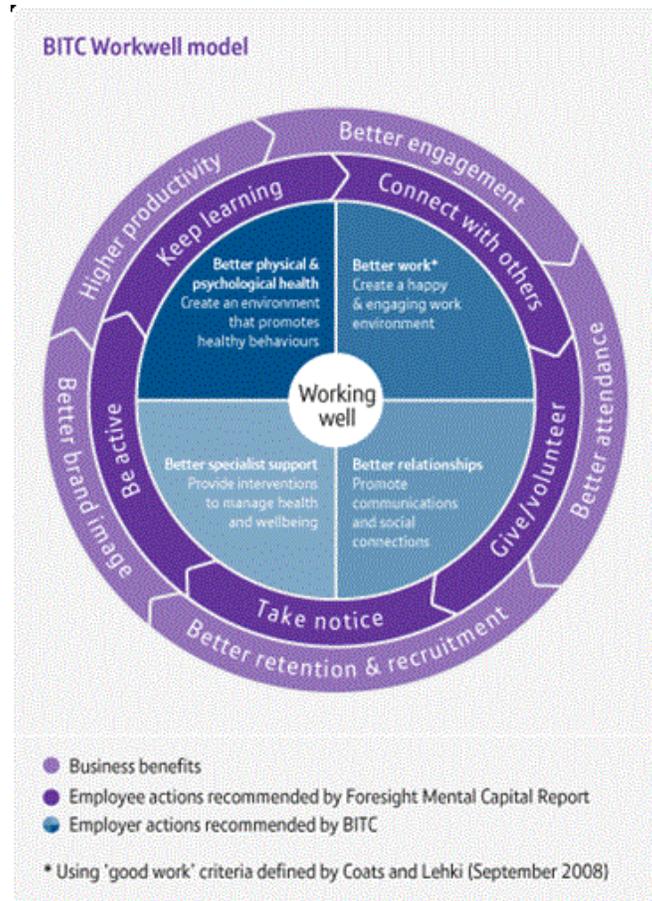
BT takes a zero tolerance approach to bullying and harassment in the workplace. Our continuous improvement will only be ultimately successful when no BT people perceive they have been bullied & harassed.

We will also deliver Dignity & Respect workshops throughout the year to support our people managers.

Health, safety and wellbeing

We revised our health and safety policy in 2012 to explicitly identify health, safety and wellbeing as key components of our people strategy and as essential contributors to our future commercial success.

To support this change, BT will be expanding its public reporting to include measures which are consistent with the recently published Business in the Community (BITC) public reporting guidelines for employee wellness and engagement. The structure of this section is therefore aligned to BITC's *Workwell* model and, over time, should facilitate comparison with other organisations adopting the same approach.



Our strategy

Ultimate responsibility for delivery of the Health, Safety and Wellbeing strategy rests with the Chief Executive. Our operational management teams are responsible for the performance of the business in this area. Managers are supported by a network of health and safety champions who provide guidance and challenge on the health, safety and wellbeing implications of operational decisions.

The aims of our Health, Safety and Wellbeing strategy are:

- To promote good health
- to prevent illness and injury to our people and others affected by our activities
- to identify early signs of illness and intervene or offer support where we can
- to provide effective rehabilitation for those who become ill and need help to return to work.

Health, safety and wellbeing governance

There are also a variety of governance forums and professionally qualified advisers which work to develop BT policies and ensure shared learning across the business, namely:

- Group Health, Safety and Wellbeing forum
- Line of Business Health, Safety and Wellbeing forums
- Health and Wellbeing leads group
- Occupational Health Service user group
- Motor Risk Management working group
- Attendance forum

Management system

The first and foremost principle for any organisation should be to avoid doing harm to its people. We have a well-developed framework for health, safety and wellbeing that sets prevention at the heart of what we do, with early intervention when problems are identified and the effective rehabilitation of people who become injured or ill. These principles have been extended from solely the management of work related ill health and injury to dealing with the epidemic of chronic disease in an ageing society and to safety issues outside the workplace.

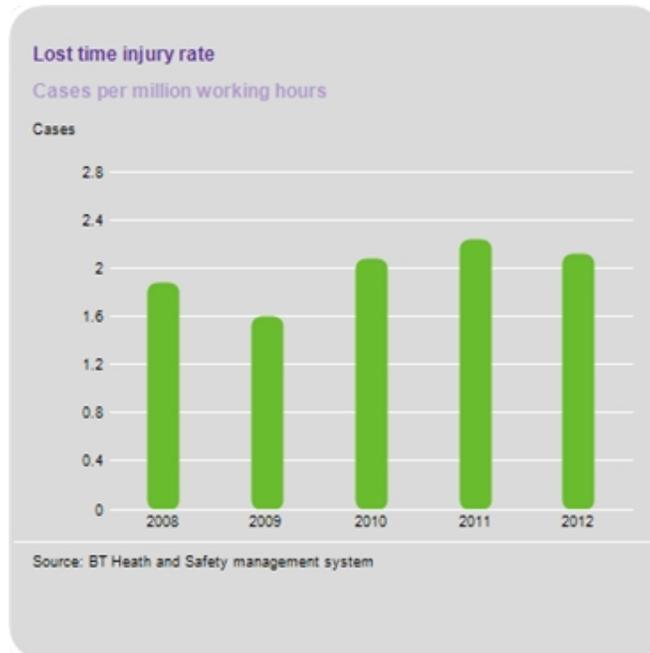
We operate a non-accredited health and safety management system based on the requirements of the UK Health and Safety Executive guidance note HSG65 (Successful Health and Safety Management). We are currently working to align our processes and documentation to the ISO 18001 management standard and have recently achieved accreditation in our Italian business. We operate internal audit and management oversight activities to provide assurance in relation to the management of health and safety risk.

Areas of focus

Better physical and psychological health

The introduction of new technology and products like fibre-optic broadband has changed our risk profile over the last decade. However the traditional hazards associated with the external network remain – for example, working at height or working in confined spaces. These challenges along with occupational road use continue to pose the most significant risks to the safety of our people and others who could be affected by our operations.

Over the last four years accident rates have settled to a relatively steady state, having seen significant reductions in the early 2000s. (see chart below) This now means we're seeking new ways to drive future improvements, such as the behavioural engagement programmes outlined above.



In the last financial year there has been no formal enforcement action or prosecutions in relation to health and safety within any of our businesses. We operate a policy of positive engagement with both regulators and employee representative organisations and seek to resolve any issues in collaboration with these important stakeholder groups.

Our mental health framework considers several elements, and is supported by resources including our mental health toolkit, and our stress risk assessment and management tool.

We focus on training and informing people at the front line to help themselves and each other. We have trained almost 5,000 people managers in mental health support since 2008: by focussing on educating this community, we aim to normalise mental health and reduce stigma.

Specialist support is also available, and we have continued to improve the service offered when people become unwell. Here, we offer a comprehensive Employee Assistance service and consultancy for managers and HR, combined with a service specialising in the delivery of Cognitive Behavioural Therapy for common mental health problems.

Work Fit is BT's vehicle for health promotion, with the aim of "helping you to help yourself." It is a joint initiative with the BT unions and works councils which aims to promote small behavioural changes which, if sustained, will have a long term impact on health and wellbeing. Each campaign focuses on a specific health issue and uses a modular approach to "drip feed" messages to employees.

2012 saw a year-long programme to increase physical activity. *Work Fit - Get Active* invited BT people to buddy up with a small team of colleagues to get active, with the aim of taking 10,000 steps a day over the year. At its peak, over 4,600 people signed up to Work Fit with more than a quarter drawn from the international businesses, using the dedicated Work Fit tracking site to log their steps.

Better work and engagement

We believe that our health, safety and wellbeing performance is dependent on encouraging behavioural change. Helping our people to understand and comply with safety and wellbeing requirements remains an important part of our overall strategy, but we also encourage the actions that protect their colleagues and the interests of the business.

We continue to encourage and facilitate engagement with the strategy through communications, training and education programmes. In 2012 initiatives included **Work Fit – Get Active** and mental health training for people managers, which has resulted in over 4,600 BT people becoming engaged with our London 2012 Olympic themed physical health promotion programme. In addition, just under 5,000 managers gained an appreciation of the skills necessary to manage mental wellbeing in the workplace. They attend a 1 day course for people managers across our business. In follow-up surveys, over a third of managers say they have had cause to apply the learning in the course of their job within 6 months of attending and two thirds say that the content has been helpful in their life outside of work

Better relationships

We have a range of channels for communication and dialogue around Health, Safety and Wellbeing, including:

- seeking employees' views through internal communications and as part of our health promotion campaigns
- our **Family & You portal**, which offers information on all BT's family friendly policies and practices, and our portfolio of external 'Family' support organisations
- an agreement with our employee representative bodies to work together to promote health safety and wellbeing issues.

In addition, initiatives like our [employee volunteering programme](#) promote the principles that inform our Health, Safety and Wellbeing strategy.

In the future, we plan to use our [Employee Engagement survey](#) to assess health and wellbeing indicators, in line with the BITC *Workwell* model. This will help us to understand proactively how health safety and wellbeing performance is progressing.

Better support and rehabilitation

Over recent years we've seen the age of our UK workforce rise and chronic disease become more prevalent. This situation is likely to continue into the foreseeable future and we now have specialist internal and external support mechanisms, as well as company funded rehabilitation services, to help our people manage changes in their health status.

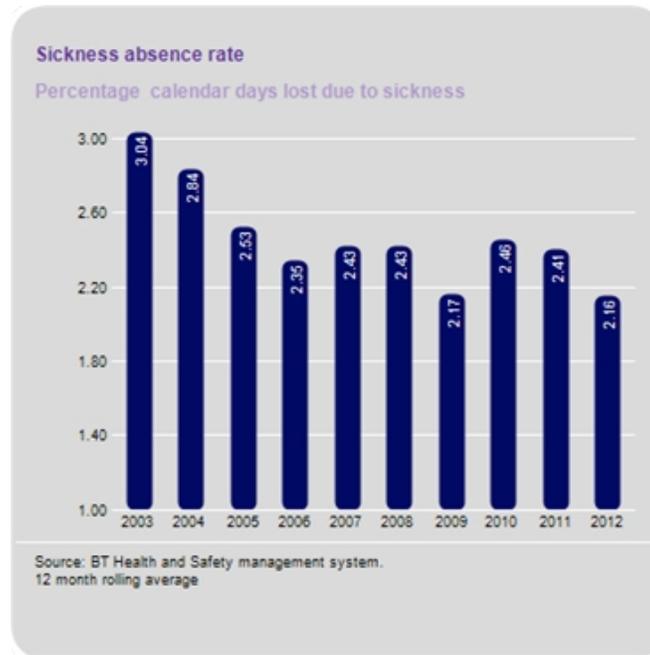
We achieve this through the provision of adjustments, education and treatments which help people to continue working productively when disabilities and ill health arise. These principles align closely with our belief that good work contributes to good health and that healthy engaged people are a great asset to our business.

The interventions support an attendance management policy, implemented by our line managers, who have access to appropriate specialist support co-ordinated through an in-house case

management service. Decisions on attendance are based on the businesses capability to sustain attendance patterns using processes which support consistent application.

We're currently reviewing how these measures are applied to make sure that the services and information we offer are simple to access and effective for our people and management teams who need them.

Over the last four years, sick absence rates have remained at a relatively steady state, with a reduction of around 10% this year.



We focus on training and informing people how to help themselves and each other – specialist support is available, but only as a back-up. We believe that when considering getting people back to work, human contact is the most powerful therapy – calls and home visits during sickness absence show the person we care. Return to work needs to be planned – that's why we talk about it while people are still off. Line managers are responsible for constructing appropriate return to work plans, which makes them relevant on an individual basis.

Some people only need temporary adjustments to help them back. For those with more serious or relapsing conditions we have the Health and Wellbeing Passport, a voluntary initiative to help individuals manage health and wellbeing conditions, or Managing Changing Capabilities policy on disability or long-term health conditions. We provide company-funded specialist services for musculoskeletal disorders and mental health and a specialist advice service for more complex adjustments. If individuals are unable to resume their own work, the priority is for internal redeployment.

Health and safety data table

Health and Safety	2008	2009	2010	2011	2012
Lost Time Injury Rate (incidents per million working hours)	1.88	1.6	2.09	2.25	2.13
Sick Absence Rate (percentage calendar days lost)	2.43%	2.17%	2.46%	2.41%	2.16%
Incidents of work related ill health (cases per 10,000 people in post)	62	42	35	24	20

Related content:

[Our health policy \(pdf\).](#)

Targets

Start	End	Description	Update	Target Status
April 2012	March 2013	We will reduce to 2.05% calendar days lost to sickness absence (SAR) expressed as a 12 month rolling average.		New
April 2012	March 2013	We will reduce the number of lost time injury cases (LTI) to 2.02 cases per million working hours on a 12 month rolling average.		New
April 2012	March 2013	In 2013 BT will have no successful health and safety prosecutions or prohibition notices served against the company worldwide		New
April 2011	March 2012	In 2012 BT will have no successful health and safety prosecutions or prohibition notices served against the company worldwide	There were no health and safety prosecutions or prohibition notices this year.	Completed
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.	We have reduced our LTI to 2.13 incidents per million working hours (a 5.3% reduction from 2011)	Completed
April 2011	March 2012	We will reduce to 2.21% calendar days lost to sickness absence (SAR) expressed as a 12 month rolling average.	At the end of March 2012 our SAR was 2.16%, a 10.4% reduction from 2011, reversing a 2 year trend.	Completed

Training and talent

We aim to attract the best people we can to BT, and to make more of the potential of all our employees.

Our long-term sustainability depends on us having the right people with the right skills to manage our network, get it right first time for customers and continuously rethink our systems, processes and products.

In this section of our report, we explore:

- How we recruit, train and develop apprentices and graduates
- How we identify, retain and develop talent
- The learning and growth opportunities open to all our people
- The role that volunteering plays in developing our people
- How we're giving students a flavour of working life at BT

Volunteering hours contribute to our overall targets for community investment; this totalled a combined cash, time and in-kind value of £31.9m in 2012.

Attracting apprentices and graduates

We believe that apprentices and graduates bring us energy and new thinking we need to thrive. BT is strongly committed to this agenda and has, for instance, recruited more than 1,400 people onto its Apprenticeship scheme in the last five years in the UK. The Apprenticeship programme also benefited over 10,000 of our workforce in up-skilling and re-skilling.

Apprenticeships

Our apprentices follow a range of Frameworks at intermediate (equivalent to GCSE qualification), advanced (equivalent to A level qualification) and higher (equivalent to foundation degree) that support both the core operations of the business (Engineering, IT, Customer Service) and also more peripheral but critical operations (e.g. Vehicle Maintenance.)

In 2012, the scheme attracted 24,000 applications – thousands more than we can accept – which we believe highlights the importance of this kind of initiative. Beyond the energy, new skills and innovative ways of thinking we believe apprentices can bring to our business, we're conscious of our role in helping young people get a job in this economic climate.

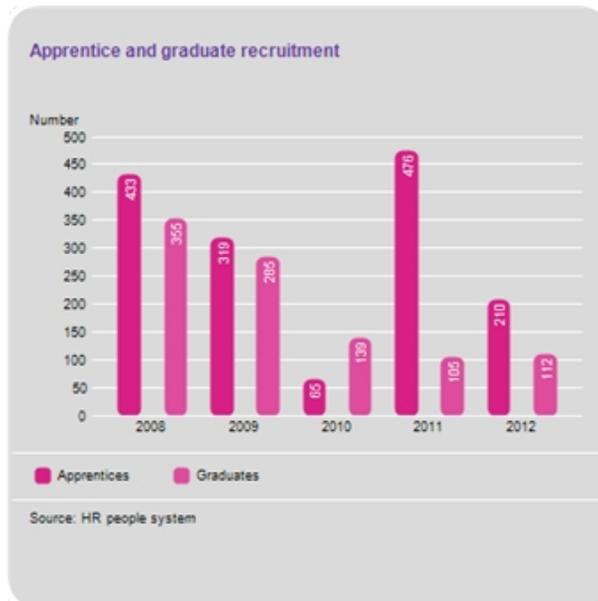
We recruit apprentices as BT employees first and foremost and, as with other recruitment, we gauge apprentices' expectations of the scheme via a self-assessment survey prior to the course. We then use this feedback to inform their programme of learning. The completion rate of our Apprenticeship scheme is 90%.

Graduates

Our Graduate programme is dedicated more specifically to university graduates. We plan to hire over 220 new recruits this year, 45 of whom are based outside of the UK. This programme is one of our streams to hire and train future leaders in key functions across the business.

Beyond this, we offer around 10 graduates from the world's best business schools a place on our MBA programme. Selected people complete an 18 month rotational programme. We find that these MBA graduates are likely to become future change agents for our business.

This year, we piloted an executive coaching programme for the apprenticeship scheme, run from September to December 2011 in association with the social enterprise InSync.



What's next?

We want to expand both our Apprenticeship and our Graduates schemes, in number of beneficiaries but also in the number of our lines of business involved. For example, next year, we plan to recruit 500 new apprentices into our customer services and telecom engineering at giving high specialist IT qualifications.

Related content:

[Read our story on recruitment to accelerate superfast broadband rollout BT's career centre \(website\).](#)

Developing our talent

Finding the right people in the right functions in all our countries of operations is essential to delivering our growth strategy over the next 5 to 10 years. We need to grow our pool of talent from inside and outside the business, at all levels of the organisation

Growing careers within BT

We identify people within the business that we feel have the potential to lead the fast changing needs of BT's global business through our talent identification process.

This process is:

- Representative of BT's diverse businesses, employees, shareholders and customers
- Reflective of BT's current global presence and growth strategy with the international population in all lines of business
- Focused on strong performance (what and how) and high potential (future capability)
- Conducted without bias and based on meritocracy
- Designed to identify the potential of people who are at an early career stage
- A key part of building a strong talent pipeline for the future.

Over the last year, our talent pool members have asked specifically to have greater visibility of career progression opportunities, and in response we introduced a number of initiatives to showcase relevant vacancies within BT. These include:

- weekly distribution of talent role vacancies to allow talent pool members to proactively seek out new roles
- fortnightly calls for talent to hear about roles directly from line managers.

These initiatives have proved effective as a way of managing role moves below executive level, and has increased the talent pool members' overall satisfaction about visibility of opportunity by 10%.

In addition, we held four Talent master classes last year, presented by senior managers, including our CEO and Chairman, resulting in over 95% satisfaction rate with the talent pool membership.

Attracting more of the right people internationally

To support our international growth plans, we need talented local experts in place around the world.

This means that, at Group level, we make sure our local operations have the right support, and that our global talent programme delivers value. Locally, the varying needs of each line of business' markets and customers mean they're best placed to manage recruitment regionally.

BT is growing rapidly in Asia Pacific, Middle East & Africa and Latin America, and it's here that we find our biggest recruitment challenges, with many companies competing for the best talent. Initiatives such as the expansion of our graduate programme outside of the UK is helping us to address this – with more than 1 in 5 graduates from our 2012 intake being based outside of the UK.

We also use our Fast Track Leadership programme, a 3-year rotational programme, to hire 20 to 25 talented professionals each year. This is aimed at people with an existing professional track record.

Unlocking Talent programme

BT's Unlocking Talent programme, sponsored by the Chairman, is designed to identify how BT can

best encourage sustainable behaviour amongst its 100,000 employees. It comprises a set of pilot schemes:

- **Action for Happiness**, a pilot scheme designed to help employees understanding about building resilience.
- **Henley Responsible Leadership programme**, which will train BT leaders to understand why the triple bottom-line is important to our business.
- **Let's Talk About CR Lunches**, run in association with Connect, CWU and Ashridge.

How this made a difference

Overall satisfaction with being in the BT Talent Pool has increased to 92% in 2011 (91% in 2010) and 88% were satisfied with the development support they received in 2011 (86% in 2010).

What happens next

We are reviewing our talent strategy to make sure that our priorities for leadership, and our demand for talent in qualities and quantity, are totally aligned to our business growth agenda. We are also trialling approaches to enable us to compete successfully for the best talent globally and better develop our talent for our most critical roles.

Related content:

[BT's career centre \(website\).](#)

Training and development

To compete effectively in the rapidly changing ICT sector we need to continually invest in our people, helping our workforce to keep up with changing technology and customer requirements. Through initiatives like the BT Apprentice Scheme, our Graduate and MBA programmes and our learning and development plan, we also help our people to be the best that they can be.

Training begins when people join BT, and continues throughout their careers, equipping them with the knowledge and skills to do their jobs well today and in the future. We focus on helping our people to develop their own skills throughout their BT career, personally and professionally – as well as ensuring that our people are equipped to deliver BT's future success.

We are a recognised Investor in People – a business improvement framework that encourages good practice for training and development. This widely used external benchmark continues to challenge us to continually improve our approach to developing our people.

Our approach

We provide opportunities for our employees to develop across a broad range of skills throughout their career.

Company-wide learning

Our **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. We have 20, BT-wide, professional communities with over 40,000 members, who share best practice and knowledge and offer opportunities for networking and connecting subject matter experts.

New skills for changing technology

The BT Learning and Development team ensure alignment of expenditure on learning to strategic business objectives.

In order to maintain and defend our traditional marketplace and grow new market opportunities, we need continuously grow new sets of skills with higher and more consistent levels of capability.

In response to this challenge the Learning and Development team in BT Innovate and Design (BTID) developed and implemented a number of strategic skills development programmes known as **Accredited Learning Pathways (ALP)** which combine external best practice and accreditation with unique BT knowledge.

The pathways have been central to the acceleration of specialist skills for BTID people during 2012, helping to support BT's growth in key technology areas including on Content (TV), Cloud, Superfast Broadband, Networks, Voice and Mobility.

To date over 4,000 people have completed at least one Accredited Learning Pathway (ALP) at Bronze level, over 700 people have completed a Silver level ALP and over 100 people have completed a Gold level ALP. In addition to supporting the upskilling of people in existing roles, Accredited Learning Pathways have contributed to the retraining of over 220 employees who have taken up roles that were previously undertaken by contractors.

Our performance

We were delighted to get external recognition for our approach to learning and development over 2011.

BT Retail became a Training Accreditation Programme learning and development partner – an accreditation from the Training Foundation awarded for excellence in learning design and delivery.

We were also recognised for our innovative approach to learning – BT Retail won an e-Learning award for creating a series of short videos and podcasts designed to provide quick bites of learning at the point they were needed. The most significant impact of these was an 11% improvement in Call centre agents' ability to resolve customer issues in one contact.

With customer service being a key element of BT's strategy, keeping our customer facing people up-to-date with product knowledge and sharing best practice is a key challenge, and we implemented a new knowledge sharing system – i-Tool – to help with this. To embed this and to get the most from our investment, significant effort was made to ensure that end-users were equipped and confident to use this tool, and this particular learning intervention was award winner – this time from the National Training Awards. More importantly, however, it had a direct impact on our ability to serve customers well, for example, reducing call times for business customer reporting faults.

We also encourage our people to work towards external accreditation for their training/ career development. For example, during the last year over 700 people achieved National Vocational Qualifications at levels 2 & 3 – the majority of which were in management skills. Over 2,700 people are currently working towards their adult apprenticeships and will complete them next year.

What happens next

We can always improve, so next year, we are creating a new infrastructure for learning and development. We plan to simplify access to learning, offer a standardised curriculum and ensure clearer learning pathways. Our aim is to create a more impactful and efficient learning offering to all of our people.

Related content:

[See we're providing skills to accelerate our superfast broadband rollout](#)

Employee volunteering

Time donated to good causes by employees through our volunteering schemes in 2012 had an estimated value of £15.9m.

Beyond the benefits created for charities and communities, this activity promotes and enhances BT's brand. Our employees also benefit by building their skills through giving to a greater cause, and have increased levels of employee engagement and motivation.

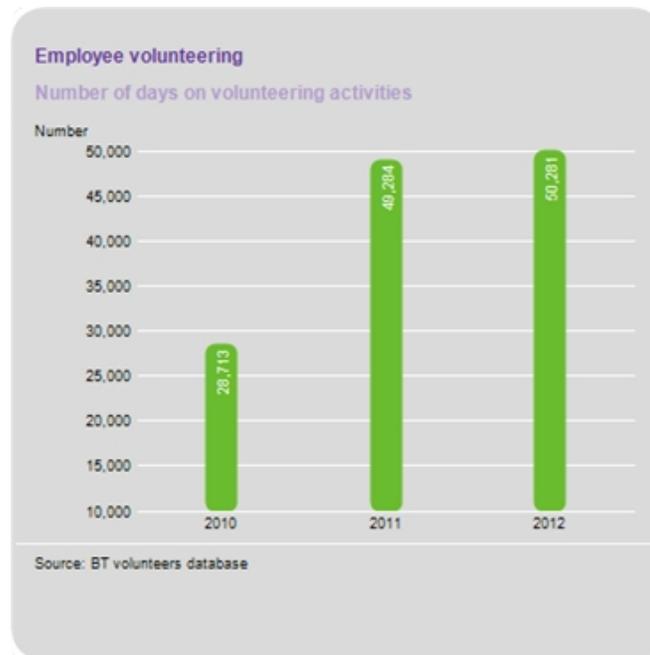
Using our insight to support charities

As telecommunications professionals, BT employees can add real value in helping charities perform better and be more efficient. Some of the ways we help include:

- The [BT Trouble-Shooter](#) programme, which involves BT employees offering pro-bono advice to charities (14 since May 2011) to help improve their delivery of services
- We also offered 152 short term secondments to 88 Charities in the UK in 2012, where charities like St John's Ambulance Wales and the World Wildlife Fund benefitted from the full-time support of BT people.

Volunteering for charities and communities

All BT employees can use at least three days per year of work time to volunteer on initiatives that complement other aspects of the Better future agenda, such as supporting local communities and projects to promote digital inclusion.



Some of the initiatives BT people supported in the UK were:

- **The Adult Work Placement scheme**, launched in May 2011 across the UK in partnership with Job Centre Plus, offers long term unemployed people (6 months +) a 10 week placement in industry, helping them build the skills and confidence needed to get a job. Two initial pilot schemes provided 24 places and 13 long-term unemployed people found jobs in Cardiff and London. By the end of April 2012 a total of 117 people had participated in the scheme
- **The Digital Champions programme**. Launched in May 2011 this programme aims to recruit a total of 10,000 [Digital Champion](#) Volunteers from within BT and outside by December 2012 to help more people get on line. This has involved a set of campaigns including “ Give an Hour” in which BT people helped family and friends get online for the first time and “Love to Reconnect” in which our volunteers helped member of the local community get online in conjunction with charity partner, Citizens Online. BT has expanded the scheme to the US involving its people in this beneficial community programme.

Elsewhere our people are supporting community projects in the US, Colombia, India and other countries – see [in-country partnerships](#) for more.

Fundraising

BT people and systems are used to behind the scenes to support high-profile [fundraising](#) initiatives

such as Childline and Sports Relief.

Recognising contributions

Our Chairman's Awards scheme - now in their 18th year - and [Community Champions](#) awards recognise and reward BT employees who actively participate in voluntary work in their local communities.

In 2012 a total of 641 community groups have been awarded where our people have individually chosen to volunteer and many of them report that it has increased their pride in working for BT.

This year BT was selected by the British Prime Minister David Cameron to receive a Big Society Award in recognition of its extensive Volunteering Programme.

The Prime Minister said,

66

BT's employee volunteering scheme has quickly grown to provide millions of pounds worth of support to charities and community groups every year. This is invaluable for groups which would not be able to afford the type of skilled help BT staff provide.

I would like to congratulate the senior staff and BT who have worked to create a culture where employees feel supported in giving time from their working week to support local causes. I would also like to thank the thousands of staff who have taken part and I hope that their experience will inspire others to look at how they can give their time to support organisations in their area.

99

BT's Director of Volunteering, Helen Simpson was given the award by the Economic Secretary, Chloe Smith during a visit to Clare School in Norwich in March 2012, where BT Volunteers in partnership with the Lord Taverners, have installed a sensory room to help children who have severe communication difficulties.



Picture: Presentation of Big Society Award to BT

From the left: Simon Minter, Clare School, Gloria Hurn, The Lady Taverners, Matthew Patten, The Lord's Taverners, Chief Executive, Chloe Smith MP, Dave Hughes BT, Gary Towers, The Lord's Taverners, Glynis Billett, The Lady Taverners, Helen Simpson, BT.

The difference BT people are making

This our people gave over 50,000 days of volunteer time, and we achieved the highest participation rates (around 11% of our workforce) since we started to record this information. This was the equivalent of a donation of an estimated £15.9m.

We also recorded the engagement benefits associated with our volunteering activity. Our online survey records the success of each Community Champions review, with the latest research from January 2012 showing:

- 84% of respondents bring skills the personal skills from their community work back to BT
- 97% of respondents feel more proud to work for BT because of the scheme
- 91% of respondents think that the award scheme is very important to community groups.

In addition to this, our quarterly CARE Survey results 2012 show that our [Employee Engagement Index](#) scores (a BT CR KPI) are consistently higher for BT people who are volunteers than for the general BT population

What's next?

Our plans for 2013 include:

- Partnership with the Transformation Trust to create 5,000 digital champions in around 400 schools in deprived communities in the UK
- Partnership with Crisis (homelessness charity) including proposals to run a Christmas shelter staffed by BT volunteers and a digital inclusion project to connect homeless people to services that can get them into accommodation, training and jobs.

Related content:

[See how our people are helping schools in rural Comlumbia](#)

Work Inspiration

Our flagship Work Inspiration programme seeks to show 4,000 young people (as well as many adults) each year insight into what it's like to work at BT.

Young people from all walks of life engage with the scheme in a number of ways. Here we outline just a few.

Disadvantaged, disabled or minority young people

Many of these young people are currently engaged with charities that seek to broaden horizons for those with disabilities or learning difficulties, those from challenging life circumstances, or from ethnic minorities.

Take our sons and daughters to work

BT employees are also encouraged to bring their children, grandchildren or friends children to work as part of this scheme.

In partnership with other organisations

We also work in partnership with other organisations to maximise the benefit of the scheme. Partner organisations included Microsoft, where young people spent time with both organisations, and the National Literacy Trust, as part of their Words for Work campaign.

Work inspiration also reaches many unemployed young adults each year. Some of the ways in which adults engage with the Work Inspiration are shown below:

Openreach offer a 10 week BT placement for people who are not in education, employment or training through the Adult Placement Programme. This involves shadowing an Openreach engineer while gaining additional coaching on skills like CV writing, interviewing and presentation skills. Participants have the opportunity to present themselves to BT and external companies with a view to getting a permanent role at the end of the programme.

We are working in Glasgow to support offenders gain employment on their release, an event is scheduled for May

We have also been invited to share our Work Inspiration practices more widely. Our programme director, Mick Keay, was invited to Australia to promote the concept to businesses and the government through the Schools Industry Partnership.

Related content:

[BT work experience \(website\).](#)

Ethics, anti-corruption and bribery

Behaving responsibly is fundamental to our approach to business. Whether it's with our customers, employees or suppliers, we always aim to do the right thing and act within the law.

We have stringent measures in place to prevent improper conduct such as bribery, corruption and fraud.

Andrew Parker, Company Secretary

66

BT's zero tolerance of bribery is vital to protect our reputation for doing business ethically. Wherever we work, everyone is required to act responsibly, as expressed in our ethical code, 'The Way We Work', and BT's anti-corruption and bribery policy.

99

This can create many challenges. For example, economic growth in emerging markets presents many commercial opportunities for BT, but these are sometimes in countries where local business practices vary from the ethical standards in developed economies. Our ethics programme helps mitigate such risks.

Our [vision and values](#) define the kind of company we want to be, underpinning our commitment to ethical business practices.

The introduction of the UK Bribery Act, in July 2011, paved the way for us to further strengthen our approach. 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.

A range of ethics-related processes are in place to help BT people to do the right thing every time, including:

- Signing-up to our ethical code of conduct; '[The Way We Work](#)', which is an umbrella for several related policies, and a supplementary [code of ethics](#) which applies to senior directors.
- Training and communications to ensure employees are aware of their ethical responsibilities and that they know when and how to seek advice.
- Ongoing monitoring and reviews of the effectiveness of our processes.
- [Risk assessments](#) and regular reviews.
- Mechanisms for reporting and investigating concerns about our business practices, including whistleblowing procedures.
- Performance metrics for tracking our progress.

Governance and responsibilities

Our governance structures are designed to help us achieve best practice and drive performance from the boardroom through to all our global operations

Ethics governance comprises:

- An Ethics Steering Committee, chaired by the Company Secretary. The Committee oversees the development, implementation and monitoring of our ethical policies
- Regional Governance Boards, which were introduced in 2011, and are now well

established, reinforcing ethical behaviour throughout all BTs regional operations

- BTs Nominating and Governance Committee, a main board committee led by the BT Chairman, whose remit was extended in 2011 to include the determination and review of BT's governance policies, particularly with regard to corporate governance, ethics, business principles, international trading regulation issues and data protection.

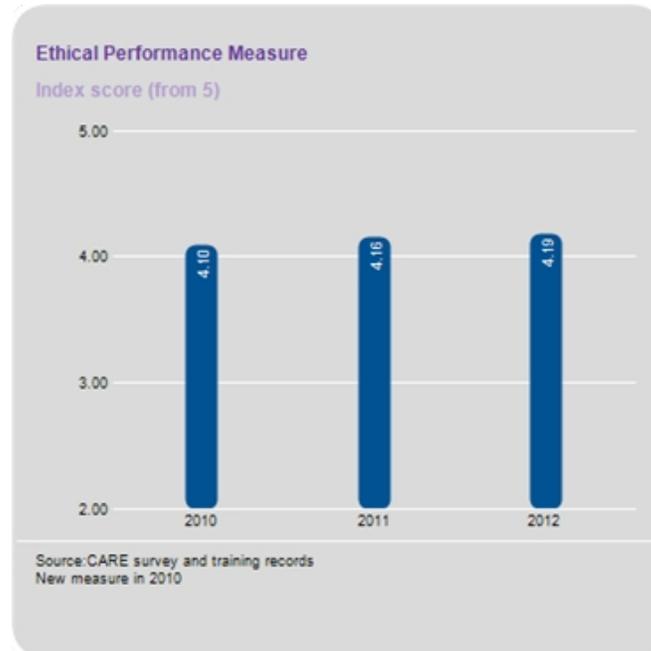
Our performance in the year

The Ethics programme continues to strengthen anti-corruption and bribery procedures across all the regions where BT operates. We use a range of measures to monitor the effectiveness of our ethical policies, training and awareness programmes.

Our ethical engagement performance measure is one of our corporate responsibility (CR) key performance indicators. It uses results from our quarterly employee survey to assess:

- How well employees understand and comply with our ethical code of conduct, 'The Way We Work'
- The extent to which our senior managers behave with integrity
- How successful our training on ethical issues is.

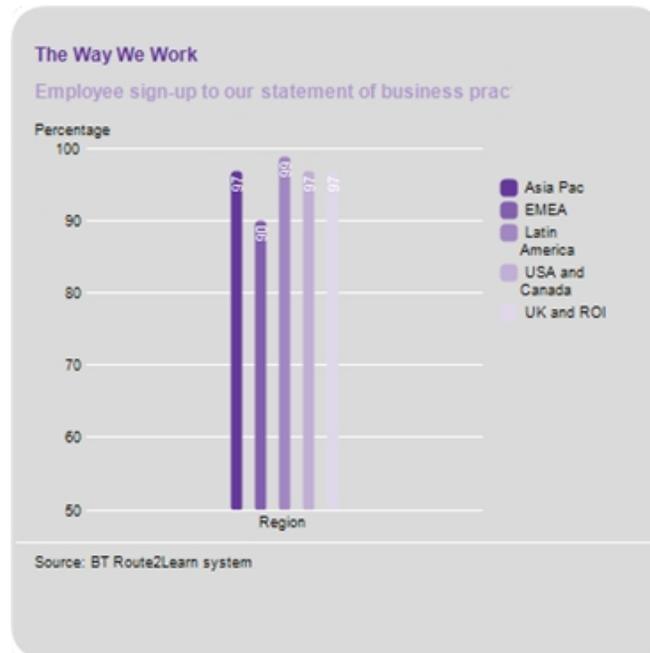
The results are combined to create an index out of five. Our target for the 2012 financial year was to maintain or improve our 2011 score of 4.16, and we actually achieved a score of 4.19. Our aim for 2013 is to maintain or improve this score.



An ethical culture relies on setting the right tone at the top. We expect senior managers to lead by example and reinforce the importance of high standards of business conduct – and the legal risks to both our business and consequences to individual employees if they fail to comply.

We also ask all BT employees to sign-up to BT's ethical code of conduct, 'The Way We Work'. The

sign-up is regularly refreshed to ensure awareness of the key principles is maintained. New recruits are also required to sign-up promptly upon joining BT. The 2012 year-end figures are:



We also target BT people in higher risk roles and locations with an additional tailored eLearning course. To date more than 20,000 people have received this supplementary training helping them recognise and mitigate the ethical risks pertinent to their role. This training is followed up by monthly refresher messages.

Our ethics helpdesk also has a steady stream of enquiries, on average 40 a month, as people seek guidance to ensure compliance in their specific business situations.

In addition to a number of internal measures, we also sought an independent view on the ethical temperature of the organisation. BT commissioned the market research company, ICM, to conduct an independent survey across a representative sample of BT people to gain insight into the attitudes towards our zero tolerance approach. As with any such exercise, the survey identified some areas for targeted attention but, overall, the findings were positive as indicated by the feedback below.



- "Awareness of The Way We Work is high and is largely known to cover ethical issues".
- "Acting lawfully and with integrity in all working environments, are keenly observed practices".
- "Employees are in little doubt that corrupt activities would likely result in serious disciplinary action and criminal prosecution".

Extract from independent survey of BT's culture by the ICM market research company, Spring 2011

In the year, we outsourced our confidential hotline to help increase confidence in the system and make it more accessible for our global teams. The service is now operational in 62 countries providing 96% coverage of BT's employee population. The hotline caters for 21 languages and offers voice and web-based reporting options. Reports are low in number, and quite often involve

HR disputes between employees and the company. All matters raised are evaluated and investigated.

BT is committed to ensuring that its employees are fully engaged with its ethics programme and that any non-compliance is a serious disciplinary offence. A number of BT employees have been dismissed or have resigned from the company during the course of the year for failure to meet these standards. The way that this is measured is currently under review to ensure it accurately reflects the steps that have been taken.

What happens next

Working ethically isn't a programme with an end date. It's here to stay as a part of our business culture and a key factor in all our business dealings.

Our focus for 2013 includes:

- Maintaining effective anti-corruption and bribery controls
- A review of 'The Way We Work'
- A campaign to embed the anti-corruption and bribery behaviours as a natural part of all BT business decision making.

Related content:

[The Way We Work, our statement of business practice is available in 11 languages.](#)

Targets

Start	End	Description	Update	Target Status
April 2012	March 2013	We will maintain or improve our 2012 index score (4.19 from 5).		New
April 2011	March 2012	We will improve or maintain our 2011 index score (4.16 from 5)	We achieved an index score of 4.19 (from 5)	Completed

Procurement and Supply Chain

We spend £10.6 billion each year on a wide range of services, from network and IT hardware to waste disposal services and corporate clothing.

We work with around 18,200 suppliers the top 100 suppliers account for around 65% of this spend.

Like most large organisations, we can encourage suppliers to adopt more sustainable practices, and factors such as energy usage and labour standards affect supplier selection. Long-term relationships with suppliers can help us reduce the risk of brand damage caused by the actions of others working on our behalf.

In this section, we look specifically at

- How we manage procurement and our supply chain
- Our assessment of environmental and social risks
- Our onsite supplier assessments
- How we work with our suppliers to help address climate change issues
- Our approach to diversity in the supply chain.

Related content:

[Guidance for current and potential suppliers to BT \(website\).](#)

Managing our procurement and supply chain

Robust supply chain governance means we stand the best chance of managing supplier risk and encouraging them to adopt more sustainable behaviours.

Training our own people is a key part of ensuring our own supplier management standards are consistent across our diverse operations.

In 2012 we spent £10.6 billion on products and services with around 18,200 suppliers worldwide. These suppliers are a mix of large multinational companies and smaller companies that provide specialist products such as software. In all our dealings we are committed to treating suppliers fairly, and to acting in an ethically and commercially responsible way.

About our team

Our procurement governance and CR team works with over 300 purchasing professionals to maintain and meet our standards in our supply chain.

Our buyers are responsible for implementing our programmes, supported by procurement CR managers and responsible individuals within each procurement area. We have procurement teams located across the world.

Our chief procurement officer, Hari Sundaresan, has overall responsibility for our supply chain programmes and reports to the Group Finance Director. Our procurement CR strategy and policy team oversees programme implementation and provides advice and direction on CR issues.

Reducing risk and driving sustainability

We have a well-established CR risk management process which ensures the risks our supply chain poses are addressed and so are not of material significance to our business.

It's important to us that we understand who we are doing business with and who is acting on our behalf. This is particularly pertinent – and challenging - where we're sourcing skills, products and services from regions where environmental and labour regulations may be poorly enforced, and where local standards are sometimes lower than we consider acceptable. The importance of this engagement is further reinforced by the recent introduction of the UK Bribery Act.

Our spending power means that we can influence suppliers' behaviour. We have detailed labour and environmental standards for suppliers. We assess suppliers against our standards to establish the level of risk they pose, and work with them to raise awareness of our requirements and improve their performance. We will not contract with suppliers that are not prepared to work towards our standards and we recognise that sourcing from a diverse range of suppliers brings flexibility and innovation to BT. Our procurement and diversity teams collaborate to expand opportunities for smaller and minority-owned suppliers.

In 2012 we have been shortlisted for the Ethical Corporation CSR awards for supply chain excellence.

Offering training

To maintain standards in procurement teams, we provide web-based training on issues such as product stewardship, climate change, and how to follow up with medium and high risk suppliers. We also offer one-to-one sessions and specialist training to people who join us.

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

Training our own people helps them to pass on their expertise to suppliers. In 2012 our assessor in China participated in a number of training and awareness programmes for suppliers, and presented about CR at a conference organised by a key supplier. While the impact of this kind of activity can be difficult to quantify, this particular supplier has recorded an increase in the percentage of workers that returned after the Chinese New Year break, which we hope that we played a part in.

Following on from our 2011 Climate Change workshops for suppliers in 2012 we held an update webinar for suppliers on climate change engagement.

Fair treatment of suppliers

We aim to operate a fair procurement process and administer our tendering and contracting procedures with integrity and good faith. Our [purchasing principles](#) provide a framework to ensure that we act in an ethically and commercially responsible way towards our suppliers. These principles are an integral part of our procurement process.

Our supplier payment policy is to pay promptly and as agreed. Our minimum standard payment terms for contracted suppliers are to pay each due, valid and undisputed invoice within 60 days of receipt.

In 2012 the average number of days between the invoice date and the date of the payment run for the invoice, both UK and worldwide, was 61 compared to 64 days in 2011.



In the UK, BT provides access to a supplier financing scheme which offers contracted suppliers the opportunity to get paid in advance of the agreed terms. Since April 2010, we have subscribed to the Better Payment Practice Code, an initiative that promotes a responsible payment culture in the UK and encourages companies to pay on time.

Working with others

We recognise that we cannot tackle the environmental and social issues in our supply chain alone, so work with a broad range of stakeholders to help develop our practices.

In 2012, we actively worked with the following organisations:

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

We worked with **URS Scott Wilson** to understand the impact of water in BT's supply chain and the water footprint of key products.

We also engaged with a [group of NGOs based in China](#) seeking to provide guidance to companies sourcing from the country; as a result, we have started using its supplier/environment watch website as part of our assessment approach.

Measuring our performance

We measure the success of our supply chain initiatives through our targets and Key Performance

Indicators. We met our target that 80% of suppliers participating in our annual supplier survey rated the quality of their relationship with BT as 'excellent' or 'good' (87% agreed). We will continue to measure supplier attitudes, however have not set a target for this year. You can see our performance by following the target and KPI links on this page.

Targets

Start	End	Description	Update	Target Status
April 2012	March 2013	We will achieve 100% follow up within 3 months, for all suppliers identified as high or medium risk through our ethical standard questionnaires.		New
April 2012	March 2013	We will survey our suppliers to determine the percentage that agree with the statement 'BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner'.		New
April 2011	March 2012	BT will survey its suppliers to determine the percentage that agree with the statement 'BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner'.	This is measured through the BT Supplier Survey issued to contracted suppliers, 84% of suppliers who responded to the survey agreed with the statement.	Completed
April 2011	March 2012	To achieve a rating of 80% or more based on the question: 'How would you describe the quality of your company's relationship with BT?' In annual supplier survey.	The percentage of suppliers participating in our annual supplier survey that rate the quality of their relationship with BT as 'excellent' or 'good' was 87% in 2012.	Completed

Assessing environmental and social risks

As one of the largest purchasers of goods and services in the UK, we recognise that our environmental impact extends beyond our own people and workplaces.

In recognition of this, we have detailed labour and environmental standards for suppliers. These standards help us to reduce risk and drive performance through our supply chain.

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

Areas of focus

We have three main sets of standards on this agenda: environment and climate change; human rights and supplier diversity. We assess performance in these areas through our supplier risk assessment.

We require all new suppliers to complete our environmental (GS13) and labour standards (GS18) self-assessment questionnaires via our procurement website. This helps us to establish whether there is a high, medium or low risk that a particular supplier will not meet our standards. These questionnaires also ask for information on companies' own suppliers, to help us identify risks further down our supply chain.

More information on these focus areas can be found in our report, or online:

- Read more about our work with suppliers on [our website](#), where we also describe the principles we use to inform our approach
- For more on Human Rights, see the Human Rights section of our report, or on the [Sourcing with Human Dignity](#) pages of our website.
- Find out more about [Supplier Diversity](#) in our report

How we follow up on risk assessments

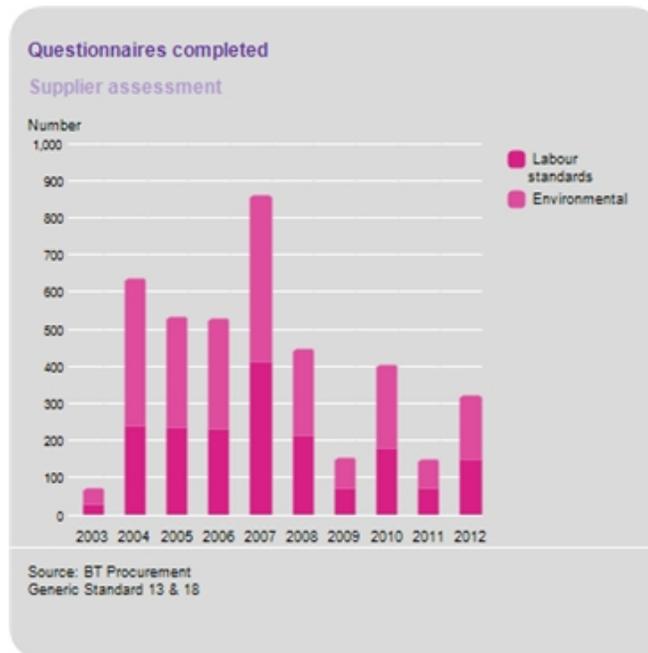
We follow up with medium and high-risk suppliers within three months. This can range from a simple discussion to clarify their questionnaire responses, to a full onsite assessment.

The number of suppliers completing labour standards questionnaires and the percentage we follow up within three months is one of our key performance indicators.

How this made a difference

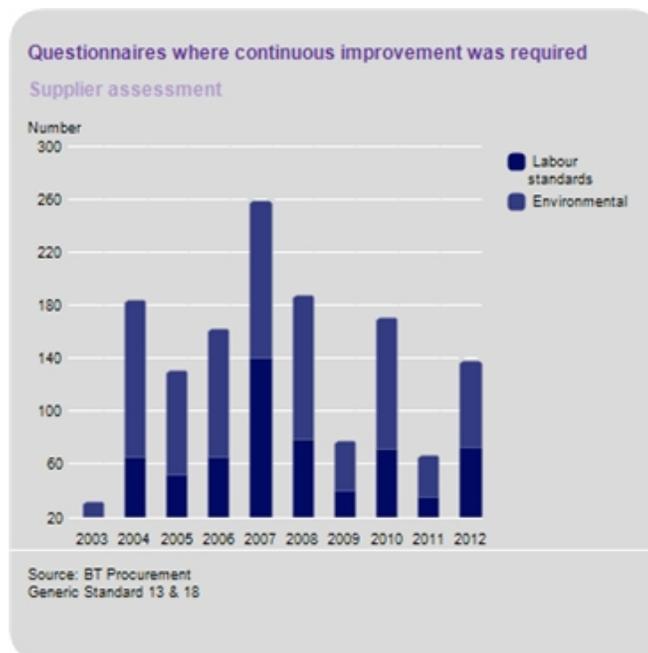
In 2012, 320 suppliers completed our self-assessment questionnaires. We are currently working with 65 suppliers on environmental standards, and 73 suppliers on labour standards. 238 suppliers

have now filled in our climate change questionnaire



Working with suppliers on environment and labour standards

We met our target to follow up with 100% of suppliers identified as high or medium risk, through our ethical standard questionnaires, within three months. We also met our target to follow up within three months with 100% of suppliers that needed to improve their scores on our environmental questionnaires.



What happens next?

We use the results of these questionnaires to focus further engagement, including onsite assessments.

Related content:

[More on our procurement standards \(website\).](#)

Targets

Start	End	Description	Update	Target Status
April 2011	March 2012	We will achieve 100% follow up within 3 months for all suppliers identified as high or medium risk through our ethical standard questionnaires.	We have detailed labour and environmental standards and monitor compliance using questionnaires and site assessments. In 2012 149 suppliers completed self assessment questionnaires and we carried out 54 on site assessments.	Completed

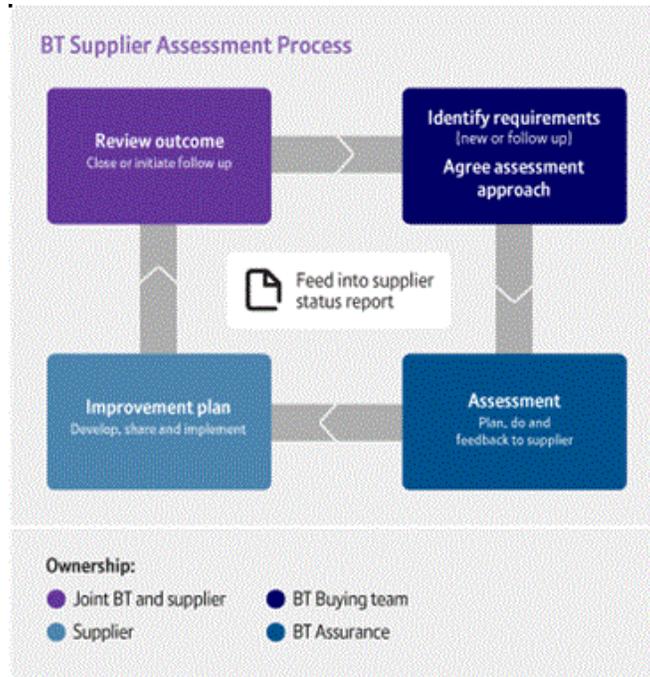
Onsite supplier assessments

We carry out detailed follow up activities and engage with suppliers identified as high or medium risk through our corporate responsibility (CR) self-assessment questionnaires.

We also have an ongoing programme of site assessments for a number of high-risk suppliers.

Our approach

The model below shows our approach to onsite supplier assessments, carried out by our in-house team of auditors.



These assessments help us to work with suppliers to identify areas for improvement and resolve issues identified. We have found that the most effective way to create lasting improvement is to help suppliers build the knowledge and skills to manage risks in their own operations and supply chains. Assessments also raise awareness of our standards and emphasise the importance of corporate responsibility to BT.

Onsite assessments may also include an assessment of a subcontractor jointly with a company that supplies us directly. This joint approach helps our direct supplier to understand our requirements and increases our influence with the subcontractor.

Site assessments check compliance with our [Sourcing with Human Dignity](#) standard and our [Environmental](#) standard. A typical assessment includes:

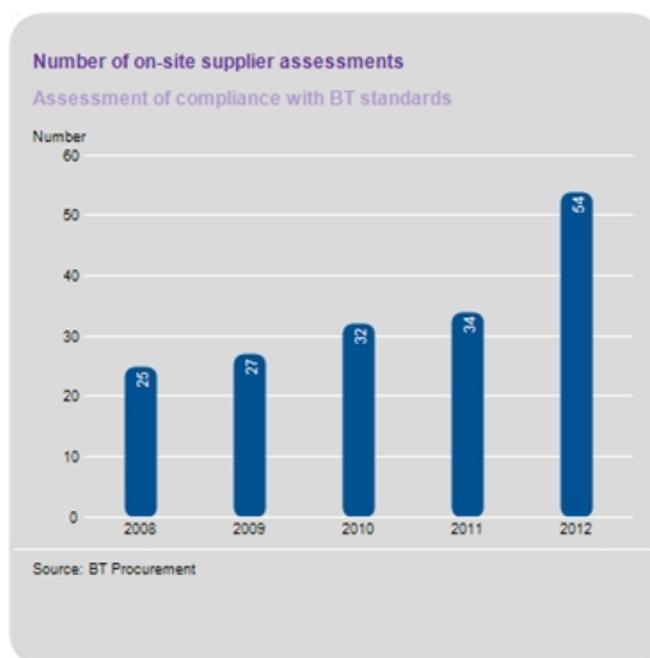
- A review of documentation such as payslips, accident reports and personnel records
- An assessment of the premises, including canteen and accommodation, as well as the office and production facilities
- Interviews with managers
- Worker interviews
- Consideration of environmental and safety factors including safe storage and handling of hazardous materials and preventative measures to protect the environment.

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

Our assessments in 2012

We completed 54 site assessments during 2012, compared with 34 in 2011, 32 in 2010 and 27 in

2009. The majority of assessments were in China, as well as India, Sri Lanka, Poland, Romania, Slovakia, Israel and the UK. We employ our own assessor based in Shanghai, which has enabled us to focus on suppliers in China.



The suppliers assessed included:

- 36 existing or potential tier one suppliers
- 18 existing tier two suppliers
- 18 joint assessments (tier two suppliers jointly assessed with tier one)

The most common significant issues found during site assessments related to health and safety, working hours and employee welfare. In 2012, we did not stop using any suppliers due to their CR standards.

Making a difference at Flextronics

In 2012, we continued to work with Pace, a technology development partner, and Flextronics, a Singapore-based supplier, to improve sustainability-based management at Flextronics' manufacturing facility in Zhuhai, China.

Recent work built on a visit to Zhuhai by BT and Pace in 2009, where we reviewed Flextronics' Corporate Social and Environmental Responsibility (CSER practices). The visit prompted mutual interest on how we could do more by working together to develop Flextronics' CSER plan.

From here, BT and Pace ran a CSR masterclass for the Flextronics leadership team looking at the challenges and opportunities around sustainability, which led to a number of actions being identified. These included:

- Focusing on employee wellbeing through upgrading facilities, introducing rest breaks,

implementing an employee assistance programme and managing paid overtime more closely.

- Retraining the Environmental Health and Safety team to develop a more robust process for identifying, correcting and preventing health and safety risks.
- Improving internal communication and strengthening training programmes
- Partnering with community resources to provide employee assistance programs and other support services.
- Forming a management council to regularly monitor and evaluate CSR performance.

This has helped deliver a number of benefits for Flextronics, which has in turn improved BT's confidence in Flextronics as a strong part of our supply chain. These benefits included

- Increased employee engagement and a lower attrition rate – for instance, the percentage of employees returning after the Chinese New Year in 2011 was 98%, in stark contrast to the industry norms of between 50-60%.
- Decreasing the accident rate to 0.29 against a target of zero – again, well below the electronics industry average of 2.0 as published by the US Occupational Health and Safety Administration.

Richard Wong, VP of Global CSR & Employee Relations, Flextronics, said

66

The productive outcome is a testament to BT and Pace's consultative approach and relentless support given to suppliers. Their constructive feedback and regular communications with us played a major role in helping Flextronics Zhuhai become an employer of choice and industry leader in the CSER realm.

99

Suppliers and climate change

BT does not directly manufacture products, but we do source equipment and services from a network of suppliers. It is vital to work with our supply chain to encourage them to reduce emissions and create innovative products that use less energy and have a reduced lifecycle carbon footprint.

Our approach

When considering climate change from a procurement perspective, we ask different types of information depending on the nature of the contract:

- All suppliers must complete our [environmental impact online questionnaire](#) , which looks at

policies and performance, and agree to take action to improve their performance if required.

- Suppliers of electrical and electronic equipment (EEE) must complete our product stewardship questionnaire (GS19) to aid compliance with environmental legislation. Supply chain influence is key here as we do not manufacture anything ourselves, but purchase branded products and equipment for our networks from suppliers.
- All waste contractors must provide a statement on their waste disposal procedures and a selected number of contractors are audited as part of an annual Duty of Care requirement.

The BT Procurement Principles on Climate Change state that:

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

In 2012 we introduced a new procurement standard on Climate Change (GS20) which addresses supplier engagement on climate change. This is being included in new contracts and suppliers' progress is assessed via a [climate change questionnaire](#).

Our performance

We set targets to embed these principles in our procurement activities:

- By March 2012, 85% of contracts placed should have used energy consumption and/or environmental impact considerations in the process to award business.
- By March 2012, 100% of BT 'product replacement contracts' awarded should be able to demonstrate an improvement in energy efficiency and/or reduced environmental impact.

To measure progress against these targets we have developed a process to assess suppliers' climate change efforts during tenders and replacement contracts, and tools which buyers can use to measure the environmental impact and energy consumption of products.

In 2012;

- 87% of contracts placed as a result of competitive tenders considered energy consumption and/or environmental impact to award business, exceeding our 85% target.
- 100% of 'product replacement contracts' awarded demonstrated an improvement in energy efficiency and/or reduced environmental impact, meeting our 100% target.

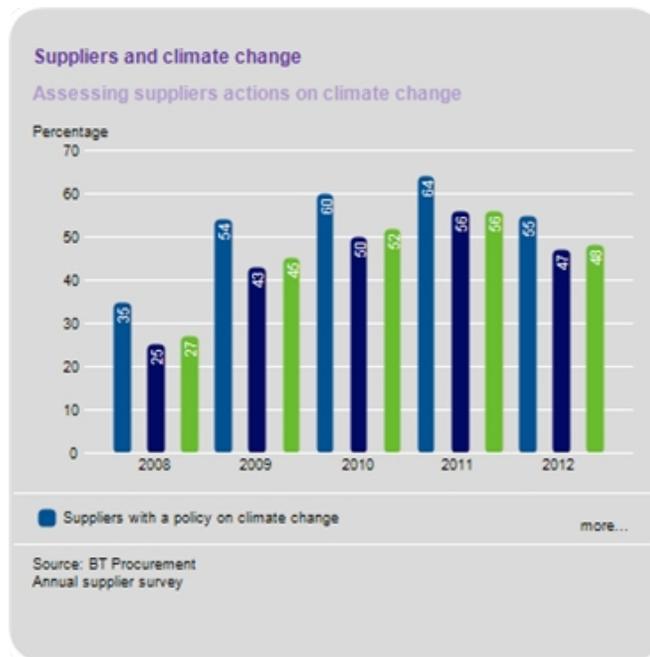
Supplier action on climate change

In 2012, we assessed the extent of the action suppliers are taking to address climate change using our supplier survey, and during a supplier engagement project conducted with the Carbon Trust.

In 2012, of the suppliers who responded to our survey assessing action taken to address climate change:

- 55% said they had a policy on climate change, compared with 64% in 2011
- 47% monitor their CO2 emissions, compared with 56% in 2011
- 48% have climate change targets in place, compared with 56% in 2011
- 26% measure their total water use, and 15% have targets or a water management plan, compared with 30% and 15% respectively in 2011.

The 2012 results reflect the increased number of SMEs who responded to the survey and one of our challenges for this year will be to improve engagement on climate change across our SME supply base.



Related content:

[Working with the Carbon Trust and our supply chain](#)
[Case study: Positively influencing suppliers' environmental policies](#)

Targets

Start	End	Description	Update	Target Status
April 2012	March 2013	90% of competitive contracts in the year will include energy use /environment impacts as part of adjudication criteria.		New
April 2011	March 2012	100% of replacement products sourced in the year will have improved energy efficiency and/ or reduced environmental impact.	100% of 'product replacement contracts' awarded last year demonstrated an improvement in energy efficiency and/or reduced environmental impact,	Completed
April 2011	March 2012	85% of competitive contracts in the year will include energy use/ environmental impacts as part of adjudication criteria.	87% of competitive contracts in the year will included energy use/ environmental impacts as part of adjudication criteria.	Completed

Supplier diversity

We believe that doing business with diverse suppliers enables us to reach more customers and helps us create innovative new products and services.

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

Our procurement team works closely with our diversity team to expand opportunities for minority businesses and to increase the diversity of our supply chain. Using our supplier survey we identified that we spent £11million with diverse suppliers in the 2012 financial year.

Assessing the diversity of our supply chain

Our labour standards questionnaire for new suppliers (GS18) includes a number of questions relating to whether the supplier considers themselves to be a Minority Business Enterprise (MBE). This is a company which is at least 51% owned, controlled or operated by people who are members of an ethnic minority group, women, lesbian, gay, bisexual or trans-gender, or are disabled or supporting disabled people into work. We also ask whether the supplier monitors the diversity of its people and its own supply chain.

In addition we use an annual survey to help us understand the diversity of our global supply chain and identify how we can help more small and minority owned businesses work with BT.

In 2012, 341 contracted suppliers completed the survey (out of 1683 that we contacted). 12% of respondents identified themselves as an MBE.

Engaging with others

We are working with others to improve our understanding of supplier diversity and to find ways to increase the diversity of our supply base. For example, we are a founding and board member of [Minority Supplier Development UK \(MSD UK\)](#), an organisation that provides a link between UK businesses and diverse suppliers. The organisation hosts a website which lists diverse suppliers. BT is a member of the MSD UK certification team that enables ethnic minority businesses to seek and gain certification of their ethnic minority owned business status.

In 2012, we also;

- Maintained our supplier diversity policy and implementation plan agreed by the Chief Procurement Officer and HR Director.
- Hosted a supplier diversity event for MSD UK in BT Centre for 15 corporate companies and other organisations interested in our approach to supplier diversity.
- Spoke at the BT Ethnic Minority Network and Afro Caribbean Business Network Conference in December 2011.
- Developed a working group to focus on how we can increase the diversity of suppliers that we use for products and services we will supply to the London 2012 Olympic and Paralympic Games
- Developed a toolkit for buyers on engagement on accessibility and supplier diversity in their procurement activities.

Innovation

Innovation has always been at the core of our business – and we backed this commitment with a £560m investment in 2012.

BT Innovate and Design manages and delivers our long-term technology strategy, as well as our global research and innovation activities. But our people provide some great ideas and suggestions to improve customer service, reduce cost and help identify investment opportunities.

We show examples of innovation throughout our report, though we should point out that many new practices are in the testing and development phase, which may or may not lead to full scale implementation

BT Innovate and Design

BT Innovate and Design (BTID) designs, develops, tests and deploys IT systems, processes, networks, products and services. These are either used by, or sold through, the customer-facing lines of business to end customers in the UK and around the world. In addition, BTID manages and delivers our long-term technology strategy and our global research and innovation activities. In

2012 we invested £560m (2011: £684m) in global research and development to support our drive for innovation. The reductions in this spending in 2012 compared with 2011 have been delivered through better procurement, systems rationalisation, efficiency improvements and platforms reaching maturity.

Our global development centres are currently located in the UK, US, Europe and India, to help us find the skills and resources (both internal and third-party) we need.

We also run innovation showcases around the world to give customers access to the latest technology enabling them to see the sort of products and services that could be provided in the future.

BT New Ideas

Our New Ideas scheme was re-launched in October 2005 and has delivered millions of pounds in new revenue, cost savings and cost avoidance. BT people submitting new ideas can win up to £30,000.

This year, for example, two Openreach engineers – Colin Wright and Michael Prosser - entered the scheme winning £2,500 each. They created an application which more than halves the time it takes to install and test an Ethernet circuit.

Their manager Mark Head, (their sponsor who helped get the idea implemented), explained:

66

They developed the computer-based tool after becoming frustrated by the amount of time and complexity involved in installing and testing a circuit.

Colin and Michael wanted to create an application which could help engineers install a circuit more quickly and 'right first time'.

The new tool called EAD Easy automates part of the process and incorporates templates that cut the amount of data that engineers need to input by 80 per cent.

99

Other innovations

Other innovations for sustainability in 2012 included:

Research on carbon footprinting methodologies and metrics

Increasingly businesses are being asked to measure the end to end impacts of their businesses – from supplier through to customer. Our work on carbon footprinting has addressed issues such as

the balance between the appropriate level of accuracy versus the feasibility of calculation; and the availability of data in this embryonic field.

We have considered the pros and cons of 'top-down' versus 'bottom-up' calculation methods.

We have used the techniques developed used a BT broadband product as a case study subject, with the techniques and learning being fed through into the BT Group CR standards initiative to jointly develop an ICT Sector Supplement for the Greenhouse Gas Protocol

Designing our tomorrow

The Circular Economy (CE) is a vision for a world in which waste is engineered out of the economy – specifically considering product design and manufacture, by using end-to-end through product lifecycle thinking. This envisages creating “closed loops” that maintain the value of material resources and components used to make a product.

Researchers from BT are working closely with their peers at the University of Cambridge to jointly develop a toolkit for 'Designing our Tomorrow'. This toolkit will subsequently be used to help embed CE principles into BT's product design processes.

The research to date has focused on trials of novel high recycled-content materials and innovative packaging concepts for BT products. We are also developing techniques to help assess whole lifecycle impacts and identify opportunities for improvements.

Cool Broadband

BT is currently undertaking a service trial of 'cool broadband', a new approach to energy management that could significantly reduce the carbon footprint of broadband lines. Our aim is to enable next generation copper broadband lines to automatically switch to a low-power mode when user or network traffic is low and return to full speed when traffic picks up.

TV white space

Subject to the successful completion of customer testing, we propose to introduce this during the coming year. Trials using TV white space for faster broadband

Following the near-completion of the UK's switchover to digital television, Openreach is currently involved in a trial on the Isle of Bute in Scotland to explore the potential of using the 'white space' previously used by analogue television signals to bring faster broadband to areas that are difficult to serve by more traditional means.

The UK government has an ambition to get at least 2 megabits per second (Mbps) to virtually every premises in the UK that won't be covered by fibre – which will be about 10% of the UK. Typically these locations are very hard to reach with fixed infrastructure. So we need to look to alternative technologies including white space, long-reach fibre, 4G and satellite.

We're currently involved in trials on Bute, where we've achieved speeds of between 4-8Mbps routinely, with some residents seeing higher speeds of 10Mbps and above depending on location.

The early results of the Bute trial are encouraging and indicate that TV white space can help

deliver broadband to areas that are hard to reach. A clear and supportive regulatory regime is also required so we're working closely with Ofcom and the rest of industry to move things forward.

Super shovel

Openreach is speeding up the time it takes to install fibre broadband around the UK - thanks to a new super-shovel being used by engineers.

Andy Pilejko, Openreach general manager for next generation access programme supplier management and innovation, said:

66

The shovel has extra sharp edges and can be used by an engineer to cut through tarmac and remove a blockage during the fibre network installation.

This enables the engineer to complete the job without waiting a number of days for a separate civil engineering team to dig up the pathway.

99

It can reduce the time it takes to install fibre from a week to two days.

Related content:

[The latest news and views on innovation from our researchers and developers \(website\).](#)

[Retailtopia, a vision for British retail in 2020 \(website\).](#)

[BBC report on the Bute trial \(March 2012\)](#)

[See our work on carbon and water footprinting](#)

[Read more about our work on the circular economy](#)

[See how we're exploring ways for mobile and tablet devices to make life easier for older and disabled people](#)

[Internet, the home page of our lives \(Plusnet report\).](#)

Respect for human rights

Respecting human rights is not only fundamental to being a better business; it is rooted in our values and practices as a business.

Any breach of human rights in our own or our partners' activities is unacceptable to us. Preserving the dignity, individual liberty and personal equality of our employees and those we deal with has to be our minimum standard, to the benefit of all our stakeholders.

However, we believe there is more we can do to enhance human rights around the world, and continue to push for the development of better standards. We also believe businesses need to redouble their efforts to engage with all stakeholders with consideration of the guidelines, to better

understand their impacts on human rights and take action to eradicate suffering.

In this section of our report, we explain our frame of reference for Human rights, show in more detail how we can be a force for good in this area on complex challenges such as child labour and sourcing conflict minerals.

BT's human rights frame of reference

Human rights is a complex, wide ranging topic which is full of dilemmas, yet we embrace them as a whole, with a focus on risks that are most material (relevant and significant) to our business and stakeholders.

As an information and communications technology (ICT) service provider our impacts on human rights are currently most material in three areas:

- working conditions throughout our supply chain
- how we safeguard customers' data
- the way our products and services are used.

All relevant BT policies and procedures incorporate human rights and apply across all our dealings with employees, suppliers, customers and communities. This is a longstanding commitment for us, but increasingly we also seek to apply our skills and technologies in ways that enhance human rights in a number of areas, for instance, freedom of expression.

Our actions in respecting human rights reflect the maturity and materiality of the risks and opportunities we face. Our actions are always grounded in and guided by our statement of business practice – [The Way We Work](#) – which applies the principles of the United Nations Universal Declaration of Human Rights and International Labour Organisation (ILO) Conventions.

We are one of the original signatories to the [United Nations Global Compact](#), a set of ten principles relating to corruption, environment, labour and human rights. As a signatory, we are committed to:

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

We also support the increased attention to human rights brought into focus by the United Nations *Protect, Respect, Remedy* policy framework on business and human rights, and the associated Guiding Principles. The Principles were launched in 2011 to provide guidance for companies on due diligence in respecting human rights.

Our policies and processes are reviewed regularly and informed by stakeholder dialogue to make sure we address new challenges that arise as our business develops and legislation changes.

Human rights in our supply chain

As described in our supply chain section, BT does not directly manufacture products, but we do establish the minimum working conditions we expect our suppliers to provide for their employees. Our [Sourcing with Human Dignity](#) global standard, which is part of our contract with all suppliers,

promotes our high standards among those we purchase goods or services from, and seeks to gain their support in requiring the same standards in their own supply chain.

More information on our on-site supplier assessments are described in the supply chain section of our report, but here we focus on two issues that have a particular link to the human rights agenda: child labour and sourcing conflict minerals.

Child labour

We respect and support the rights of all children, and we are committed to preventing their harm and actively safeguarding their interests. We acknowledge and welcome the guidance on [Children's Rights and Business Principles](#) which were launched in March 2012 supported by the United Nations Global Compact, Save the Children and Unicef. We share their commitment to go beyond eliminating child labour.

As described in the principles, children under 18 years old account for nearly one third of the world's population. Crucially, adverse impacts on children are often invisible to society, in part because they generally lack a collective public voice and platform to represent themselves. Yet they are a stakeholder of business; as consumers, family members of employees, young workers and future adult workers. We want to help them voice their points of view, respecting their right to learn and develop to their greatest potential.

We are committed to improving the communication and collaboration capabilities of young people in the UK and around the world, to enable them to have the skills they need to both succeed in life and to help improve their world. With better access to education, we hope that these children will further contribute to a world where human rights are respected and protected.

Conflict minerals

We are worried by continuing expert reports of a connection between the mining of certain minerals used in electronic products and human rights abuses. The minerals of concern - tantalum, tin, tungsten and gold - are used in components used to make electronic and ICT devices. For example, tungsten makes an electronic device vibrate, while tantalum is used in capacitors to store electrical power. Nearly all electrical products contain tin-based solder.

The Democratic Republic of Congo (DRC) is only one of the countries extracting and exporting these minerals, but mineral mining activities in the DRC are funding armed conflict, leading to abuses of human rights. Any association of complicity between human rights abuses and BT products is unacceptable to us but we do not want a ban of minerals coming out of the DRC and adjoining countries. There are hundreds of thousands of legitimate miners and many more people that depend on artisanal mining originating from the DRC for their livelihood. A ban would lead to further human suffering, not less. We believe transparency is the key to unlocking the responsible approach to this human rights dilemma.

The traceability of these minerals to their source is a huge challenge to the companies who need to use them, and who want to do so in a responsible way. We believe this issue will be most effectively addressed by working collaboratively with our industry peers. As a member of the [Global e-Sustainability Initiative](#) (GeSI) BT is supporting a joint initiative by GeSI and the [Electronic Industry Citizenship Coalition \(EICC\)](#) to establish validated conflict-free global sources of these minerals through the Conflict-Free Smelter (CFS) assessment program.

The CFS is a voluntary program in which an independent third party evaluates smelter or refiner procurement activities to determine if the raw materials used originates from conflict-free sources. The CFS assessment program began in 2011 and discloses publicly the results of its assessments at www.conflictreesmelter.org. Over time the EICC and GeSI anticipate that a significant portion of the world's smelters of tantalum, tin, tungsten and gold refiners will choose to undergo a CFS assessment.

The EICC and GeSI have also been supporting the tin and tantalum industries in the development of sourcing programmes such as the Tin Association's supply chain initiative ([iTSCi](#)) in the DRC region. The iTSCi project traces and certifies minerals from the mine of origin to the smelter.

Essentially, minerals are "bagged and tagged" at the conflict-free mine of origin and have accompanying certified documentation throughout each step of the minerals logistical supply chain. This allows the end customer to have confidence that the material was sourced responsibly. Once validated by an independent third party, iTSCi minerals are considered eligible for assessment in the CFS program.

How people use our products and services

We believe a more connected society is a better society, where ICT serves as a catalyst for global change.

The events of civil unrest seen in the Middle East during 2011 are a clear example of how access to ICT can help to promote freedom of expression, and serve as a source of openness in otherwise closed societies. Conversely, Government censorship of communications can be used to stifle political opposition, activism and other forms of criticism.

We do not provide consumers with landline, mobile or internet services outside the UK – our international business provides end-to-end service to our multinational business customers through our alliance of around 100 national telecommunications companies.

We will not interfere with our customers' freedom of expression (other than as necessary to deal with legal requirements). It is extremely challenging to navigate the tensions present in stakeholder perceptions of legitimate and illegitimate restrictions on freedom of expression and privacy.

The area of lawful government interception of data is a particularly contested debate across stakeholder groups. We have operational processes and routines to evaluate and handle government requests that may have an impact on freedom of expression and privacy. In particular we make sure that any government demands are reviewed and interpreted by appropriately qualified and experienced personnel, in order to assess their compliance with legal and due process.

We believe the advancement of freedom of expression and privacy globally can be best achieved through actively engaging in multi-stakeholder dialogues at international, national and industry level. We will continue in this approach, investing time and resources to understand and promote the impacts and obligations different stakeholders have with regard to freedom of expression and privacy.

Related content:

[Supply chain risk.](#)

[Privacy and data security.](#)

[Internet safety.](#)

[Network management.](#)

[Learning and skills.](#)

Sales and marketing practice

We aim to communicate openly and honestly with our current and potential customers and sell our products fairly. This includes setting and communicating our prices clearly.

Through our sales and marketing practices, we aim to not only grow our business, but also gain the long-term trust and support of our customers.

Advertising

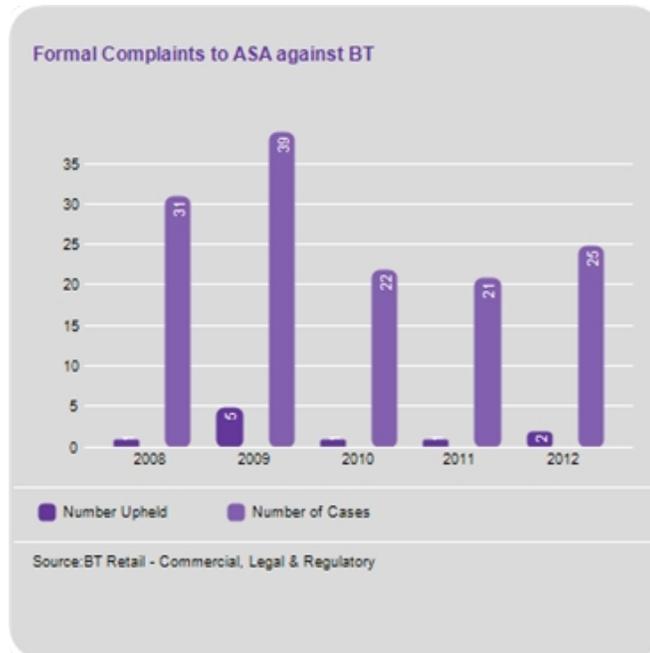
BT is one of the UK's largest advertisers. Our spending of £79.4m in the 2011 calendar year places us as the ninth largest according to [Nielsen Media research](#).

Our Statement of Business Practice commits us to being truthful and accurate in all our communications with customers, and helpful and honest in all our dealings with them.

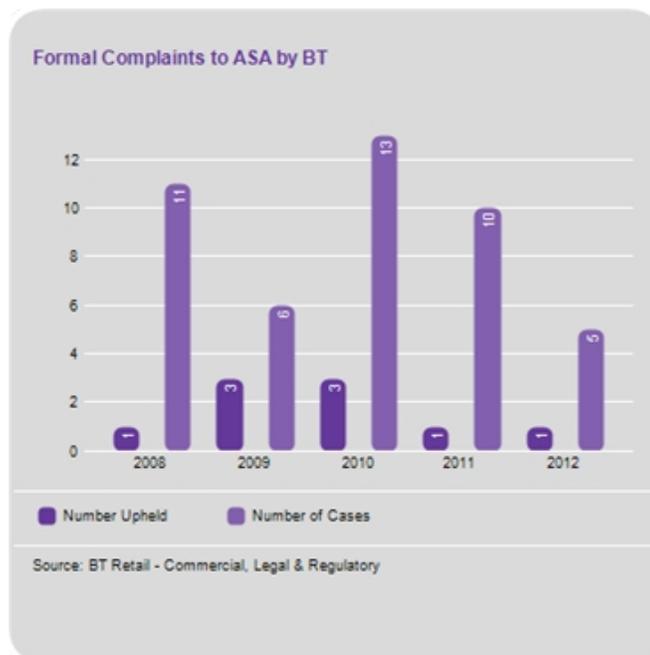
Our [sales and marketing practices](#) aim to ensure our sales people follow the rules and regulations, so customers are sold the right product for their needs and know exactly what they're buying.

In the UK, the Advertising Standards Authority (ASA) regulates advertising practices.

In 2012, 25 complaints were made to the ASA about BT and 2 of these were upheld.



In 2012 BT made 5 complaints to the ASA, of which 1 was upheld



Mis-selling

Sometimes, customers tell us they've been transferred to another phone company without their knowledge or consent - known as mis-selling. We have published general advice on mis-selling including tips on prevention and what to do if it happens. This is available to all customers on our [website](#).

BT also works with the industry and Ofcom to establish better protection for customers who switch suppliers.

Pricing

Across our businesses, we aim to make our prices as clear as possible so customers know what they will pay to use our services.

UK Consumers

We publish a [tariff guide](#) explaining the costs for residential customers' telephone lines and calls, discount plans, broadband internet and BT Vision.

UK businesses

Our [business packages](#) include pricing details, which can include telephone, broadband, wi-fi minutes and other IT support services, help UK companies to plan their costs.

Large customers and wholesale services

Because [BT Global Services](#) tailors its services to meet the needs of its large customers, the price of these services varies.

BT is the major provider of telecommunications networks and services in the UK. Control of the access network in the UK is with Openreach, a business within BT, specifically set up to provide access network services and products on an equal basis to all the UK communications industry. Pricing for these services are agreed with the UK regulator and published on www.openreach.co.uk.

Thank you

for reading what we have to say –
now we want to listen to you.

Email us at crrreporting@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



Bringing it all together

BT Group plc

Registered office: 81 Newgate Street,
London EC1A 7AJ
Registered in England and Wales No.
4190816

www.bt.com