

Employees

let's make a
better
world



Employees

We employ approximately 104,000 people around the world, including 93,000 in the UK, where we are one of the largest employers. BT now serves customers in over 70 countries and has employees in over 50.

Our people are crucially important to our reputation and success. They are our ambassadors and our public face while on business and out of hours too.

Our approach is to treat our people fairly and responsibly, helping them achieve their full potential, while respecting their personal and community commitments.

Here we describe how we manage:

- Recruitment and retention
- Employee agility – flexible working, insourcing, outsourcing and offshoring
- Pay and benefits
- Employee relations
- Diversity and inclusivity
- Learning and development
- Health and safety.

Recruitment and retention

We employ thousands of new people each year and need to make sure that we attract, select and retain the best. During the 2006 financial year, we recruited 143 graduates and 470 modern apprentices in the UK. In the UK more than 6,600 people joined BT. Attracting the best people is one thing - keeping them is another. It is in our best interest to be as flexible as possible and to provide continuous learning opportunities in an environment of exciting, challenging teamwork.

Talent Management

We are updating and improving our talent management processes to ensure that we always have a diverse supply of talented candidates. In financial year 2006 this included:

- Developed new partnerships with business schools to extend our global reach, improve diversity and access higher quality candidates
- Increased line manager involvement at career fairs and on campus recruiting events
- Implemented a more robust selection process and raised pre-screening pass thresholds
- Increased representation of women in talent pools from 28% to 37%

We appointed 48 new executives, of which 11 are female.

Case Study

Developing a Diverse Talent Pool

During the 2006 financial year we have reviewed and redefined our Talent management system. This is the process that we use to recruit, identify, develop and appoint talent to jobs in BT.

Diversity is an important issue in talent management at BT. We are taking steps to make sure our top people reflect the diversity of society.

We are encouraging more people to nominate themselves for promotion to senior positions, including women and people from an ethnic minority background.

To ensure that we are identifying and attracting diverse talent we review the diversity of recruitment shortlists provided by our senior selection agencies (headhunters).

The results have been encouraging: we have improved the percentage of women on the talent list from 28% to 37% and we maintained a figure of 8% of people with an ethnic minority background. Among MBA graduates recruited into the company 30% are women and 57% are from an ethnic minority background.



Employee agility

Agility and flexible resourcing helps BT to adapt to changing business requirements and supports long-term business success.

It includes:

- Insourcing – BT manages IT services on behalf of major customers. Employees that previously worked in the customer's IT department become BT employees.
- Outsourcing: BT is transferring some of our non-core activities to suppliers who can manage these parts of the business more efficiently. Some employees that previously worked at BT will join the supplier company.
- Offshoring: when services are provided from a different country to that in which the customer is based.

Flexible working

Achieving the Balance, our flexible working portfolio covers flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers. Our policies exceed UK minimum legal requirements.

In March 2006, we had approximately 4,950 part-time employees, nearly 443 job sharers and around 11,000 people working from home for BT.

ICT technologies such as hot-desk office share, laptops with wireless internet connections, and handheld personal organisers help BT people to work flexibly.

This flexibility helps to create a more inclusive workplace for people with disabilities, carers and those returning to work after a career break.

In 2005 we commissioned research on global work-life balance best practice. We have used the findings to develop a strategy for improving work-life balance initiatives across our global operations.

Initiatives

We participate in a number of initiatives to learn and share our experiences with others.

[Employers for Work-Life Balance Advisory Board](#)

[Employers for Carers](#)

We organise Agile Business – Balanced Life conferences for employees and other employers to demonstrate how technology can help people balance their lives.

Insourcing

BT now manages IT services for many of our major customers including FirstGroup, Abbey National and Unilever.

Employees who previously worked in the customer's IT department become BT employees. From BT's perspective this is known as insourcing. Insourcing is governed by the Transfer of Undertakings (Protection of Employment) Regulations (TUPE).

BT's approach

BT works closely with our customers to manage the transition. We want future employees to feel that they have been treated fairly in regards to the transfer.

We try to set realistic target dates so that we meet trade union and employee expectations. The BT human resources project manager is supported by a team with expertise in employee communications, employment law, pensions, employee services and payroll.

Employee Communication is vital. We work hard to communicate the benefits of the change and give employees access to the information they need. Communication methods include:

- Employee intranet site (including a newsletter and facility for answering employee questions)
- Roadshows that provide information on BT and enable potential employees to ask questions.



- Employee 1:1 sessions with BT
- Welcome/ Induction Sessions

Outsourcing

Some of our support and transactional operations are provided by external contractors where it is operationally and commercially effective.

Outsourced operations include:

- Human resources contracts, pensions, recruitment and training (by a company called Accenture HR Services)
- Payroll, finance and accounting activities (by Xansa).

We used to do this work ourselves. In the UK, the transfer of BT employees to a contractor is regulated by the Transfer of Undertakings – Protection of Employment (TUPE) regulations.

Responsible outsourcing a must

Automatically favouring the lowest bidder can lead to expensive mistakes when outsourcing services. This was the warning of Andy Green, CEO of BT Global Services, during a debate on the issue at the World Economic Forum (WEF) held in Davos, Switzerland in January 2005.

He said managers should always ask: "What is the long-term competitive advantage that will allow a vendor to do a particular job cheaper than us?"

BT outsources some of its activities and also supplies services for others (known as insourcing). This often involves the transferral of staff from one company to another. Outsourcing services is a key part of modern business because it has the potential to improve efficiency. The long-term success of the practice depends on acting responsibly when choosing vendors and dealing with people.

Read more about this and other debates on the [WEF](#) website.

Offshoring

Offshoring is when services are based in a different country to the customer. Some BT support services are now based in India.

- **OneIT**, BT's IT arm, outsources some of our software development to India. Much of this is done by MahindraBT a joint venture software development company in which we have a 43% stake.
- **BT Retail** has the majority of its call centres in the UK and two call centres in India: Bangalore and New Delhi. They are owned by two suppliers and managed by BT. These call centres support the delivery of customer service to BT Retail's customers.
- **BT Global Services** has insourced employees from some of our customers (see [Insourcing](#)). Some of these new employees are based overseas.

We don't believe that offshoring is socially irresponsible or incompatible with our stance on corporate social responsibility. But it is important that we work with our suppliers to make sure their employment and environmental standards match our own. See [Suppliers](#) for more information. We commissioned an independent Hot Topic on offshoring, see [Good Migrations](#).

Pay and benefits

Our benefits package must be competitive if we are to continue to recruit and retain the best talent. This section explains our approach to:

- Benefits and reward
- Equal pay
- Pensions.



Benefits and reward

We provide competitive salaries and a range of other benefits, such as share ownership, pensions and bonuses, to help us recruit and retain the best people.

We have three share schemes to promote employee ownership:

- Saveshare - an option to buy shares at a discounted rate. More than half of BT employees participate
- Allshare - gives employees the right to receive free shares based on company-wide performance
- Directshare - employees may buy shares from their pre-tax salary each month. More than 15% have done so.

In the 2006 financial year, our lowest main scale starting salary was £9,765 for a 36-hour week (£5.20 per hour).

In 2005, we introduced Choices, a flexible benefits programme for about 28,000 managers and professionals in the UK. This allows individuals to customise their benefits package by trading in salary to access additional benefits instead. We hope to extend this to a wider group of employees in the UK and abroad.

In our 2005 employee survey 57% of respondents agreed with the statement 'Overall, I think that my benefits package (holidays, pensions etc.) is good compared to the package offered to people in other companies who hold similar jobs.' This is an 8% increase on the previous year.

Equal pay

Our approach to equal pay encompasses gender, ethnic origin and disability.

We have played an active role in the gender pay debate over a number of years, see our [previous reports](#).

BT continues to address these issues holistically. We have Board support to close the pay gap and our pay review processes include guidance on creating a fair and equitable performance-based reward system. All employees (non-managerial grades) are now on the same pay structure and this has significantly reduced the scope for inequality.

In recent years we have:

- Changed our promotion remuneration procedures, from a percentage of base salary to a comparison with peers and the market
- Focused our pay review on the lower end of our pay scales, where there are more women
- Carried out a pay audit following each pay review, based on key measures agreed with our unions.

[Work-life balance](#) is key to eliminating barriers to the progress of women in the workforce.

Equal value

While jobs may be different they can be of equal value because of the similar demands made on the employee.

A recent UK court case (Enderby v National Health Service) concluded that collective bargaining and market value could not justify the difference in pay between men and women – equal work must be given equal value. The UK's Equal Opportunities Commission (EOC) has made this issue a priority.

Equal pay for equal value remains high on the BT agenda and we believe we are making good progress on the matter.



Pensions

The BT Pension Scheme, now closed to new entrants, is one of the largest funds in the UK, with assets of over £35 billion. The scheme has 77,200 contributing members, 177,500 pensioners and 99,000 deferred beneficiaries. Most employees have chosen to belong to the scheme and contribute six per cent of their salary. BT pays the balance of costs (currently 12.2 per cent of salary). In addition, the company is paying £232 million per annum to reduce the scheme deficit. The BT Pension Scheme is a defined benefit scheme, with the benefits linked to the members' final BT salary (not the performance of the pension fund). The normal retirement age is 60.

BT closed the BT Pension Scheme to new entrants in 2001 and introduced the BT Retirement Plan. The Plan is a defined contribution scheme, with the pension that members receive linked to the contributions paid, the performance of the fund, and annuity rates at retirement (rather than their final BT salary). There are around 11,100 contributing members. The value of the fund is around £88 million.

This change is in line with the practice increasingly adopted by major UK groups. It enables BT to determine its pension costs more precisely.

Hermes Pensions Management Limited

The BT Pension Fund is managed on behalf of the fund trustees by Hermes Pensions Management Limited, a wholly-owned subsidiary of the BT Pension Scheme. The fund is controlled by trustees who are BT and trade union nominees, with an independent chairman. See [BT Pension Scheme](#).

Hermes is considered a leader on issues of corporate governance and shareholder involvement. More information is available on the [Hermes](#) website.

Employee relations

Good employee relations are vital to a strong, healthy and successful company. Here we explain our approach to:

- Our employee survey
- Trade unions
- Employee grievances
- The BT European Consultative Works Council
- Employee communications.

Employee survey

We conduct a number of formal employee surveys. The most important is the BT-wide annual Communications and Attitude Research for Employees (CARE) survey. This gives all our people an opportunity to express their views on a range of issues.

In 2006 78 per cent of employees completed the survey, just over 80,000 responses. The CARE survey includes, for the first time, BT Consulting and Systems Integration (formally BT Syntegra) employees.

Employee engagement index

The key indicator in the CARE survey is the Employee Engagement Index. This indicates BT peoples' overall engagement and motivation with regard to their job, colleagues and customers. The employee engagement report provides an understanding about what engages (and disengages) a team, and provides an overall score through the Employee Engagement Index. Examples of the kind of issues covered in the index include team working, senior management and communication, reward and work-life balance. The index for the 2006 financial year is 65 per cent, the same as 2005.



Follow-up action

All managers with teams of eight or more people receive individual CARE feedback reports. This helps them monitor the impact of their decisions and review their management style.

Managers are encouraged to work with their teams to analyse the CARE feedback and carry out action plans. These plans are monitored through the normal line management structure.

We often carry out smaller-scale surveys or run focus groups to find out our employees' attitudes towards specific circumstances.

Trades unions

In the UK, BT recognises two trades unions: the Communications Workers Union (CWU), which represents over 59,000 UK based BT people in non-management grades; and Connect, which represents around 26,000 UK based BT people, predominantly managers and professionals.

The CWU is the biggest union for the communications industry in the UK, with members working for the Post Office, BT and other communication companies, cable TV, the Alliance & Leicester and Girobank. BT conducts its relationship with the CWU through officers and the national executive. There is constructive dialogue at national level and a practical working relationship at branch level.

Connect is a specialist union representing managerial and professional employees in the communications industry - largely in BT. Again, there is a constructive dialogue.

Both unions engage with BT to improve the terms of employment for their members and play a constructive role in helping BT implement change effectively. We maintain a good working relationship with both unions and provide facilities for their representatives to facilitate effective dialogue.

Examples of the issues we have discussed with the unions include:

- Remote sourcing of work
- Changes to work patterns to implement customer-friendly working practices
- Agile (flexible) working and growing our people's skills to meet new business needs.

Managers are expected to consult their employees and relevant union officials before introducing significant employment change. The unions have a good ten-year track record of co-operation with BT. Very few days have been lost through industrial action.

In the 2006 financial year, no industrial action was taken.

Employee grievances

We have a grievance procedure that gives employees the chance to appeal against actions or decisions that they believe adversely affect them.

In the financial year 2006, the number of concluded employment tribunal cases involving BT was 75, with 26 withdrawn, 5 judged against BT, 25 settled and 19 judged in favour of BT. Each case is analysed by the relevant management team, and learning points are reviewed within the appropriate policy group.

We developed a faster grievance procedure and nominated a panel of senior executives to manage senior level grievances. These systems are currently being tested.

Click on the icons below for employment tribunal case data since 1999.

Bullying and Harassment

BT takes a zero tolerance approach to bullying and harassment. We believe that people can only give their best if they are treated with dignity and respect at work

We are members of the [Dignity at Work Partnership](#) led by the UK Department of Trade and Industry and the Amicus union.

In June 2005 BT's Chairman Sir Christopher Bland and Ben Verwaayen, BT's Chief Executive Officer launched "Let's Cut it Out", our anti-bullying campaign. A comprehensive intranet was launched to enable BT people to understand appropriate and inappropriate behaviour. This is supported by a training module and video material to help managers assess and tackle inappropriate behaviours.



For example in July 2005 15 members of our Asia Pacific leadership team participated in a “Lets Cut it Out” workshop. They considered feedback from our employee survey, and agreed action plans for improving the working environment.

BT European Consultative Works Council

Every six months the BT European Consultative Council (BTECC) provides an opportunity for trans-national dialogue and exchange of views between management and employee representatives in the UK, Ireland and continental Europe.

We believe that the interests of our business - and all those involved in it - are best served through a common understanding of our performance, operating environment and market places.

The BTECC focuses on the performance and strategy of the BT group, on jobs and employment plans, and on the commercial and regulatory factors affecting our operations. Other relevant issues such as training, health, safety and the environment may be included.

The BTECC is chaired by BT's CEO and attended by other senior executives. Employee representatives are drawn from BT's operations across Europe. Participants are chosen according to the practice and legislation in each country. The representatives chosen must reflect BT's equal opportunities policies.

Representatives serve on the Council for four years, long enough to follow up and understand the issues.

The BTECC meets twice a year - normally within three months of the announcement of the group's annual results. In exceptional circumstances, the chairman may convene an extraordinary meeting.

A sub-committee of the BTECC meets four times a year to discuss specific issues in BT Global Services. The sub-committee is chaired by a senior representative of Global Services. Employee representatives are drawn from UK trades unions, Works Councils and other bodies.

Most of our continental European operations have works councils representing employees.

Employee communications

We strive to keep our people informed of company activities. This is essential if we want to keep everyone motivated and supportive of BT. Equally, we strive to listen to and act on our people's views and ideas.

- BT Today, our in-house newspaper, is sent to more than 174,000 employees, pensioners and opinion formers on alternate months. It helps make sense of what's going on in the company and contains a letters page where our people can express their views.
- BT Today on our intranet is updated daily, and features a constant flow of news about BT and our industry. The site covers all media releases, comment and features about BT.
- Talking Point - part of BT Today online - is a forum for employee opinion, feedback and debate on topics such as work-life balance, driving safety and broadband.
- We are updating our intranet. Users will soon be able to share knowledge, ideas and opinions through BTpedia – a collaborative encyclopaedia and a series of blogs. Employees will receive information relevant to their role by subscribing to themed news services and podcasts.
- We communicated our third quarter results across the group through a podcast.

Employee engagement

We communicate with employees on our business strategy to help them understand potential opportunities and challenges of changes in our business.

We use a variety of tools to do this. For example BT Wholesale has used epulse – an online survey – to consult employees on the rollout of our 21st century network.

During the creation of BT Openreach, we held focus groups and events, where people could talk about the creation of the new organisation and give their views. Epulse was used to consult managers on the structure of the new organisation.



Diversity and Inclusivity

We believe that a diverse workforce makes for a dynamic and successful company.

Our approach is one of leadership and best practice:

- Leadership in diversity - Developing leading diversity programmes and contributing to the debate on diversity policy
- Best practice – Creating a workplace where all employees are treated fairly and without discrimination. Ensuring that our workforce reflects the diversity of the countries in which we operate.

Leadership in diversity

We aim to lead by example in our diversity policies. We share our experiences with others and contribute to the development of diversity legislation.

During the 2006 financial year BT participated in several initiatives including:

- Dignity at Work Partnership against bullying at work, led by the UK Department of Trade and Industry and the trade union Amicus
- DWP Job Centre Plus and National Employment Panel Supplier Diversity Task Force
- Employers Forum on Age
- Employers' Forum on Carers
- Equalities Review - a UK government review investigating the causes of discrimination and inequality
- Equal Opportunities Commission Investigation into Pregnancy Discrimination
- Supplier Diversity Development programme led by the Centre for Research in Ethnic Minority Entrepreneurship at De Montfort University

Equal opportunities policy

Our Statement of Business Practice states that we will "treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form".

This principle is supported by our Equal opportunities policy, available as a PDF download.

Leadership in equality and diversity

BT's equality and diversity champion in the UK is Clive Ansell, Group Strategy Director, who chairs our Global Equality and Diversity Forum.

The forum is composed of Diversity Champions, senior managers from each of our business units. Their role is to create, sustain and deliver our global equality and diversity strategy. Senior managers also lead specific groups, including race, gender, age, disability and sexual orientation.

We are members of the following organisations in the UK:

- [Business in the Community](#)
- [Employers Forum on Disability](#)
- [Opportunity Now](#)
- [Race for Opportunity](#)
- [Employers for Work-Life Balance Advisory Board](#)
- [Employers Forum on Age](#)
- [Stonewall](#)
- [Working Families](#)
- Employers for Fathers
- Employers Forum on Belief



Belief

In the 2006 financial year, BT hosted the launch of the Employers Forum on Belief. We published a thought piece of Belief and Flexibility detailing the importance of flexible working and how it can help to attract recruit and retain people from different beliefs.

Fathers

We are working with other employers through Employers for Fathers to broaden gender debate.

Sexual Orientation

We recognise same sex relationships in our benefits policies and pensions. BT was ranked joint 7th in a benchmarking survey by Stonewall, the organisation for lesbians, gay men and bisexuals.

We sponsored the [Big Gay Read](#) as part of our commitment to develop communications in all media.

Diversity in recruitment

It is crucial that our people reflect the diversity of our customers and are able to meet their ever-changing needs. We work with a range of employment agencies, universities, schools and college careers offices. We inform them of the variety of jobs available in BT and that we welcome a wide diversity of people into our business.

For example, representatives of BT's diversity networks attend careers fairs to promote BT as a place to work. These efforts – which have focused predominantly on graduate recruits – are reflected in our recruitment diversity figures for the 2006 financial year:

- 14.4% of our new recruits were from an ethnic minority background – including 31.8% of new graduates and 9.3% of modern apprentices – compared with 9.2% of BT's total workforce
- 25% of our new recruits were women – including 36.4% of new graduates and 14.9% of modern apprentices – compared with 22% of BT's total workforce
- Twenty five (0.3%) of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) – including 4% of new graduates and 3.8% of modern apprentices – compared with 2% of BT's total workforce. We believe there is under-declaration since 5% of BT people who completed the 2006 CARE survey say they have a disability.

Opportunity to make career progress is very important. In the 12 months to March 2006, of those promoted into or within management positions, 31 per cent were women and 9 per cent from ethnic minority groups.

These figures do not include the people who work outside of the UK..

Ethnic minorities

Among BT people, 9.2 per cent have declared themselves to be from an ethnic minority - 8.9 per cent of non-managers, 10 per cent of managers and 7.4 per cent of senior managers.

In the 2006 financial year, 14.4 per cent of our new recruits came from an ethnic minority background – including 31.8 per cent of new graduates and 9.3 per cent of modern apprentices.

We met our target that 8 per cent of our employees will be from an ethnic minority background, and are committed to maintaining this level. These figures reflect our collaboration with employment agencies, universities, schools and college careers offices.

Our Ethnic Minority Network for BT employees includes development courses and participation in the national debate on diversity.

Click on the data and targets icon below for comprehensive data since 2001.

These figures do not include the people who work outside of the UK.

BT took part in Business in the Community's Race for Opportunity [Benchmarking survey](#) which assesses companies' efforts to create a racially inclusive workforce. We were ranked second out of 113 companies.



Global diversity

In 2005 we established a global diversity forum with executives from across our business. The forum will develop co-ordinated diversity actions relevant to the legal and cultural frameworks in each country in which we operate. Its initial focus is gender diversity, recruitment, talent management and reward.

We launched online Global Diversity Awareness Training to educate employees on BT's diversity policies and to provide country by country information. The training is available in five languages.

People with disabilities

A significant number of people in our society have disabilities. To ensure we meet the needs of all our customers, we encourage applications from people with disabilities and support their professional development.

BT qualifies as a 'Two Ticks' disability employer. This is a UK employer commitment to disabled potential employees and customers.

Profile

Overall, 2 per cent of BT people have declared themselves to have a disability. This represents 2.5 per cent of non-managers, 1.3 per cent of managers and 0.6 per cent of senior managers. We believe there is under-declaration since five per cent of BT people who completed the 2006 CARE survey say they have a disability, see [Diversity in Recruitment](#).

Initiatives

Able2 is an employee network for BT people with disabilities. It provides impartial advice and runs roadshows where people can discuss their needs with senior BT managers.

eNable is designed to improve the working life of BT people with disabilities. It provides a package of services including:

- A helpline to assist people who are, or become, disabled
- Guidance on job re-design, suitable alternative duties and provision of equipment and services
- Advice to managers on their responsibilities under the UK Disability Discrimination Act
- Support to ensure new recruits with disabilities feel supported.

Customer-facing employees receive disability awareness training. An intranet site on disability awareness and the law is available to everyone in the company and provides on-line training.

Events

We held a Disability and the Business Case event in the BT Auditorium in November 2005. Participants discussed questions such as: Does the business case [for diversity/disability] really exist? Is it just a concept or is it a useful tool? Speakers included Sue Maynard Campbell MBE and Peter White, the BBC's Disability Correspondent.

We published a booklet on mental health issues, called "1 in 4". This will help employees understand mental health issues and access the resources they may need.

Partnerships

AbilityNet

We support and provide office space for AbilityNet, a charity bringing computer technology to adults and children with disabilities. The organisation's presence in BT also gives us easier access to expert assessment and advice.



Able to Work

Our Able to Work project increases the number of disabled people employed in our call centres. We expanded the project this year to include links with the National Autistic Society.

Diversity Works Leadership College

We launched the Diversity Works Leadership College in association with Scope, the disability charity and Ashridge Management College. This will give disabled people in BT access to tailored career development and leadership training.

Scope Leadership Recruitment

We are members of Scope's Leadership Recruitment scheme that places disabled graduates in employment and provides personal development training and career development to increase their employability.

Age

Preventing age discrimination is part of BT's diversity and equality policy. By embracing age diversity and mixed-aged teams, we benefit from a balanced workforce and are well-placed to respond to the new marketing opportunities created by an ageing population.

We have an Age Champion - a senior manager who ensures age diversity issues are taken seriously and put into practice.

Click on the icons below for comprehensive employee age data since 2001.

Our retirement policy enables employees to continue working after 60. Employees can retire gradually using flexible work options such as part-time working, sabbaticals, reduction in hours and secondments. In financial year 2006, over 80% of BT employees who reached 60 expressed a wish to continue working.

We have used the Employers Forum on Age audit tool to ensure all our policies and practices are free from age discrimination and that we comply with new UK regulations on age discrimination to be implemented in October 2006. We used the audit findings to develop an action plan. This focuses on our policies for graduate recruitment, leave, and people leaving BT. We sponsored the EFA's Decades research 'Attitude not Age', into attitudes to work, retirement and pensions and hosted the launch event.

BT provides funding to Help the Aged's Living Legends Awards, which recognize older people who achieve amazing things.

Gender

We are launching a Gender Strategy for 2006/7 focused on recruitment, retention and culture change to ensure that women achieve their potential in BT.

Profile

22 per cent of BT employees are women - 21 per cent of non-managers, 24.5 per cent of managers and 15.8 per cent of senior managers.

In the 2006 financial year, 25 per cent of our new recruits were women - including 36.4 per cent of new graduates and 14.9 per cent of modern apprentices.

The number of women in BT has declined from 22.7 per cent in the 2004 financial year - and is below our 25 per cent target. Retention remains an issue.

Click on the icons below for comprehensive data since 2001.



Benchmarking

We took part in Opportunity Now, an independent comparison of how organisations manage gender issues. BT was rated [platinum](#) - the highest possible rating.

Retention of women

Retaining the skills and experience of women is important. Our maternity package provides 18 weeks' basic pay and regular allowances (excluding overtime) followed by eight weeks at half pay or lower-rate Statutory Maternity Pay or £108.85 per week (whichever is the greater), followed by 26 weeks at £100 per week.

We have also conducted focus groups in several countries to explore our female employees' perception of drivers and barriers to their advancement in BT's global business.

We hosted a networking evening for female IT Directors to help us understand the challenges they face in a male dominated industry.

Progression of women

Our [employee networks](#) for women include the BT Women's Executive Network and the BT Executive Assistants/Personal Assistants' Network. Branches of the BT Women's Network (BTWN) also operate outside the UK including in Benelux, USA, Germany and Spain.

Read more on our efforts to develop a [diverse talent pool](#).

Employee networks

BT Employees come together to create networks for several reasons:

- To provide a sense of identity and support
- To create understanding about minority groups within the workplace
- To provide a two way link with BT management
- To ensure that BT's resources, such as community investment and education are distributed inclusively.

Employee networks are promoted by BT's most senior management and provide members with: mentoring and development programmes; annual conferences; information websites; regular roadshows; and a conduit to senior managers. Our networks also work with our business and marketing departments to help them create better products and services for our diverse customer base.

There are currently nine networks representing: Asian employees; BT executive assistants; Christian employees; disabled employees; employees from ethnic minorities; employees that are gay, lesbian, bisexual or transgender; Muslim employees; senior women; and women.

We held our first pan-network event in June last year to enable members to meet and share experiences and best practice. A second event was held in November to raise money for the Pakistan earthquake appeal.

Our human resources department is working with our networks to help them create robust constitutions and election frameworks.

We continue to expand our networks internationally and have active women's networks in Benelux, Germany, Spain and the US.

Litigation

In the 2006 financial year, there were a total of 44 discrimination-related cases involving BT. 13 were withdrawn, 3 judged against BT, 17 settled and 11 judged in favour of BT. There were 58 cases involving BT in the 2005 financial year and 14 in 2004.

Click on the icons below for data relating to discrimination-related litigation since 1999.



Learning from discrimination cases

Every discrimination litigation case is one too many.

We carefully consider our own cases at practitioner and senior management levels. We also review developments in discrimination law as it emerges.

We ensure that our case management continues to be robust and, at the same time, that our educational inputs address any issues that arise. For example, real-life case studies based on BT experience are used by our Diversity Coach trainers in training workshops across our business where applicable.

We make sure that learning from other employment tribunal cases are shared with our equality and diversity specialists.

Learning and development

We seek to encourage and provide opportunities for personal growth and professional development.

We believe that talented people increasingly want to work in companies that commit to the long-term development of their employees.

Here we present our approach to learning and development:

- Learning and development principles and commitment
- Career development
- Investors in People
- Career-life plan
- Life long learning
- Employee education

Learning and development principles and commitment

We have made the following commitment to promote learning and development for our people:

We will set up a partnership with each individual who makes the most of their personal performance, commitment and prospects for employment. We will give our people the appropriate opportunities to develop business capabilities and will evaluate how effective our investment is.

We will do the following:

1. Give our managers the necessary resources and personal development to enable them to support their people's learning and development.
2. Give our employees ongoing information on the skills and behaviour which we believe are essential to future success and how these can be developed.
3. Analyse needs at a business level and an individual level to see what development is appropriate and to assess the value to our business.
4. Give our employees opportunities to develop their capabilities and prospects for employment so they can deal confidently with organisational and commercial change.
5. Offer a broad range of solutions including work-based activity, formal and informal learning, encouraging the use of group-wide learning solutions through the BT Academy and taking account of individual learning styles.
6. Provide an appropriate induction programme for all new employees and those who are changing jobs to make sure they can be effective in their new work as soon as possible.
7. Provide a range of support and information to enable the career development of our employees. We will encourage learning by setting up and developing formal and informal communities.
8. Manage actively the way we develop identified groups or individuals (with the group or individual involved) so we can make the best use of the talent across BT.
9. Make the best use of learning and development suppliers so we can get the best commercial value possible across BT.
10. Evaluate our investment in learning and development at all levels of the business.



Career development

There are many opportunities for promotion within BT. We have established a centralised application system and an on-line Job News facility.

To develop their career in BT, employees take on challenging tasks in daily activities and can participate in 'buddying', mentoring, job shadowing and secondments.

Initiatives such as the UK Management Insight programme enable team members to assess their skills and develop plans for the future.

Regular monthly meetings and annual development reviews help employees and their managers communicate directly on career development.

In the UK, our [NewStart](#) initiative provides a comprehensive toolkit to enable our employees to plan and address career changes constructively

Investors in people

BT is recognised as an Investor in People (IiP). IiP is a standard of good practice for training and development devised by leading UK business and employee organisations. We remain one of the largest companies to pass this challenging outcomes-based test.

Career-life plan

We are committed to creating an environment where change is anticipated and dealt with constructively.

We use two main tools to implement our long-standing policy of expanding our people's skills and capabilities: NewStart and Achieve the Balance.

NewStart enables employees to consider and plan ahead for their career. It provides a comprehensive toolkit and the framework necessary to help employees and managers discuss these issues. It offers a number of services:

- Professional career counselling
- One-to-one coaching
- On-line advertised vacancies
- On-the-job development through job shadowing and agency secondments.

NewStart is supplemented by Achieving the Balance, an intranet site promoting flexible working and presenting the range of work-life options available to BT people.

Life long learning

We invest in learning and education for all BT people.

We set up a Learning Executive Council of senior managers and a Learning Council of learning and development professionals. These will ensure our training programmes are aligned with our strategic business objectives and provide employees with the skills needed by our lines of business and to implement major initiatives such as our 21st Century Network.

BT Academy, a web-based learning portal, was upgraded in March 2006 and renamed Route2Learn (R2L). It is now available to all BT employees globally via our intranet. R2L is a key part of our commitment to lifelong learning and provides an extensive range of instructor-led and e-learning programmes and facilities. R2L helps people acquire skills useful to their job and helps them take advantage of future career opportunities in an industry where the skills required change rapidly.

In the 2006 financial year, employees completed 253,995 on-line and 34,833 instructor-led courses through the BT Academy Learning System.

R2L includes accredited programmes leading to professional and post-graduate qualifications. For example, a computer science degree and access course, run in partnership with the Communications Workers Union (CWU), Connect and Queen Mary, University of London. The BT Masters programme provides work-based development for BT people, leading to a Master of Science (MSc) degree in telecommunications after 20 months of part-time study.

The Leadership Spine provides a suite of BT-wide leadership development programmes.



Employee education

To help maintain a good supply of talent, we encourage young people to further their vocational or academic education, especially in Information and Communications Technology (ICT) subjects. We also offer hundreds of undergraduate placements each year.

To help address Europe's continuing shortage of people with good ICT skills, BT co-chaired the Career Space consortium, a European public/private partnership that encourages people, particularly women, to gain engineering and computer skills. Career Space worked with major ICT companies and over 20 European universities to develop and launch new ICT job profiles and curriculum guidelines. For more information see [Career Space](#).

We support the UK Government's initiatives to encourage women into work and the annual Take our Daughters to Work Day. In BT the event gives young men and women the opportunity to experience working life in a job traditionally done by the other gender.

Health and safety

One of our business principles is to care for the health and safety of people across all BT's operations and products.

Health and safety is not just about avoiding accidents – it means a broader commitment to protecting our employees' physical and mental health. We have committed to promote a healthy lifestyle through our health and wellbeing programme.

We focus on a number of major health and safety risks:

- Driving
- Fire and incidents on BT property
- International travel health
- Call centre health
- Injuries while working on the network
- Work-related stress.

We have changed our key performance indicators to help us measure our performance more accurately. Our Key measures are:

Lost Time Injury rate - the number of accidents resulting in sickness absence per million working hours

Rate of total sickness absence - the percentage of calendar days lost due to all causes of sickness absence.

In the last 12 months we have achieved a 40% reduction in the rate of Lost Time Injuries and a 7.1% reduction in the rate of general sickness absence. Click on the icons below for health and safety performance data.

Health and safety guiding principles

Our [health and safety guiding principles](#) are available as a PDF download.

Health and safety implementation

These processes and structures support the implementation of our health and safety guiding principles.

Each of BT's lines of business will:

- Appoint a health and safety champion who is a direct report of the line of business CEO
- Produce an annual health and safety plan, with objectives, targets and responsibilities
- Prepare an annual health and safety report demonstrating the work done towards meeting its health and safety commitment and measuring its performance against the standards set in the annual plan
- Maintain a comprehensive inventory of physical, chemical and psycho-social hazards



- Carry out formal risk assessment and profiling of all hazards within the inventory and ensure that a system is in place to implement competent task-based risk checks
- Put systems in place to ensure that managers, employees, contractors and customers receive appropriate advice on relevant hazards that have not been eliminated and the potential risks from them
- Ensure risk-awareness training and risk management systems are in place to successfully implement risk control measures
- Ensure that arrangements are in place for the health surveillance of those identified by risk assessment as requiring it
- Arrange for sufficient competent support in the areas of safety, health and hygiene
- Ensure compliance with the reporting requirements laid down by the BT health and safety champion
- Ensure the safety champion has the responsibility to undertake an adequate independent audit of the management of health and safety, commit to an action plan to deal with recommendations and have the completion of actions verified
- Communicate health and safety strategy, planning and performance to all employees and others involved, and involve them in the continuous improvement process.

Health and wellbeing

We launched the Work Fit programme to encourage employees to adopt a healthier lifestyle through diet and exercise. Over 16,000 BT Employees took part making it one of the largest and most successful initiatives of its type anywhere in the world.

Work Fit delivered advice and educational material to participants using e-mail and the intranet. It emphasised the importance of small changes in lifestyle which can bring big changes in vitality and health.

In early 2006 we also launched a smoking cessation support programme to help our people quit smoking. Smoking is banned in all our buildings and commercial vehicles.

Both of these initiatives were developed in partnership with the BT Unions and external specialist charities including the Men's Health Forum, National No Smoking Day and the NHS Stop Smoking Services.

Stress management

We are committed to help BT people recognise and deal effectively with everyday pressure and work-related stress.

BT's strategy for mental wellbeing

People feel stressed when they cannot cope with pressure in their lives – at work and at home.

We try to make sure that we do not make unreasonable demands of our people. We do this through job design, resourcing (making sure jobs are done by people with the right competences), training and development, and people management. We provide support to employees affected by stress in their private lives.

Work-Life Balance is an important aspect of mental wellbeing and we strive to balance good customer service with the provision of a healthy work-life balance for our employees. We believe our record is good although there is still more to do in promoting best practice across BT.

Our strategy has three phases:

Primary: Reducing stress at source through workplace and job design

We guide employees and managers on the causes of stress and how to avoid problems for example through our Dealing with Stress intranet.

Secondary: Identifying early signs of stress and supporting individuals.

STREAM, BT's Stress Assessment and Management tool, helps us identify and address work pressures that cause stress. STREAM provides essential (but anonymous) management information on the mental wellbeing of our employees.

Tertiary: Assisting established cases cope and recover.



Work can play an important part in recovery from mental health problems. It is very important that managers and colleagues keep in touch with individuals during stress-related absences to minimise the problems of isolation and de-motivation. Absence Case Advisors send letters of support to people who are absent with a stress-related illness.

Support is also offered through our Employee Assistance programme – a confidential service available online or via the 24-hour helpline.

Occupational road risk management

BT has a fleet of over 32,000 vehicles in the UK. This means there is a significant risk of injury to our people and the general public from road accidents.

Starting Point is our programme for reducing occupational road risk. Drivers are individually assessed and the factors contributing to higher risk of accident are identified. They are then offered tailored support to minimise those risks. By the end of the 2006 financial year, over 40,000 BT drivers had taken part. The initiative was commended by the UK national road safety charity, BRAKE, in 2003, won the prestigious Prince Michael International Road Safety Award in 2004 and was voted winner of the Fleet News, Fleet Risk Management Award in 2005.

Musculoskeletal disorders

BT contributed to the development of a good practice guide and industry wide review of musculoskeletal disorders in the European Telecommunications sector under the auspices of the EU social dialogue arrangements. Full details of the project can be found at MSDonline.org.

We have launched a multimedia training package for employees to highlight the risks associated with manual handling activities. It uses video and computer generated graphics to deliver health and safety training which is both relevant and engaging for the target audience.

Health and safety partners in the BT Unions

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

Employees - Key Performance Indicators

Indicator	Description	Measure	Target
Employee Engagement Index	A measure of the overall success of BT's relationship with its employees	The Employee Engagement Index was 65% during the 2006 financial year.	To maintain or improve the Employee Engagement Index at 65% during the 2007 financial year.
Diversity	A measure of the diversity of the BT workforce	22.1% Women (15.8% of senior) ♦, 9.2% Ethnic Minority (7.4% of senior), 2.0% Disabled (0.59% of senior)	To establish a new diversity index, to take account of BT's growing global activities, during the 2007 financial year.
H&S: Lost Time Injury Rate	Rate of Lost Time Injury Incidents expressed as a rate per 100,000 hours worked on a 12-month rolling average	0.281 cases per 100,000 working hours	Reduce to 0.242 cases per 100,000 hours during the 2007 financial year.
H&S: Sickness Absence Rate	Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average	2.35% calendar days lost to sickness absence	Reduce to 2.26% calendar days lost due to sickness absence during the 2007 financial year.

♦ changes in job classification have led to a different definition of the term senior



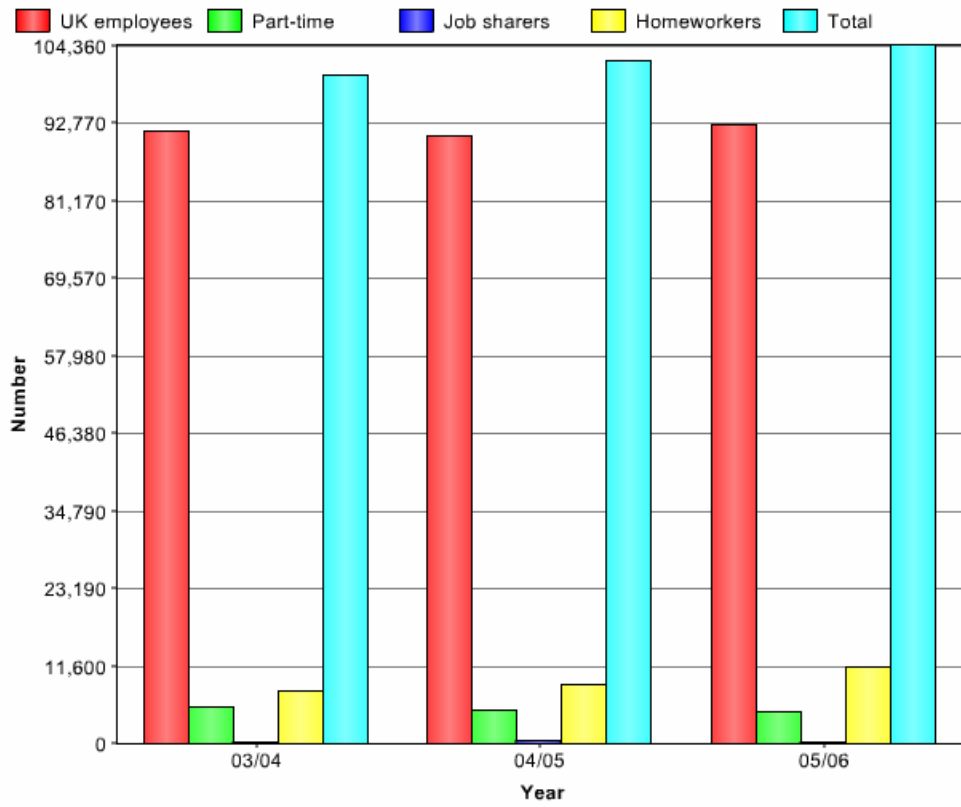
Employees Targets

Start Date	End Date	Description	Update	Target Status
April 2006	March 2007	BT shall identify a core number of qualitative and quantitative measures so that we can establish a Diversity index for BT which will provide a tracking mechanism.		New
April 2006	March 2007	BT will maintain or improve BT's EEI, which is currently 65%.		New
April 2006	March 2007	BT will undertake supportive actions to move BT towards a balanced representation level of people over 50, proportional to that which exists in the local labour force.		New
April 2006	March 2007	BT will establish a new diversity index to take account of BT's growing global activities.		New
April 2006	March 2007	BT will research and agree a set of measures for BT, which will enable us to benchmark diversity profiles both internally and externally on a global basis, (where effective benchmarking material exists globally).		New
April 2006	March 2007	Based on our extensive statistical analysis and action plan developed in the last financial year, BT shall monitor the outcomes of our action plan to address the statistical distribution of performance ratings amongst ethnic minority employees. Our measure will be a positive movement towards a "normal distribution".		New
April 2006	March 2007	BT will ensure that the proactive diversity management of the executive appointments process continues and that shortlists are representatively constituted in terms of gender and race.		New
April 2006	March 2007	BT will continue to work with its external executive search suppliers to provide sufficiently diverse short-lists to enable us to select candidates with diverse demographic backgrounds.		New
April 2006	March 2007	BT will measure the EEI of BT people who have declared themselves to have a disability against the BT norm. If there is a difference, we will research what the points of difference are and will develop a strategy and action plan to address those issues wherever possible.		New
April 2006	March 2007	BT will achieve a 14% reduction in the Lost Time Injury rate, expressed as the number of incidents per million working hours.		New
April 2006	March 2007	BT will achieve a 4% reduction in the total sickness absence expressed as percentage of Calendar Days lost.		New
April 2006	March 2007	BT will achieve a 19% reduction in the incidences of ill health meriting referral to occupational health which may be possibly attributable to work activity within the UK expressed as cases per 10,000 people in post.		New
April 2006	March 2007	BT will have no successful health and safety prosecutions or prohibition notices served against the company.		New
April 2006	March 2007	BT will deliver business unit Diversity Plans across the Global Services division through the newly created Global Services Diversity Forum, aimed at improving the diversity and inclusivity profile / environment of the global business. (This will be measured through 6 existing Global Services KPI's and the new BT Diversity Index to be created in 06/07).		New
April 2005	March 2006	We will maintain or improve representation levels of people over 50 in BT, proportional to that which exists in the UK labour force (currently BT 24.9% and UK Labour force 33.34%).	The numbers of people over 50 rose to 26.9%.	Completed
April 2005	March 2006	We will conduct a strategic review of our gender related activities, to understand how we can best focus our resources in future years to improve the representation of women in BT.	The review was been completed and, as a result, a strategy paper has been written outlining areas for future action.	Completed
April 2005	March 2006	We investigate whether, or not, the statistical distribution of performance ratings amongst ethnic minority employees is a "normal distribution" (using the ethnically white workforce as a comparison). If this is not the case we shall put in place a plan to start to identify any underlying causes.	Based on the study report, we have identified some subsequent activities which we believe will start to address the issues.	Completed
April 2005	March 2006	We commence a comparison of the demographic	Detailed comparisons have been	Completed

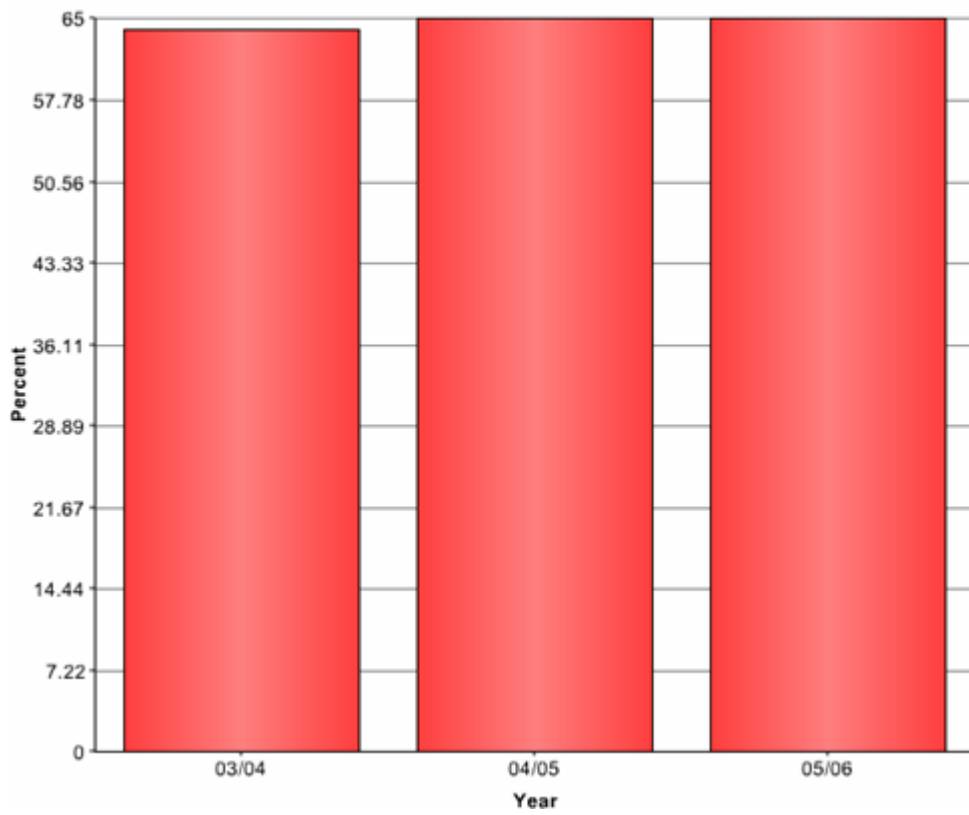
		distribution of BT ethnic minority employees with the ethnic distribution of the national (UK labour force), in order to understand where, if necessary, we need to prioritise action in future years.	made and we are now working to identify where we need to prioritise action in future years.	
April 2005	March 2006	We will work with our Executive Search companies to ensure that they are able to provide diverse recruitment lists for our senior management vacancies.	A new executive search process has been implemented, which was endorsed by the BT Board.	Completed
April 2005	March 2006	We will ensure that there is proactive diversity management of the talent pool for executives initially through analysis of sample short lists for executive positions by gender.	A more balanced and clearly differentiated talent pool structure has been implemented.	Completed
April 2005	March 2006	We will be continuing to work to ensure that BT's policy and practice reflect the spirit and intent of our disability vision.	We benchmarked ourselves on the Employer Forum on Disability Benchmark. The results have been used as the basis for a strategy which will be developed in the course of the year.	Completed
April 2005	March 2006	We will achieve a 15% reduction in the Lost Time Injury rate, expressed as the number of incidents per million working hours.	We achieved our target with a 40% reduction over the year.	Completed
April 2005	March 2006	We will achieve a 4% reduction in the total sickness absence expressed as a percentage of Calendar Days lost.	We achieved our target with a 7.18% reduction over the year.	Completed
April 2005	March 2006	We will have no successful prosecutions or prohibition notices served against the company.	There were no successful prosecutions or notices served during the year.	Completed
April 2005	March 2006	We increase the Employee Engagement Index to 66%.	The employee engagement index for the 2006 survey was 65%, 1% under target.	Failed
April 2005	March 2006	We will maintain or improve on our 2005 representation levels of women, ethnic minority and disabled employees.	Whilst ethnicity figures were maintained, the numbers of women and disabled employees dropped slightly over the year.	Failed
April 2005	March 2006	We will achieve a 4% reduction in the incidences of ill health meriting referral to occupational health which may be possibly attributable to work activity within the UK expressed as cases per 10,000 people in post.	There was a 15% increase over the year, therefore failing our target to reduce by 4%.	Failed
April 2004	March 2005	We will introduce new country-specific diversity training in BT's non-UK operations where culturally and legally possible.	In November 2005, BTGS launched an on-line global diversity awareness training course in 6 languages.	Completed



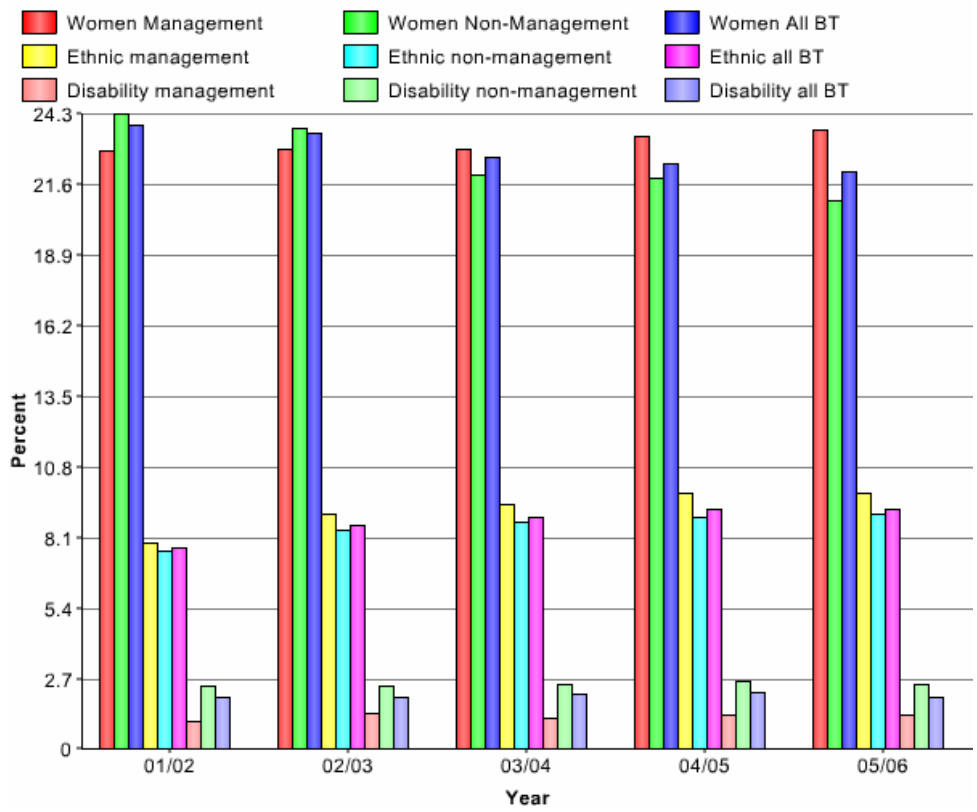
Number of employees



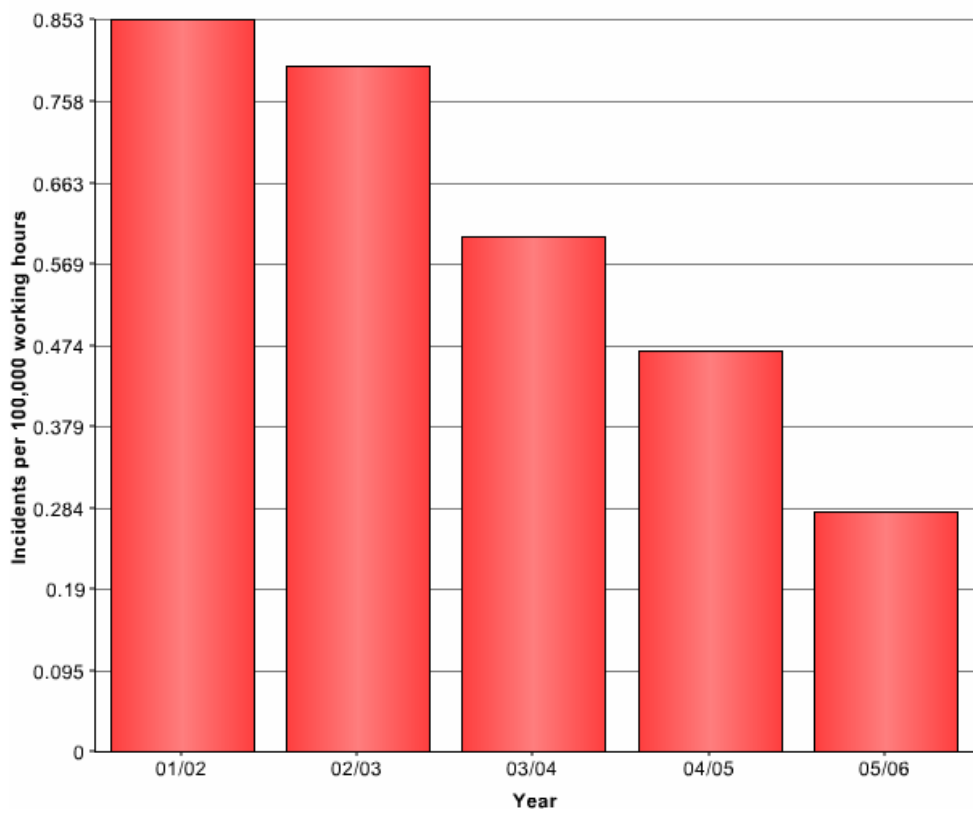
Employee Engagement Index



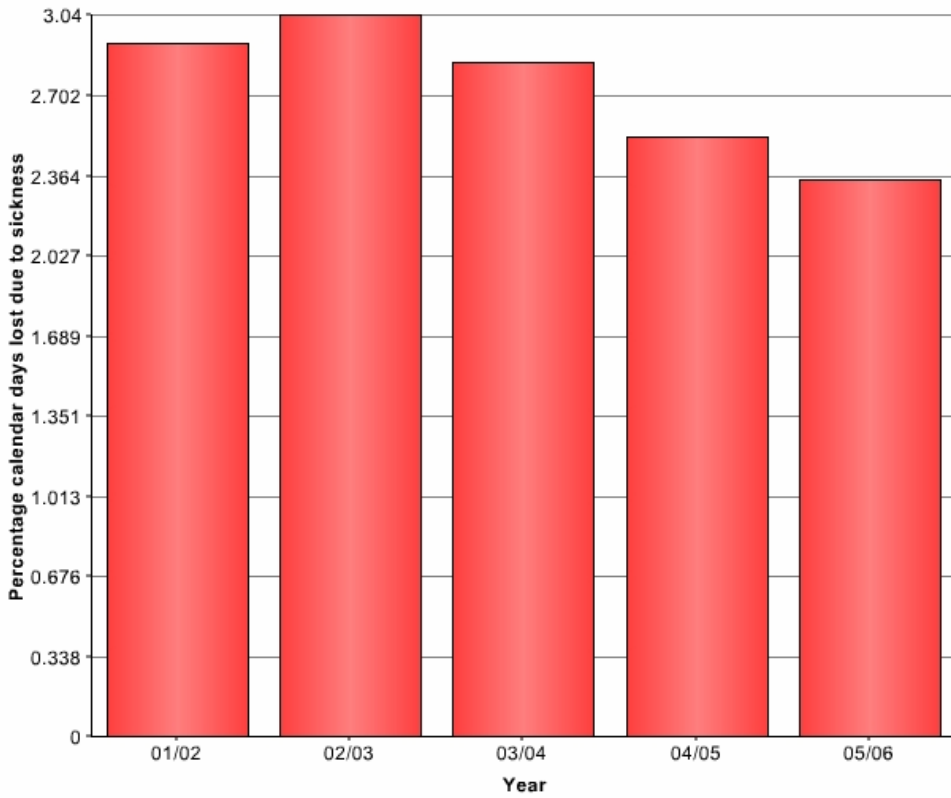
Diversity



Lost Time Injury Rate

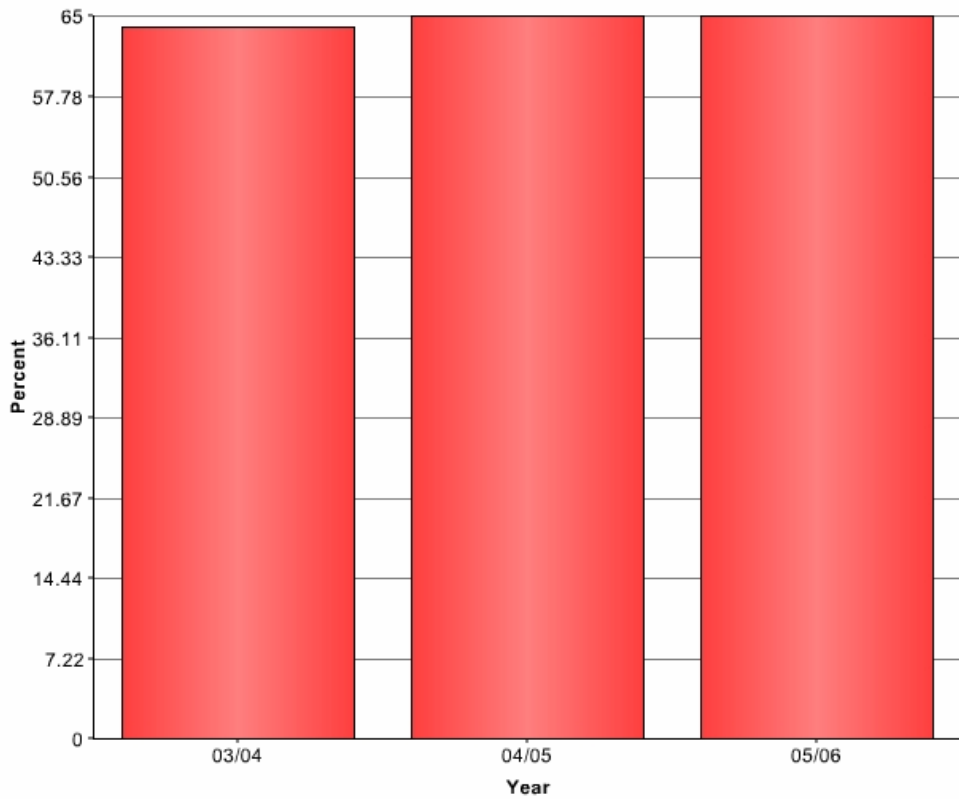


Sick Absence Rate

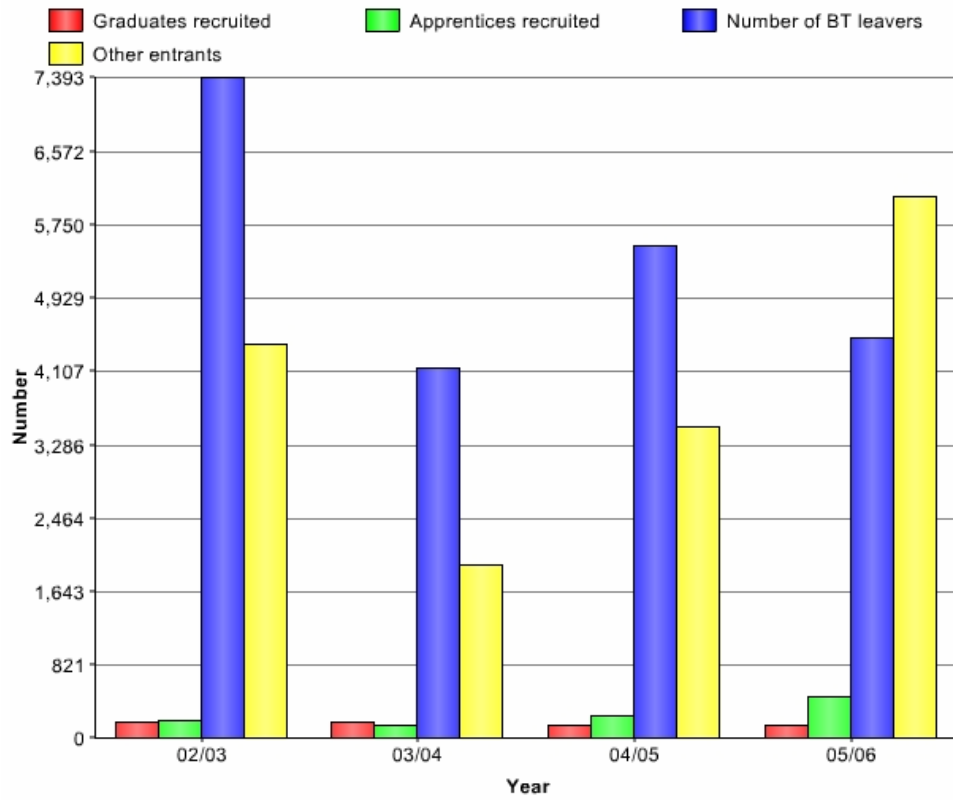


All figures (from 02/03 onwards) are now global

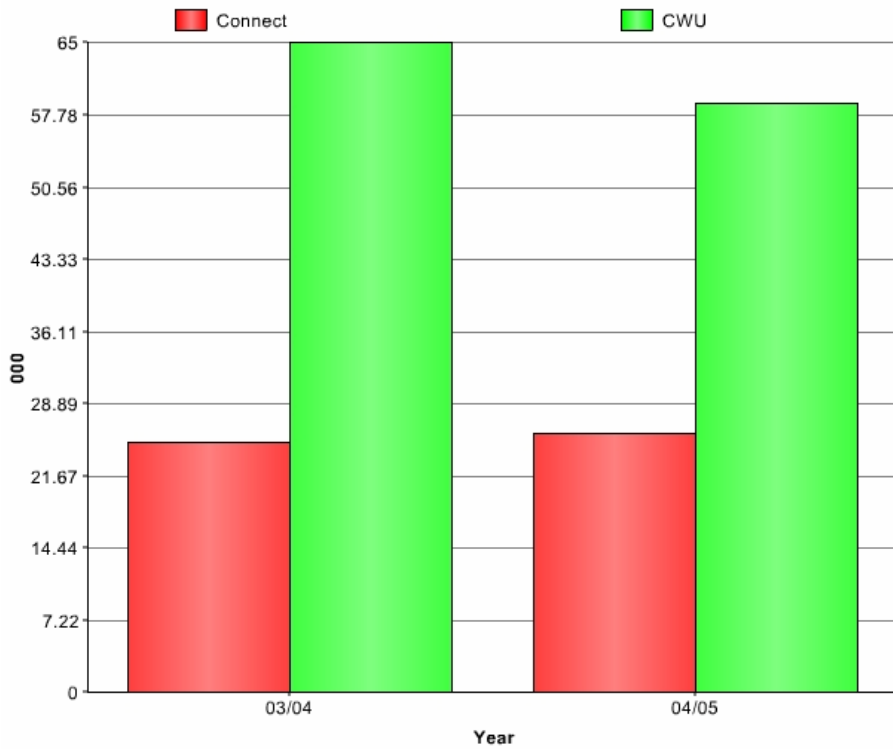
Employee Engagement Index



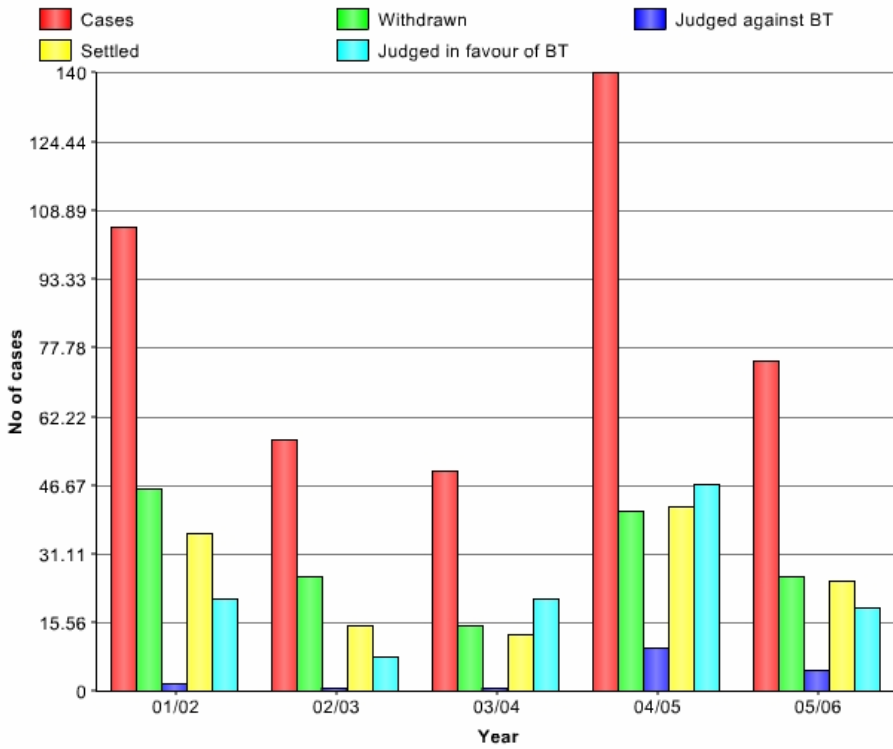
Recruitment



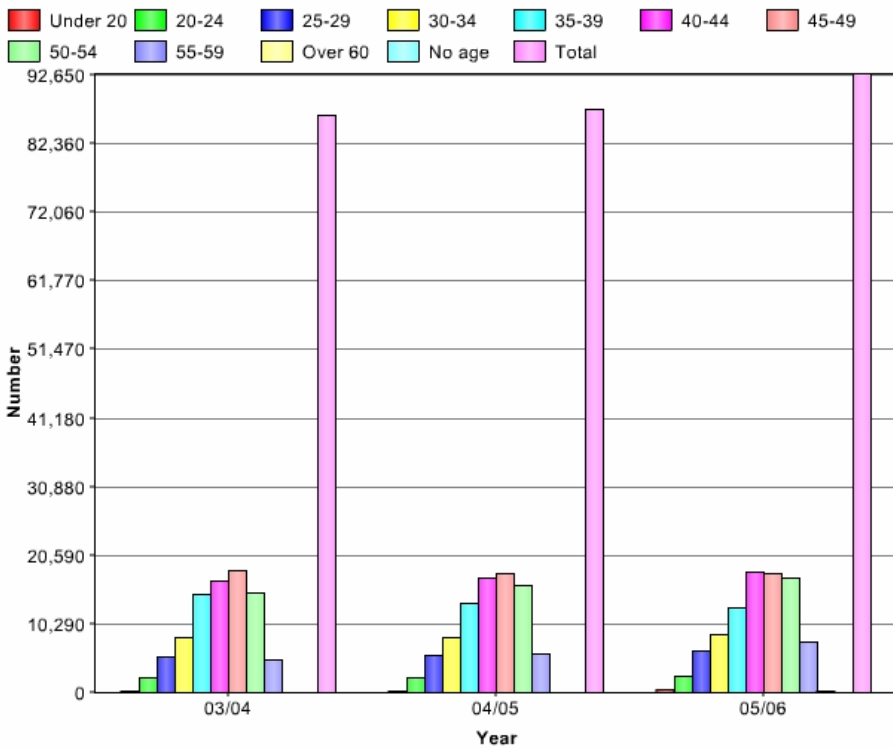
Employees represented by a trade union



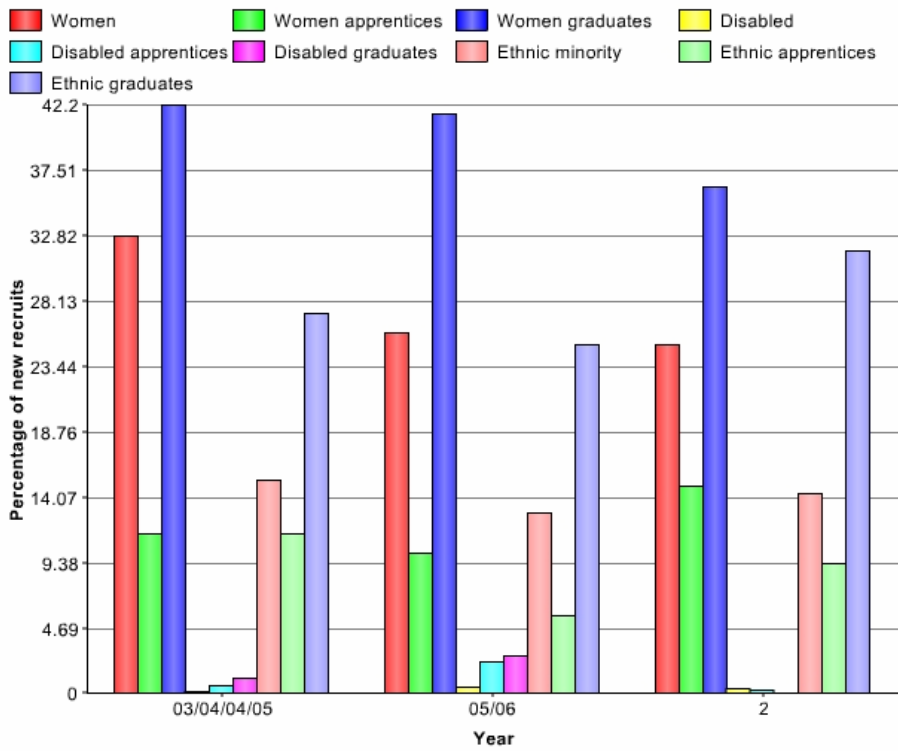
Employment Tribunal Cases



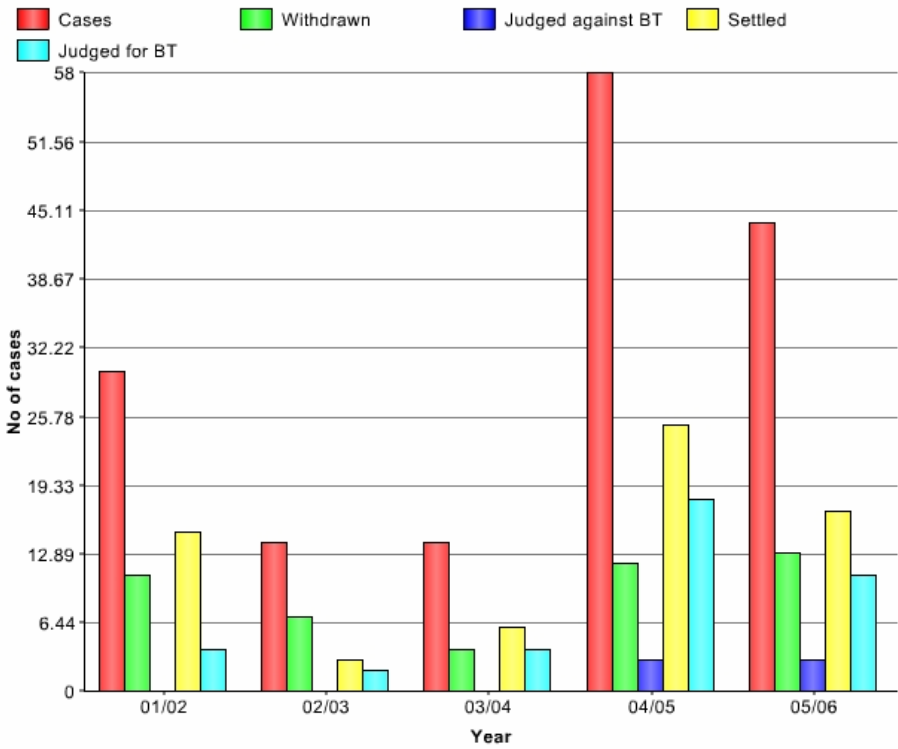
Age Profile



Diversity recruitment



Discrimination Litigation



Ill Health OHS Referrals

