



CSR for Investors

Better World – Our Commitment to Society

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Investors are taking a growing interest in the social and environmental dimensions of business performance, and the relationship between these aspects and business strategy.

Specifically, the “business case” for sustainable development and Corporate Social Responsibility (CSR) – the extent to which social, environmental and ethical risks and opportunities are managed to both preserve and grow shareholder value – is increasingly coming into focus.

However, whilst a great deal has been written about the business case for CSR, much is generic – applying to the business sector as a whole rather than a single enterprise – and often predominantly based on an intuitive, rather than quantified rationale.

There are few enterprise-specific, quantitative business cases for CSR.

Moreover, from an investors’ perspective, information as currently presented in social and environmental reports is often both backward looking (when investors are more interested in future prospects) and unfocused (when investors are seeking information presented in terms business strategy and growth).

So, in communicating with investors, companies should be compiling forward looking, business-strategy related quantitative businesses cases for CSR and sustainable development.

You can read our first attempt at meeting these investor needs by following the links below to our Investor Centre site.

Here you can find an analysts presentation <http://www.groupbt.com/investorcentre/strategyandcontext/deliveringenlightenedshareholdervalueslides.pdf> and accompanying narrative <http://www.groupbt.com/investorcentre/strategyandcontext/deliveringenlightenedshareholdervalue.pdf> that identify the key sustainable development and CSR risks and opportunities for BT, set out how these are managed for future growth and illustrate where BT’s CSR performance adds shareholder value.

There are three dimensions that we are emphasising with investor audiences:

- CSR is critical for optimising customer and employee satisfaction. For example, we estimate that BT’s CSR performance accounts for over 25% of the Image and Reputation driver of customer satisfaction.
- There are significant market opportunities arising from social change and sustainable development. These include, for example, the application of ICT to tackle social exclusion, the growth of conferencing & teleworking and ethnic minority markets.
- Proactive engagement in CSR provides BT with a competitive advantage. This is supported by our ranking as the World’s Number One Telecommunications Company in the 2002 Dow Jones Sustainability Index <http://www.groupbt.com/betterworld/pdf/bt2001report.pdf>.

Showing how sustainable development and CSR add shareholder value is a tough challenge, but one that we feel is of increasing importance and relevance. Most importantly, the strength of individual business cases for CSR will become a key test of the extent to which the market is being shaped and harnessed to deliver sustainable development.