



# *Employees*

**Better World – Our Commitment to Society**

## *Employees*

We know that our people are critical to our success. Research shows that the way a company treats its employees influences consumer decision-making. A reputation as a good employer will help us to win and retain customers.

That is why we aim to attract, recruit, develop and motivate the best people.

After the demerger of mmO<sub>2</sub> BT employed around 108,600 people throughout the world, the majority in the UK. This makes us one of the UK's largest employers.

In our Statement of Business Practice we make the commitment that BT will:

- create a safe and healthy work environment that is open, honest and unprejudiced and which encourages people to achieve their full potential
- value people's individual and team contributions, and offer opportunities to share in the company's commercial success
- recruit, employ and reward on ability and contribution
- provide opportunities for personal growth and professional development and communicate and consult with employees in appropriate ways
- promote a healthy lifestyle.

## *Employment*

BT is a major employer and we need to ensure that we both attract the best and reflect the diversity of our customers. Our 2001/2002 graduate campaign attracted 10,000 applicants, of which 38% are female and 32% from ethnic minorities.

BT recognises two trade unions – the Communications Workers Union and Connect. We have a partnership relationship with both and in the 2002 financial year no days were lost through industrial action.

Our annual employee survey (CARE) is an opportunity for our people to express their views and opinions on a range of issues at local, divisional and company level. A key measure within CARE is the “People Satisfaction Index” (PSI), created by grouping a number of questions together and averaging the responses.

In 2001 we met our target of increasing the PSI by 2 per cent to 67 per cent – especially pleasing during a year of difficult operating conditions for the company.

All of our work-life balance policies have been pulled together into one portfolio called “Achieving the Balance”. This covers flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

Currently we have around 7,500 part-time employees and around 5,000 home-workers.

In 2001 we were winners of the Parents at Work/Lloyds TSB Employer of the Year award.

## ***Recruitment & Retention***

BT is a major recruiter, taking on thousands of new people each year – and we need to be sure that we attract, select and retain the best. Our people must reflect the rich diversity of our customers and be able to contribute fully to meeting the changing needs of current and future customers.

### **Inclusively**

We aim to be truly inclusive, reaching out to all the communities we work in. For instance, our 2001/02 graduate campaign has attracted 10,000 applicants, of which 38 per cent are female and 32 per cent are from ethnic minorities.

BT has actively supported the Government's New Deal scheme since its launch in 1999. By 9 May 2002, we had provided 434 New Deal opportunities, spanning all New Deal categories.

### **Education**

To ensure a good supply of talent we are actively involved in encouraging young people into higher education, especially in information and communications technology (ICT) subjects.

We support the Oxford Access scheme, which provides science summer school places for students from inner city backgrounds and ethnic minorities seeking university places.

We offer hundreds of undergraduate placements each year.

We are particularly concerned to encourage more women into ICT work. We actively support initiatives such as the UK Cabinet Office's "Women unlimited", the annual "Take our daughters to work" day, the DTI's Science, Engineering and Technology Returners Study and the recent DTI "Women in IT" conference.

To help address Europe's growing shortage of people with ICT skills, BT is an active member of the Career Space consortium, described by the European Commission as a 'flagship public/private partnership'. BT played a major part in developing and launching new ICT job profiles and curricula guidelines (working with 25 European universities) available on the Career Space website [www.career-space.com](http://www.career-space.com), which now attracts over 400,000 hits a month.

### **Flexibility**

Attracting the best people is one challenge for companies – keeping them is another. Our experience is that being as flexible as possible and providing continuous learning opportunities in an environment of exciting, challenging team work pays real dividends.

### **See also:**

- BT Careers Site
- Career Space [www.career-space.com](http://www.career-space.com)
- Women's Future

## *Employee Relations*

In the UK, BT recognises two trade unions: the Communications Workers Union (CWU), which represents around 64,000 BT non-management grades, and Connect, which represents around 16,000 BT people, predominantly line managers and professionals.

We maintain a positive working relationship with both unions at local and national levels.

BT also runs a European Consultative (Works) Council which provides a six-monthly opportunity for trans-national dialogue with representatives from the UK and our operations in continental Europe.

Managers are expected to consult their employees and relevant trade union officials prior to implementing significant change.

The unions, for their part, have a track record of co-operating with change over the last decade and very few days have been lost through industrial action.

In 2001/2002, as in many other years, no days were lost.

In 2001/2002, there have been no instances of legal action taken against BT concerning anti-union practices.

BT has a grievance procedure which provides all our employees with an effective escalation process through which to appeal against certain management decisions. This procedure is available to all our employees in every country in which we operate.

The number of Employment Tribunal Cases involving BT this year was down to 105 from 136, with 46 withdrawn, 2 judged against BT, 36 settled and 21 judged in favour of BT.

Employment Tribunal Case data going back to 1999 is available in the Data section of this site.

## ***BT European Consultative (Works) Council***

The establishment of the BT European Consultative Council (BTECC) is intended to provide an appropriate trans-national forum for the exchange of information and views between management and employee representatives.

We believe that the interests of the business – and the welfare of all those involved in it – are best served by there being a joint understanding of the performance of the business, of its operating environment and market places, and of other matters of mutual concern, throughout our European operations.

BTECC covers all BT's operations in Europe, irrespective of whether a particular country is a member of the European Union.

BTECC focuses principally on the performance and overall strategy of the BT group, on jobs and employment plans, and on the commercial and regulatory factors impacting its operations. Other relevant trans-national employee issues such as training, health, safety and the environment may be included.

BTECC is chaired by the BT chief executive and attended by other senior executives. Employee representatives are drawn from and represent employees from BT's operations across Europe. Participants are chosen according to national practice and as laid down in the legislation in each country. The company and its employee representatives aim to ensure that the company's equal opportunities policies are reflected in their selection.

Representatives serve on the Council for a period of two years to provide continuity and depth of understanding.

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.

There is a joint secretariat to the Council – one representative of the Chairman and one nominee of the trade unions.

Meetings are conducted in English and translation facilities are made available if necessary.

BT bears the costs of the venue and accommodation, translation services and the travel costs of the employee representatives.

Representatives are given time off with pay from their normal duties to attend any pre-meeting and the meeting itself.

They are also given reasonable travelling time.

## Trade Unions

### Communication Workers Union

The Communication Workers Union (CWU) is the biggest union for the communications industry in the UK with around 300,000 members. It was formed in January 1995 when the Union of Communication Workers joined forces with the National Communications Union.

CWU members work in the Post Office, BT and other telephone companies, cable TV, the Alliance and Leicester and Girobank. Their members' expertise includes engineering, computing, clerical, mechanical, driving, retail, financial and manual skills.

The CWU's Statement of Values aims:

- to provide first class collective and individual representation for all CWU members;
- to achieve security of employment for all members;
- to offer individual membership services of the highest quality;
- to expand trade union membership throughout the communications industry;
- to promote, by industrial and political means, the success of the industries in which our members work;
- to campaign against all forms of discrimination;
- to further these objectives by promoting the influence of the union throughout the national and international community.

The union has a number of advisory committees, mainly consisting of ordinary branch members. These are to ensure that the needs of women, ethnic minorities, retired members, young people, lesbians and gays and those with disabilities and special needs are brought to the attention of the executive.

The union is affiliated to the Trades Union Congress, the Scottish Trades Union Congress, the Wales TUC, the Irish Congress of Trade Unions, the Labour Party, the Communications International and other organisations as determined by annual conference.

### Connect

Connect is a specialist union run for and by managerial and professional people. It represents BT's junior managers and professionals and works with the company to improve the terms of employment for these members and to manage change effectively.

Connect also represents members individually and is a resource that members can use throughout their working lives.

There are a number of specialist networks for Connect members, including: salespeople, personal contract grades, women and graduates. These networks help Connect to keep in touch with the concerns of particular groups of members.

Connect offers professional advice, support and information plus a unique package of individual services, including:

- free legal assistance
- sickness benefit
- 24-hour accident insurance
- independent financial advice
- shopping discounts
- access to training at special rates.

All Connect members belong to a local branch, normally based on the workplace or area. Local representatives run these branches.

## *Employee Survey*

BT runs a number of formal employee attitude surveys, the most important being the Communications and Attitude Research for Employees (CARE) survey.

CARE is an opportunity for our people to express their views and opinions on a range of issues at local, divisional and company level.

All managers with teams of more than eight people receive individual CARE feedback reports, so it's also a chance for them to monitor the impact of their decisions and review their management style.

Managers work with their teams to analyse CARE feedback and to formulate and carry out action plans.

We often carry out smaller-scale surveys or run focus groups to determine our people's attitudes towards specific circumstances and to measure the impact of policies and practices on our people especially at times of change.

### **CARE 2001**

Towards the end of 2001, everyone in BT was given the opportunity to complete a CARE survey, during the working day and with guaranteed anonymity. Over 65 per cent of BT people completed the survey.

### **People Satisfaction Index**

A key measure within CARE is the "People Satisfaction Index" (PSI). The PSI is created by grouping a number of survey questions together and averaging the responses.

The CARE 2001 PSI was 67, which matched our target and compares well – especially given current operating conditions – with the CARE 2000 PSI of 65.

Comprehensive CARE survey results going back to 1999 are available in the Data section of this site.

## Work-Life Balance

To recruit and retain the best people, we have to find innovative ways of helping them to achieve a balance between work and personal life.

All our work-life balance policies have been pulled together in one portfolio called “Achieving the Balance”, which can be accessed by BT people on the BT Intranet. These policies cover flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

Currently, we have around 7,500 part-time employees, and around 5,000 homeworkers.

We have a flexible working initiative called “Freedom to Work”, which enables our people, wherever operationally practicable, to develop their own attendance patterns.

They can achieve more balance through a mix of home-working, working long and short days, and by accruing blocks of non-working time for use during, for example, school holidays.

Moreover, flexibility in attendance patterns and place of work is hugely inclusive, opening opportunities for people with disabilities, caring responsibilities and women returning to work after a career break.

BT is the 2001 Parents at Work/DTI/Lloyds TSB Employer of the Year, winning both the ‘overall’ and ‘large employer’ awards in November 2001.

These awards recognise employers who actively encourage their employees to balance work and home life more effectively. Sarah Jackson, CEO of Parents at Work (and chair of the judging panel) said that BT is “at the leading edge of work-life balance”.

BT is committed to sharing its experience and expertise through participation in initiatives including:

- Membership of Employers for Work-Life Balance a group of major employers committed to encouraging and sharing work life balance best practice.
- BT once again sponsored Work-life Balance week. Working with the work life Balance Trust, a number of high profile events were held around the country.
- Internally BT held a week of events, “Agile Business – Balanced Life”, which generated employee participation in assessing our achievements and identifying what needs to be done next.
- BT will be seeking accreditation from Tommy’s Pregnancy Accreditation Scheme. By gaining accreditation BT will demonstrate that it meets the criteria set by Tommy's for the way in which we manage pregnant employees and create a supportive working environment for them.
- In keeping with our principles of inclusion and accessibility for all BT people, we also held intranet discussion groups and webcasts on homeworking and childcare.
- The benefits of flexible working, the types on offer and the advice on how to go about it – as well as guidance on career-life planning generally – are all on offer on BT’s “Achieving the balance” intranet site.

### See also:

- EASE Awards <http://www.qefd.org/EASE%20AWARDS/default.htm>
- Parents at Work <http://www.parentsatwork.org.uk>
- Employers for Work-Life Balance [www.employersforwork-lifebalance.org.uk](http://www.employersforwork-lifebalance.org.uk)

## *Employee Communications*

Our people are crucial to our reputation and success. They are our unofficial ambassadors, our public face. They represent us in every walk of life, not only while on BT business, but out of hours too – perhaps over the garden fence, at the pub, or in the supermarket queue.

So it's essential that our people are all motivated and behind BT. This means that everyone is kept fully up-to-date and involved in what the company is doing. Equally, our people need to feel they have a voice, that their views are listened to, and their ideas acted upon.

### **Communication channels**

We communicate using every means at our disposal, whether it's a traditional in-house newspaper, a face-to-face event, or the latest, state-of-the-art technology.

- The BT intranet -- one of the largest in Europe.
- BT Today, our monthly tabloid newspaper, sent to all employees and many BT pensioners
- the on-line BT Newsdesk, updated throughout the day, the first port of call for company and industry news
- BT Vision, our internal broadcast television programme, which can be viewed at sites throughout the UK
- BT Newslines, a dial-in news service, which attracts thousands of listeners a month.

We also hold regular face-to-face employee briefings and events in every part of the organisation.

### **Feedback channels**

We sincerely believe in two-way communication and our upward feedback mechanisms include:

- team meetings, where units meet with their line manager to exchange news and views
- employee surveys which check that our employees have received and understood company messages.
- our annual Communications and Attitude Research for Employees (CARE) survey, in which everyone in the company is invited to take part.

## Equality & Diversity

BT has been at the forefront of the evolving equality and diversity agenda for some time. We have been particularly active in establishing the business case for equality.

In our view, you cannot be a successful business, competing fiercely in global markets, if the way you do business is based exclusively on a single set of cultural values.

The key to success is a recognition of the power of cultural, language and behavioural diversity.

If we are to maximise the potential of our workforce we also need to recruit from the widest possible pool of talent.

To illustrate top level Executive leadership, BT’s equality and diversity champion is Pierre Danon, CEO BT Retail, who chairs the BT Global Equality and Diversity Forum.

We have a number of policies covering aspects of equality and diversity. These are headed by BT’s Equal Opportunity Policy.

At present 7.7 per cent of BT Group declare themselves of ethnic minority origin. Whilst 2% of our workforce have declared a disability. These figures do not include those people who work in our subsidiaries, around 10,000 of our overall workforce of around 108,600

In March 2002, Kaleidoscope – a network for Gay, Lesbian and Bisexual employees – became the most recent addition to existing networks for women, ethnic minority employees and employees with disabilities.

BT takes part in external benchmarking exercises on our approach to equality and diversity issues. In 2002 Race for Opportunity awarded us Gold Standard for our approach to ethnic minority issues and named BT the top performing private sector organisation. In 2001 Opportunity Now awarded us Platinum Standard for our policies on gender issues within the company.

BT has also undertaken detailed pay gap audits and issued an equal pay statement and guidance to all line managers involved in our pay review.

In summary, the following figures show the percentage of BT Group people (not including around 10,000 subsidiary employees) who are women, have declared themselves from an ethnic minority, or have declared a disability:

	Management	Non-management	All BT
Women	22.9%	24.3%	23.9%
Ethnic	7.9%	7.6%	7.7%
Disability	1.1%	2.4%	2.0%

Data as at 31st March 2002

## ***BT equal opportunity policy***

BT is an equal opportunity employer and it is the aim of this policy that all persons, wherever they are in the world, should have equal opportunity for employment and advancement on the basis of their ability, qualifications and suitability for the work.

It is BT's policy that no job applicant or employee receive less favourable treatment in any aspect of employment on racial grounds, or on grounds of gender, religion, disability, marital status, age or sexual orientation, gender status or caring responsibilities, or be disadvantaged by conditions or requirements which cannot be shown to be justifiable. To this end our policies will become the global benchmark, reflecting sensitively the particular circumstances and local cultures of each country and community in which we operate.

There must be no unlawful discrimination; direct, indirect or institutional, against any person whether in recruitment, selection, training, promotion or in any aspect of employment. Harassment of any form at work is also a form of discrimination and will be treated as such under the terms of this policy. No form of harassment or bullying, including derogatory remarks at work, will be tolerated. Cases will be dealt with under the BT Harassment & Bullying Policy.

The intention of BT's policy is to build upon the statutory position, so that we reflect the diversity of our people, partners and the global cultures in which we operate and to pursue an effective policy of promoting equal opportunity throughout the business. The statutory position is set out in the Sex Discrimination Act (1975); the Equal Pay Act (1970); the Race Relations Act (1976); the Disability Discrimination Act (1995), the Employment Relations Act (1999) and the Human Rights Act (1998).

All procedures will be monitored to ensure that the aims of the policy are a reality for all BT people and to ensure that individuals are recruited, selected, trained and treated in all other respects on the basis of their relevant merits and abilities. All employees shall be given equality of opportunity and encouragement to progress within the organisation, in line with their skills and potential.

Positive measures will be taken to encourage the recruitment and employment of any under-represented minority group. Our goal is to reflect the diversity of all the communities within which we operate and to carefully monitor our progression toward this goal.

All BT people have an obligation to uphold this policy and disciplinary action will be considered where a breach takes place. This could also be unlawful.

It follows that all employees must:

- Uphold the BT values and respect each other
- Uphold BT's business principles and treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form
- Uphold the wealth of BT's personal capabilities and value differences.

## Leadership

BT's equality and diversity champion is Pierre Danon, Chief Executive BT Retail, who chairs the BT Global Equality and Diversity Forum.

The forum's membership is made up of "Diversity Champions" who are senior managers representing each of our business units. Specific groups, including race, gender, age and disability are also championed by senior managers on the forum. Sexual orientation will also be represented during 2002.

The forum's role is:

- to create, sustain and deliver the global equality and diversity strategy for the BT group.
- to provide highly visible and inspirational leadership of the equality and diversity agenda
- to promote processes, practices and behaviours that actively drive equality and diversity in the BT group, relentlessly opposing inequality, prejudice and unethical behaviour
- to protect BT's reputation for being at the heart of the equality and diversity agenda, to ensure that this reputation is deserved, is credible within the organisation and is understood across BT's operations around the world
- to agree and implement equality and diversity initiatives across the BT group and within individual lines of business
- to be spontaneous, open, honest, challenging, forward-looking, change-embracing role models for equality and diversity in business
- through equality and diversity action, to increase market value of the BT group.

## *Ethnic Minorities*

We believe that diversity is the lifeblood of our business. In this section we look at our current representation and measures we are taking to improve on it.

### **Profile**

7.7 per cent of BT people have declared themselves to be of ethnic origin, including 7.6 per cent of non-managers and 7.9% of managers. These figures do not include those people who work in our subsidiaries, around 10,000 of our overall workforce of around 108,600.

### **Initiatives**

- Higher education – our customer and supplier bases are encouraging students from inner city schools and ethnic minorities to seek university entrance, particularly in science subjects, through initiatives such as the Oxford Access Summer Science School.
- Ethnic Minority Network for BT employees – this active network runs development courses, holds an annual conference and contributes to the national debate on diversity. At the 6th annual conference in October 2001 "Make it Happen – Keys to Success", Sir Christopher Bland, BT Chairman, said "It is vital that we enable people to reach their full potential irrespective of their gender, background or ethnic origin."
- Supplier Diversity Programme – this programme is at the leading edge of supply chain diversity and is designed to encourage minority businesses to participate in BT's procurement process. A website for our Supplier Diversity Programme is currently under construction.

### **See also:**

- Supplier Diversity Programme
- Oxford Access Summer School [www.oxford-access.org](http://www.oxford-access.org).

## People with Disabilities

A significant number of people in our society have disabilities. As part of our diversity policy to ensure we meet the needs of all our customers, BT encourages applications from, and supports the professional development of, people with disabilities.

As a “two ticks” employer, BT guarantees job interviews for all suitably qualified disabled applicants.

### Profile

Currently 2 per cent of our workforce have declared a disability, including 2.4% of non-managers and 1.1% of managers. These figures do not include those people who work in our subsidiaries, around 10,000 of our overall workforce of 108,600.

BT won The Henry Fawcett award in this year’s First Class Supplier awards from Consignia. This award recognises achievement in the areas of disability and action in the community. The assessment included two detailed questionnaires, detailed written evidence to support the questionnaires, and a panel of assessors who visited shortlisted suppliers.

Consignia now sees BT’s work in these areas as best-in-class and wants to start benchmarking with BT.

Ian Morfett, BT’s Disability Champion, reinforced BT’s commitment to people with disabilities and his role in ensuring that people with disabilities have a voice in BT.

### Initiatives

- Employers’ Forum on Disability – we are a founder member of this group and sponsored its report, *Unlocking the Evidence – The New Disability Business Case*.
- Able2 – an active employee network for BT people with disabilities, Able2 supports individuals by providing impartial and confidential advice, and runs a series of roadshows to enable people to discuss their needs with senior BT managers.

### Valuing Ability

London was the venue for the latest in a series of annual ‘AccessAbility’ road show events in the UK. Able2 hosted these in conjunction with BT. Around 150 delegates attended the event from all parts of BT. These included people with disabilities as well as managers of people with disabilities.

The theme of the roadshow was to promote ability, not disability, challenge stereotypes, focus on possibilities and work together to identify solutions to barriers that people with disabilities face in their work and career.

Pierre Danon, CEO BT Retail, discusses championing diversity and his key focus on ‘Valuing Ability’:

The vast majority of our managers do care about their disabled people, but we believe that the organisation can put barriers in their way in terms of supporting their people. Having recognised this, BT Retail is working with BT Group to set up a managed service to provide support to disabled people and their managers with the aim of removing barriers, and to make it easy for them to take the appropriate action. Called Project Enable, it is a key part of the Valuing Ability programmes in BT Retail's Equality and Diversity action plan. A budget of £500K has been established to fund necessary adjustments to the working environment and equipment of the

906 BT Retail people registered as disabled and those with restricted capabilities who are not formally registered as disabled.

Project Enable will provide a package of existing and new services, consultancy and support which will include:

a helpline to provide expert advice and assistance for when people are, or become, disabled, or their capabilities are restricted.

- guidance on job redesign, suitable alternative duties and provision of equipment and services.
- improved advice to managers on their responsibilities under the Disability Discrimination Act.
- pro-active support to new recruits with disabilities so they have a good experience on joining BT and feel valued and supported.

BT Retail is committed to providing an enabling work environment. Seeing ability not disability and working with individuals to release their potential is a simple but effective way in which all of us can break down the barriers to success for disabled people in BT.

- **Accessibility** – we are committed to making our workplace as accessible as possible. In particular BT supports AbilityNet, which is based in one of our central London buildings. AbilityNet is a charity that brings the benefits of computer technology to adults and children with disabilities, both within BT and the communities in which we operate.

New BT people benefit from pre-recruitment assessments designed to ensure they have the most productive and comfortable equipment available as soon as they join the company.

Existing BT people benefit from easier access to expert assessment and advice, and earlier provision of appropriate reasonable adjustments to their working environment. People in the community also have access to expert assessments and advice.

- **Age and Disability team** – this team looks after the interests of our elderly and disabled customers. Their mission is “To drive consideration of disability issues deep into the operations of BT so that we enable equality of access to BT’s portfolio; and to communicate that effectively to our target audiences, so as to improve the quality of life of disabled people, and enhance shareholder value.”

The Age and Disability team aims to achieve this by:

- consultation with disabled people and their representatives;
- understanding and influencing legislation and regulation;
- improving BT’s product and service portfolio;
- research and development;
- providing practical, day-to-day assistance for disabled people;
- raising awareness of disability;
- enhancing BT’s reputation in the disability arena.

**See also:**

- Employers’ Forum on Disability [www.employers-forum.co.uk](http://www.employers-forum.co.uk)
- AbilityNet [www.abilitynet.co.uk](http://www.abilitynet.co.uk)
- Age and Disability [www.bt.com/age\\_disability](http://www.bt.com/age_disability)

## Networks

Four employee networks are actively supported by BT's most senior management and use BT technology to reach members across the globe. These are:

- Able2 for employees with disabilities
- BT Ethnic Minority Network
- BT Women's Network
- Kaleidoscope – for our gay, lesbian and bisexual employees

Launched in March 2002, Kaleidoscope is the most recent addition to our network portfolio.

BT joined StoneWall as a Diversity Champion and attended its launch event. Angela Mason, Director of StoneWall, commented at the Kaleidoscope launch that "BT's business case for diversity is the most eloquent I have heard."

Our established networks support employees in a wide variety of ways, providing:

- Support and advice
- Mentoring programmes
- Development programmes
- Annual conferences
- Information websites
- Regular roadshows
- A conduit to senior managers
- Contributions to the national and international debate

We're also pleased to be a supporter of the Government-backed People into Management Network which offers work placement and senior mentoring opportunities in the public and private sector to young people from ethnic minorities.

### See also:

- BT Ethnic Minority Network <http://www.groupbt.com/emn/>.
- People into Management Network [www.pmn.org.uk](http://www.pmn.org.uk)

## External Contacts & Benchmarking

Equality and diversity issues are not, of course, exclusive to BT. We are working with a range of not-for-profit organisations, the Government and other employers in both the public and private sectors to share ideas and best practice.

We are members of the following organisations:

- Business in the Community [www.bitc.org.uk](http://www.bitc.org.uk)
- Employers Forum on Disability [www.employers-forum.co.uk](http://www.employers-forum.co.uk)
- Opportunity Now [www.opportunitynow.org.uk](http://www.opportunitynow.org.uk)
- Race for Opportunity [www.raceforopportunity.org.uk](http://www.raceforopportunity.org.uk)
- Employers for Work-Life Balance [www.employersforwork-lifebalance.org.uk](http://www.employersforwork-lifebalance.org.uk)
- Employers Forum on Age [www.efa.org.uk](http://www.efa.org.uk)
- Stonewall [www.stonewall.org.uk](http://www.stonewall.org.uk)
- Parents at Work [www.parentsatwork.org.uk](http://www.parentsatwork.org.uk)

BT has taken part in the external benchmarking of our policies and results regarding gender and ethnic minorities by Opportunity Now (gender) and Race for Opportunity (ethnic minorities).

Benchmarking was against other large and medium-sized employers in the public and private sectors.

### **Opportunity Now benchmarking 2002 (gender) – BT results**

216 organisations from the public and private sector took part in the Opportunity Now benchmarking exercise. BT’s sector classification was Information and Communication.

	Sector norm	BT score	Standard
Motivate	78	100	Platinum
Act	83	99	Platinum
Impact	69	94	Gold
Overall	77	98	Platinum

Platinum standard indicates a score of 95-100, Gold indicates a score of 80-94, Silver 50-79 and Bronze 20-49.

## Race for Opportunity benchmarking 2001 (ethnic minorities) – BT results

93 member organisations from the public and private sector took part in the RFO benchmarking exercise. BT's sector classification was Information and Technology. We are pleased to report that as well as achieving top performance in this sector, BT also achieved the top performance of all private sector organisations taking part in the exercise.

	Sector average	Total benchmark average	BT score
Leadership	57	56	87
Making the investment	53	44	89
Planning and policy	59	60	95
Communication	62	57	99
Marketing	55	54	94
Sharing ownership	52	44	95
Employment	70	64	98
Community involvement	64	57	98
Supplier development	50	29	89
Results/impact	62	46	96
Overall	58	51	94

BT received a Gold Standard for our overall average score.

Platinum standard indicates a score of 95-100, Gold indicates a score of 80-94, Silver 70-80 and Bronze 60-70.

## Diversity

The following figures show the percentage of our people who are women, have declared themselves from an ethnic minority, or have declared a disability. These figures do not include those people who work in our subsidiaries – around 10,000 of our overall workforce of around 108,600.

	Management	Non-management	All BT
Women	22.9%	24.3%	23.9%
Ethnic	7.9%	7.6%	7.7%
Disability	1.1%	2.4%	2.0%

Data as at 31st March 2002

In March 2001 these were:

	Management	Non-management	All BT
Women	24%	27.3%	26.4%
Ethnic	7.3%	7.5%	7.5%
Disability	1.0%	2.4%	2.0%

## ***Discrimination-related litigation 2001/2002***

There were a total of 30 discrimination-related litigation cases involving BT in the 2002 financial year. Eleven were withdrawn, none judged against BT, 15 settled and 4 judged in favour of BT. This is a reduction on the 43 cases involving BT in the 2001 financial year.

Data relating to discrimination related litigation going back to 1999 is available in the Data section of this site.

## *Learning & Development*

We actively encourage learning and development in all our people, so that BT continues to be the “learning organisation” our customers need and trust.

BT’s performance and development frameworks ensure regular face-to-face feedback and coaching for all BT people, promoting lifelong learning and career development. At the heart of these frameworks are BT’s Personal Capabilities against which all our people are selected, assessed and developed.

Our commitment to our people’s learning and development is encapsulated in our Learning and Development Principles

In February 2001, BT achieved re-registration as an Investor in People (IiP) against the new ‘outcomes based’ IiP standards. We are one of the largest companies to measure up to this challenging test. Our next external assessment will be in January 2003.

We deliver on our commitments through development and training programmes and facilities, managed by the BT Academy.

The career development of BT people was strengthened in 2001 by the launch of NewStart – a major re-skilling and career/life planning initiative.

## Principles & Commitment

BT is committed to the life-long learning and development of all our people. We are determined to establish a partnership with every employee – a partnership that promotes and sustains a culture of continuous learning and knowledge sharing, and which maximises personal performance, growth and employability.

BT will

- develop and sustain a **collaborative, knowledge sharing** culture, in which all our people are able to maximise their opportunities for development and learning, while sustaining a healthy and fulfilling work/life balance
- provide our managers with the frameworks, resources and personal development opportunities to enable them to **support and coach** their people's lifelong learning
- provide all our people with opportunities to develop their creativity, knowledge and skills beyond the requirements of their current job, encouraging them to take a global perspective and enabling them to **maximise their future contribution**, capability and employability and to deal confidently with organisational and commercial change
- provide all our people with information about the **skills and behaviours** we believe to be essential to future success and how such skills may be acquired
- seek and make accessible to our people **new learning methods** and media – actively exploiting new technologies such as multimedia and the internet to bring personal growth opportunities for all
- provide learning and development opportunities as close to the workplace as practicable, maximising the use of **on-the-job** coaching and experiential development, with all structured development and training provided to ISO 9001 standards
- continuously **promote diversity** as a learning opportunity and a business advantage
- encourage our people to use the **personal growth** opportunities that exist outside the work environment for the physical, mental and emotional growth which increases individual well-being and, consequently, overall business success
- provide **induction** processes which rapidly enable new employees and job changers to be confident, productive team members in their new environments.
- **benchmark** our learning and development provisions against world-class standards such as the European Foundation for Quality Management Business Excellence model, and sustain our recognition in the UK as an “Investor in People”.

## Personal Capabilities

BT's five personal capabilities define the competences, attributes, behaviour and style most critical for our future success. It is against these, and relevant professional and technical skills, that BT people are selected, developed and assessed.

They make clear to everyone who works for BT what is needed to maximise their future contribution and to sustain the collaborative learning culture essential to continued success.

Each capability consists of two or three competences, the relative importance of which will vary from role to role. But all apply – to a greater or lesser degree – to everyone, both in their personal development and in their support of colleagues.

**Releasing potential** – the ability to release people's full potential by creating trust and commitment through consistent integrity, honesty and openness, clear, positive communications, and a personal commitment to continuous learning and improvement.

Associated Competences:

- create trust
- communicate clearly
- liberate potential

**Setting direction** – the ability to shape, align and adapt business objectives, capabilities and resources to seize competitive advantage. Associated Competences:

- plan boldly
- align resources

**Seizing opportunities** – the ability to understand our business and how the individual's work contributes to success, consistently deliver planned results and quality, while seeking imaginative opportunities to grow the business and increase profitability. Associated competences:

- drive business growth
- deliver results

**Delighting customers** – the ability to establish empathy with all our customers through real insight into their world and aspirations, being very easy to do business with and always striving to exceed their expectations. Associated Competences:

- empathise with customers
- innovate

**Working together** – the ability to create trust-based relationships across the business and with our partners and suppliers, relationships that add value and break down organisational and cultural barriers. Associated Competences:

- build relationships
- collaborate and share
- value differences

## *Investors in People*

In February 2001, BT achieved re-registration as an Investor in People (IiP), against the new ‘outcomes based’ IiP standards. We are one of the largest companies to measure up to this challenging test. Our next external assessment will be in January 2003.

The 2001 external assessment, against the new IiP standard, was carried out by TAN (The Assessment Network), whose comments against the indicators included:

- Staff from all BT units confirmed that they feel that their contribution is recognised by managers and that they feel valued by them. Many examples of “bouquets” (letters of thanks from managers) and more tangible rewards were quoted to assessors as a reward for extra effort.
- All of those interviewed confirmed that they received regular feedback from managers both through normal, informal communication and the formal one-to-one and annual appraisal processes.
- A strong planning process, using techniques such as the Quality Plan and Budget process and the Balanced Scorecard, is still working effectively at all levels in BT.
- People at all levels within the organisation are aware of the company’s aims and targets. This information is available from the intranet, various publications, team meetings, one-to-one meetings and the annual appraisal process.

All BT staff interviewed were very clear about their roles and the contribution they make to the company’s objectives.

## ***BT Academy***

We deliver on our commitments through an extensive range of development and training programmes and facilities which employees can access through the BT Academy.

The Academy, a web-based corporate learning portal, is a key development in a continuous evolution that demonstrates our genuine commitment to lifelong learning. It uses the latest technology and a learning management system to deliver industry-leading e-learning to all BT people via our intranet.

Accredited programmes are also available through the Academy, leading to professional and post-graduate qualifications. For example, we have an internet-based Computer Science degree and access course, developed and run in partnership with the Communications Workers Union and Queen Mary and Westfield College. Currently in its fifth year, the course enables BT people to study part-time from home, from the workplace and at residential schools run at CWU Education centres.

A one-stop shop, the Academy caters for users' total learning needs, through the integration of all learning media, content, best practice and people development processes. In this way it recognises the diversity of needs amongst our people.

The BT Academy helps people to develop skills not just for their current role but also to help them take advantage of future career opportunities in an industry where the requisite skills are changing rapidly. We believe that people starting their careers will increasingly want to work in companies that make such a commitment to the long-term development of their employees.

## *Newstart*

Our people have to cope with constant change as a result of market pressures and rapidly evolving technology. Our long-standing policy of growing our people's skills and capabilities was enhanced in 2001 with the launch of our NewStart initiative, which provides a comprehensive toolkit to enable our people to plan for, react to, and deal constructively with change, whatever it may be.

NewStart provides career/life planning for our people, enabling them to establish a plan that includes the development and re-skilling actions that they and their line managers need to take. Specific assistance is offered including:

- professional career counselling
- one-to-one coaching
- on-line advertised vacancies
- on-the-job development through job shadowing and agency secondments.

## *Pay & Benefits*

We recognise that if BT is to continue to recruit and retain the best talent, the benefits package (pay and other benefits) that we offer has to remain competitive.

As well as a market-tested basic remuneration package (from 1st April 2001, our lowest main scale starting salary is £9,170 for a 36.5 hour week – i.e. £4.83 per hour), we offer a range of other benefits that both promote employee ownership of the company and benefit society.

These additional benefits include:

- saveshareBT – provides an opportunity for employees to take an option to buy shares at a discounted rate over three or five year options – over 50% of BT employees currently participate.
- allshareBT – launched in 2002, giving employees the right to receive free shares based on company wide performance
- directshareBT – more than 10% of BT employees purchase BT Group shares out of their pre-tax salary each month.
- special leave – BT will continue to pay employees who are not at work because they are undertaking particular activities in their community or caring for relatives.
- shorter working week – our normal working week for non-management grades was reduced from 37 hours to 36.5 on 31 December 2001. We propose further reductions in the working week to 36 hours from 31 December 2002.

## *Equal Pay*

BT plays an active part in the gender pay debate. We have undertaken our own detailed pay gap audits as well as issuing an equal pay statement and detailed guidance to all our line managers involved in our pay review.

Our pay audits have revealed a gender pay gap.

We do not believe that the gap has arisen because of active discrimination. Rather we believe it is a legacy of the fact that, traditionally, the BT workforce consisted of a large, primarily male engineering force, and smaller, mainly female clerical and operator workforces. Pay structures for the two groups were largely developed in isolation.

This, combined with a previous incremental approach to pay on progression in the management structure, created a gap between those reaching management positions from engineering grades and those reaching it from clerical grades.

In response to this, we have implemented changes to our pay review processes which now include our equal pay guidance and a specific budget for equal pay issues (£500,000 for year 2002/2003).

In addition, the introduction of a universal non-management grading structure, Newgrid, has eliminated the scope for inequality by bringing together all our non-management pay structures into one cohesive scale.

BT has also provided support and input – including the design and sponsorship of a website – for the Equal Pay Task Force on behalf of the Equal Opportunities Commission.

### **See also:**

- Equal pay task Force [www.bt.com/equalpaytaskforce/](http://www.bt.com/equalpaytaskforce/)

## **Pension Scheme**

The BT Pension Scheme is one of the largest funds in the UK, with assets of around £25 billion. The scheme currently has over 97,000 contributing members and more than 177,000 pensioners. Most of our employees have chosen to belong to the scheme and contribute six per cent of their salary, with BT paying the balance of costs (currently 11.6 per cent of salary) necessary to provide the promised level of benefits.

The original BT Pension Scheme is a defined benefit scheme, with the pension that members receive linked to their final salary in BT rather than the performance of the pension fund. The normal retirement age is 60.

On 1 April 2001, BT closed the BT Pension Scheme to new entrants and replaced it with the new BT Retirement Plan. The BT Retirement Plan is a defined contribution scheme for new employees, with the pension that members receive linked to the performance of the Fund rather than their final salary in BT. Members have a choice of seven different funds in which to invest.

This change is in line with the practice increasingly adopted by major UK groups and is designed to be more flexible for employees and enable the group to determine its pension costs more precisely than is the case for defined benefit schemes.

### **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.

The trustees look after the assets of the pension fund, which are held separately from those of BT. The pension scheme funds can only be used in accordance with its rules and for no other purpose.

The Annual Report of the BT Pension Scheme [<http://www.btpensions.net/>] includes a description of the appointment, removal and responsibilities of the pension fund trustees.

### **Corporate Governance**

Hermes is considered a leader on issues of corporate governance and shareholder involvement. It has established a track record of working with company boards to ensure that companies are run by managers and directors in the best long-term interests of shareholders.

Hermes' Corporate Governance and Voting policy (including a statement on social, environmental and ethical matters) is available on the Hermes web site. [<http://www.hermes.co.uk/corporate-governance/site/statements.htm>]

Hermes' policy is to support the recommendations of the Cadbury, Greenbury and Hampel Reports and, where relevant, the policies of the National Association of Pension Funds and other related bodies.

The Policy applies to both the BT Pension Scheme and the BT Retirement Plan.

Hermes exercises its voting rights at AGMs and EGMs and employs a dedicated Corporate Governance team who maintain a high level of contact with companies through correspondence and meetings. This is particularly the case where persistent failure to meet the Hermes Corporate Governance policy results in under-performance.

Specific examples of engagement are set out in the “Action as Shareholders” section of the BT Pension Scheme Annual Report and Accounts. [<http://www.btpensions.net/>]

## **Socially Responsible Investment**

In July 2000 a new ‘Disclosure Regulation’ was introduced under the 1995 Pensions Act stating that trustees of occupational pension funds must declare in their statement of investment principles:

- The extent (if at all) to which social, environmental or ethical considerations are taken into account in the selection, retention and realisation of investments; and
- The policy (if any) directing the exercise of the rights (including voting rights) attaching to investments.

In response to the Disclosure Regulation, the Trustees of the BT Pension Scheme have agreed that every investment consider the following when selecting the shares in which they invest the scheme’s assets:

“A company run in the long-term interests of its shareholders will need to manage effectively relationships with its employees, suppliers and customers, to behave ethically and to have regard for the environment and society as a whole.”

Extract from Hermes’ Statement of Investment Principles

Hermes’ active approach to Corporate Governance incorporates the implementation of this statement.

## **Benchmarking**

Friends of the Earth has published a survey of the largest 100 occupational pension funds in the UK, examining the ethical considerations contained in their Statements of Investment Principles and any mechanisms used for ensuring that trustees and fund managers carry out these responsibilities.

Entitled Top 100 UK Pension Funds – How ethical are they?, it ranked the BT Pension Fund joint sixth, with a score of 10 out of 12.

## **See also:**

- Top 100 UK Pension Funds – How ethical are they?
- Hermes <http://www.hermes.co.uk/corporate-governance/site/statements.htm>

## *Health & Safety*

The BT Board and Management are committed to the highest standards of health and safety across all areas of our business. We accept responsibility for ensuring that the way in which we do business does not present unacceptable risk, or harm the health and safety of our people or others.

Here you can read about our Key Principles and implementation by our Lines of Business.

Details on our Health and Safety performance are available in the Data section of this site.

## *Key principles*

Our key principles are that BT will:

- continually review our health and safety management systems to comply with all applicable laws and regulations, and take whatever extra measures we consider necessary to meet best practice
- ensure that our employees are suitably competent in health and safety, by enabling the provision of all necessary training
- provide customers, contractors and their employees with sufficient health and safety information to ensure that risk is minimised
- sell products that can be manufactured, properly used and disposed of safely without adverse health and safety effects
- encourage and train our employees to exercise personal responsibility and co-operate in preventing harm to themselves and others
- consult regularly with employee representatives on health and safety
- deliver continuous improvement in health and safety performance
- encourage our subsidiaries and associate companies to establish health and safety management systems consistent with this strategy.

These principles will be supported by the continual development of:

- visible leadership in health and safety
- a proactive safety culture
- active management of risk and the control of losses
- an integrated approach across BT

## *BT's Lines of Business*

Each of BT's lines of business will:

- appoint a health and safety champion who reports directly to the CEO and a BT Management Council Member.
- produce an annual health and safety plan, with objectives, targets and responsibilities.
- prepare an annual health and safety report demonstrating work done towards BT's health and safety commitment and measuring performance of the annual plan.
- maintain a comprehensive inventory of physical, chemical and psychosocial hazards.
- carry out formal risk assessment and profiling on 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 those remaining.
- 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 adequate independent audit of the management of health and safety, commit to an action plan to deal with recommendations and have 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.