



Summary and Highlights

Better World – Our Commitment to Society

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We aim to be at the heart of the information society – a communications-rich world in which everyone, irrespective of nationality, culture, ethnicity, class, creed or education, has access to the benefits of information and communications technology (ICT).

In practical terms, this means we are committed to doing business in a way that:

- maximises the benefits of ICT for individuals;
- contributes to the communities in which we operate;
- minimises any adverse impact that we might have on the environment.

The Better World site covers BT's impacts, programmes and policies across a range of social, environmental and economic issues.

It contains a wealth of information, performance data and targeted improvements.

This concept of “triple bottom line” or “sustainability” reporting is becoming an increasingly common feature of large companies.

So we were pleased to have our commitment recognised, when in April 2002 the Better World site was named joint winner of the first ACCA Sustainability Reporting Award.

This Summary and Highlights is intended as a guide to the Better World site, bringing out the key points and providing a flavour of the depth of content available.

We hope that it tempts you to delve further.

Business Principles

BT is committed to doing business in a manner consistent with world-class standards of business integrity.

Our Statement of Business Practice, *The Way We Work*, defines the business principles that apply world wide, to all employees, agents, contractors and others when representing BT.

The Statement also sets out specific aspirations and commitments that apply in our relations with our customers, employees, shareholders, partners, suppliers and in the communities where we operate.

A printed copy has been sent to every employee and is available in eight languages.

In 2001 a BT Internal Audit Department report found that awareness levels of the Statement of Business Practice inside the BT Group stood at 73% of all employees across the BT Group, exceeding our target of 70%.

Similarly, the proportion of managers aware of the specific ethical risks they face stood at 87%.

BT has a comprehensive set of corporate governance procedures, including a new corporate social responsibility (CSR) governance system bringing together the previously separate social and environmental strands of BT's activities.

In particular, this new system is designed to supervise the CSR relationship between BT Group and the individual lines of business, with an internal committee known as the Corporate Social Responsibility Steering Group (CSRSG) overseeing the implementation of all social and environmental programmes across the BT Group.

CSR Health Checks

To ensure that CSR is embedded into BT's commercial operations we have commenced a series of CSR "health checks" with each of BT's commercial priorities.

The health checks identify specific social, economic and environmental impacts (both positive and negative) and particular CSR risks and opportunities. A report is then compiled, including recommended actions.

Political involvement

BT has a strict policy of not giving cash contributions to any political party. However, we actively participate in public policy issues and regularly make contact with political parties, politicians and civil servants.

We undertake these activities both directly and through many intermediary organisations such as:

- our European trade association (ETNO)
- the Confederation of British Industry (CBI)
- the Federation of the Electronics Industry (FEI)

Our responses to important regulatory consultation documents are posted on our website, including our response to the EU Green Paper on Corporate Social Responsibility.

Community

BT is committed to making a difference in society and manages a major programme of investment designed to improve the quality of life and well-being of the communities in which we operate.

The central theme of all our activities is improved communications.

BT is a founder member of the Per Cent Club, and we donate a minimum of one half per cent of our annual pre-tax profits to not-for-profit causes. This has grown from £10 million in 1987 to £15 million in the 2002 financial year.

We also provided funding and support in kind of £11 million, making our total contribution for the 2002 financial year worth over £25 million.

Our community activities fall into four main categories:

Education

The BT Education programme is one of the UK's most significant corporate investments in the education sector.

One of the main strands of the programme is a touring roadshow, which visits schools across the country offering drama presentations and communication skills workshops.

We aim to reach two million children in 9,000 schools by July 2003. As at March 2002, more than 1.7 million children in over 7,000 schools had taken part.

Charities and Fundraising

As one of the UK's leading communications companies, BT is able to co-ordinate major national charitable events, including telethons for Children in Need, Comic Relief and GMTV's Get Up and Give.

For example, during the 2001 Children in Need appeal BT took nearly 200,000 calls over our network. In addition, £728,562 was raised for Children in Need through the BT Answer 1571 Initiative.

We are also actively involved in international appeals through our support for the Disasters Emergency Committee.

BT Community Connections is a UK-wide award scheme for local community groups to access the internet. In the year ending March 2001, 1,700 internet-ready PCs were awarded to individual and groups, and a similar number will be made available in the 2003 financial year.

BT is now partnering with ChildLine in the first phase of a major new campaign to ensure that all young people are heard. This campaign begins with BT's commitment to help ChildLine to answer all the children that call them each day – around 4,000 – of which they are only currently able to answer 1,800.

Employee involvement

BT's status as one of the largest employers in the UK gives us a great opportunity to enable employees to develop new skills which will help them at work, and to use their existing skills for the benefit of the community.

We have developed a new employee volunteering scheme (to be UK-wide by March 2003) which will enable 10,000 BT and ex-BT people to volunteer in schools.

In addition, during the 2002 financial year, BT people gave £1.8 million directly to charities through Give As You Earn, to which BT added a direct contribution of £1million.

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Arts and Heritage

BT has been associated with the Tate – a family of galleries housing the national collection of British and international art – since 2000. This support has been through our sponsorship of the Collection Displays at Tate Modern, and more recently our sponsorship of Tate Online, a state of the art website rich in content and interactivity.

The Tate website is being powered by BTopenworld, which provides technical support, hosting and online broadcasting.

Over the past year BT Openworld have worked with Tate to develop a number of innovative and exciting projects specifically for Tate Online. These include designing the site, which enabled the entire Turner Bequest to appear online, as well as a virtual method of navigating the Tate Britain Collection, called Explore Tate Britain. In September, BT Openworld also worked with Tate to re-create Turner's gallery on the website in a visually stunning 3D representation.

BT is also continuing to play its part in managing the nation's telecommunications heritage.

Our Connected Earth project has launched a new "Museum on the Internet", which will become one of the largest virtual museums in existence and will contain substantial educational material aimed at primary and secondary stages of the national curriculum.

Customers

In the UK, BT serves 21 million corporate and residential customers with more than 28 million exchange lines. Some eight million of these are business lines and lines for other service providers; the remainder are for residential customers.

Customer Satisfaction

In 2002 Ben Verwaayen, BT Group’s Chief Executive, made customer satisfaction the company’s number one priority.

Specifically, the BT Group has set the target to “outperform competitors consistently and reduce the number of dissatisfied customers by 25 per cent each year”.

We canvass the views of our customers on a regular basis so that we can improve the quality of our service. For example, every month we undertake:

- face-to-face interviews with an average of 3,600 residential customers about their overall perceptions of BT and quality of service;
- telephone interviews with an average of 1,500 SME and 1,000 corporate and government customers;
- approximately 17,500 business and residential customers interviews about their direct experience with BT

Additionally, in March 2002 we launched a survey of our 19 million residential customers – one of the largest of a commercial customer base.

Our research has shown that customers expect constant improvement in customer care and quality of service, and that their expectations are continuously increasing.

These expectations are reflected in the most recent figures for overall customer satisfaction:

Residential customers

	BT	Competition
1999/2000	86%	
2000/2001	80%	
2001/2002	77%	76%

Source: BMRB International
Sample: Approximately 42,000

Business customers (SMEs)

	BT	Competition
1999/2000	82%	
2000/2001	79%	
2001/2002	64%	62%

Source: NOP (from September 2000 – prior to that, Market Insights)
Sample: Approximately 21,000

Consultation

As well as conducting customer satisfaction surveys, we also undertake more in-depth consultation to understand our customers' needs and concerns.

For example, we run a number of consumer liaison panels. These consist of 12-15 consumers and provide a valuable insight into consumer thinking and inform the policy-making process in BT. The panels have discussed a range of issues, including customer service, payphones, billing and the provision of services for customers with disabilities.

BT provides a facility on its website which enables customers to e-mail comments about the company or to ask questions about any products or services. It receives more than 10,000 e-mails every month.

Customers with Special Needs

We provide a number of services for elderly and disabled customers and those on low incomes to enable them to get the most from communications.

For example, one of our major commitments is Tynetalk – a national telephone relay service. Funded by BT since it started in 1990, and run by the Royal National Institute for Deaf People, this service enables textphone users who may be deaf, deaf blind, hard of hearing or speech-impaired to make and receive calls to and from hearing people.

In July 2001 we launched BT TextDirect. This service automates and simplifies the making and receiving of text calls to and from voice or other textphone users.

Some of these are a condition of our licence but we often provide additional levels of service that go beyond these requirements.

Employees

Our people are critical to our success – which is why we aim to attract, recruit, develop and motivate the best people.

As of 31 March 2002, following the demerger of mmO2 and sale of Yell, BT employed around 108,600 people throughout the world. Most are in the UK, making us one of the UK's largest employers.

During the 2002 financial year, as part of the continuing programme of reshaping the group, approximately 4,200 people left BT voluntarily, by leaver payments or voluntary redundancy.

Employee Relations

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.

BT recognises two trade unions – the Communications Workers Union and Connect. We maintain a positive relationship with both and in the 2002 financial year no days were lost through industrial action. There have been no instances of legal action taken against BT concerning anti-union practices.

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 Europe.

Work-life balance

All of our work-life balance policies have been pulled together into one portfolio called “Achieving the Balance”. This covers policies on 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.

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

BT People 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.

In the light of this commitment it was particularly rewarding to win the Parents at Work 2001 work-life balance Employer of the Year award.

Equality and Diversity

Success in international markets is increasingly dependent on cultural, language and behavioural diversity.

At present 7.7 per cent of BT people have declared themselves of ethnic minority origin.

BT also guarantees job interviews for all suitably qualified disabled applicants. Currently 2 per cent of our workforce have declared a disability.

These figures do not include around 10,000 of our people who work in our subsidiaries.

Our 2001/02 graduate campaign attracted 10,000 applicants, of which 38 per cent were female and 32 per cent from ethnic minorities.

	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 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.

Learning and Development

BT is committed to the lifelong learning and development of all our people.

In February 2001 we achieved re-registration as an Investor in People (IiP), against the new ‘outcomes based’ standards.

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.

Pay and benefits

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 promote employee ownership of the company.

These include saveshareBT, in which more than 50 per cent of BT people participate, and directshareBT, in which more than 10 per cent of BT people purchase BT Group shares out of their pre-tax salary.

In December 2001 our normal working week for non-management grades was reduced from 37 hours to 36.5, and we are proposing a further reduction to 36 hours from December 2002.

Most of our employees have chosen to belong to the BT Pension 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.

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

Environment

We have been disclosing the impact of our operations on the environment since 1992 and have been influential in establishing benchmarks of best practice in environmental reporting.

This was recognised in March 2001, when the Association of Chartered Certified Accountants (ACCA) presented BT with a “lifetime achievement” award for our consistent commitment to the disclosure of extensive environmental information over the past decade, and for our innovative attempts to widen the boundaries of corporate environmental reporting worldwide.

Environmental Management System

At the end of 1999, Lloyds Register Quality Assurance awarded ISO14001 certification to BT’s environmental management system covering all our UK operations.

We measure our impact on the environment in the following nine categories:

Environmental risk

The bulk storage of diesel fuel for use in back-up generators at telephone exchanges has been identified as our only significant environmental risk.

We are undertaking an £18 million programme to minimise any future liability in this area. To date we have spent over £8.1 million testing 5,262 tanks, 4,113 of which have passed. Approximately 2,050 remedial jobs have been identified, 521 of which resulted in the decommissioning of the existing tank.

Fuel, energy and water

Highlights for 2001/2002 include purchasing 4.6 per cent (93GWh) of BT’s total electricity consumption in the UK from renewable sources – exceeding our 2002 target of 3 per cent – and securing the UK’s largest Combined Heat and Power (CHP) contract for the supply of 1.6 TWh of electricity.

The new CHP-based energy produces 40 per cent less CO₂ than conventional power stations and represents nearly 50 per cent of BT’s electricity use.

Taken together, these initiatives will deliver a reduction in our CO₂ emissions of 283,000 tonnes per annum.

Since 1991 we have achieved a 63 per cent reduction in CO₂ emissions due to the energy programmes we have introduced – way ahead of the government’s own target of a 20 per cent reduction by 2010.

Energy consumption for BT’s network and estate during 2001/2002 was 2,578 GWh. This is made up of 1,603 GWh electricity (approximately) for our network, 426 GWh electricity (approximately) for our premises and 549 GWh (gas and oil use) for our premises.

This year we will be assessing the options for investing in wind power and photo voltaic cell technology for operating the BT network or at particular sites.

Waste

The transition of our Facilities Management activities to an external consortium who now manage our 7,000 sites meant that we had some disappointing results in the year ending March 2001.

However, the relationship is now working well and we have had some very good results for the year ending March 2002. For example, we reduced the amount of waste we sent to landfill by 22.5 per cent and increased the amount of waste recycled to 21 per cent.

In addition, a major new initiative introduced in 2002, Materials Recycling Facilities (MRFs) has helped us to significantly increase the amount of waste recycled for some of our other targeted waste streams:

- battery recycling increased by 150 per cent;
- cardboard recycling increased by 114 per cent;
- 832 tonnes of PC equipment was recovered for recycling.

Transport

Our operational fleet of 37,509 vehicles, one of the largest in the UK, is now predominately diesel-fuelled. Over the past five years, the size of our fleet has reduced by 4 per cent and fuel consumption has reduced by 13 per cent.

This is largely the consequence of productivity targets, operational policies and environmental awareness programmes.

Since 1992 we have achieved a 27 per cent reduction in CO₂ emissions due to the transport programmes we have introduced.

Emissions to Air

BT continues to examine ways in which we can reduce our reliance on ozone-depleting refrigerants and, where possible, we use HFC refrigerants in new and existing plant.

We also continue to explore opportunities to improve the energy/cooling efficiency of the equipment we purchase – in some cases eliminating the need for refrigerated cooling altogether.

We use CFCs in a small number of refrigeration systems and halons for fire extinguishing. During the 2002 financial year, 47,367 kilograms of halon were recovered, of which 40,200 kilograms have been destroyed.

Procurement

Our objective is to ensure that environmental impacts throughout the life of a product (or service) – from manufacture through use and to end of life – are taken into consideration at the time of purchase.

Therefore, our suppliers are asked to identify the environmental impacts most relevant to the product or service they supply to BT.

We are now reviewing our environmental procurement objectives and the process by which we incorporate environmental considerations into our procurement activities, in order to simplify the process and maximise our impact.

Product stewardship

Product stewardship focuses particularly on the early life cycle stage, when all the decisions for the future ought to be taken. It is instrumental in reducing all the environmental impacts that might have appeared later on.

BT has completed eco-design assessments on 18 products supplied to BT. From this we aim to make recommendations to manufacturers on how to minimise resource use, extend the product life and assess second life options.

Local impacts

The infrastructure needed to support our 28 million customer lines includes around four million telegraph poles, millions of manhole covers, thousands of roadside cabinets, 24 tunnels running through cities and hundreds of radio stations.

Infrastructure on this scale has significant local environmental impact – on the countryside, on skylines and cityscapes.

BT seeks to minimise the impact of this infrastructure on visual amenity – such as the visual intrusion of telephone wires, or disruption caused by construction work – and strike the right balance between visual impact, cost and resource use.

The BT Exact site at Adastral Park was recently featured as a case study of how development can contribute to the socio-economic stability of an area but does not have to be at the expense of biodiversity loss, provided environmental management systems are adopted that aim to minimise the effect on the environment. The study was carried out as part of English Nature's Lifescapes initiative, which aims to help with the delivery of UK Biodiversity Action Plan targets across Natural Areas.

Benefits

The creative use of information and communications technology (ICT) – for example, conferencing, flexiworking and e-business – can have significant social and environmental implications.

We have undertaken studies of BT's own conferencing and flexiworking activities, quantifying social and environmental impacts such as the number of miles saved, reduced CO2 emissions, increased quality of life and improved work-life balance.

For example, 82 per cent of staff in BT's official teleworking scheme felt that teleworking was important or very important to their quality of life

We now use our own experiences as case studies to help us guide our customers through the potential benefits.

We were also closely involved in the Global e-Sustainability Initiative ICT sector report prepared for the 2002 World Summit on Sustainable Development. This demonstrates the views of the communications sector and the impacts of our products and services on the Sustainable Development Agenda.

Investors

Investors are increasingly interested in the social and environmental dimensions of business performance, and the relationship between these aspects and business strategy.

The key issue for investors is the "business case" for sustainable development and CSR (Corporate Social Responsibility) – the extent to which social, environmental and ethical risks and opportunities are managed to both preserve and grow shareholder value.

Three core messages drive our communication 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 per cent of the image and reputation driver of customer satisfaction.
- significant market opportunities are arising from social change and sustainable development. These include the application of Information Communication Technology (ICT) to tackle social exclusion, the growth of conferencing & teleworking, and ethnic minority markets.
- proactive engagement in CSR gives BT a competitive advantage. This is supported by our ranking as the World's Number One Telecommunications Company in the 2002 Dow Jones Sustainability Index.

Suppliers

BT conducts a vast range of procurement activities with thousands of suppliers around the globe.

Our annual spend with our suppliers in the 2002 financial year was £9.8 billion.

We are committed to ensuring that all our dealings with suppliers – from selection and consultation, to recognition and payment – are conducted in accordance with the principles of fair and ethical trading.

These and other specific commitments are set out in our Purchasing Principles.

Ethical Trading

Society expects the products bought from and by BT to be manufactured under working conditions consistent with international guidelines. Chief among these are the UN's Universal Declaration of Human Rights and the International Labour Organisation conventions.

To ensure that we meet this expectation, in April 2001 we launched Sourcing with Human Dignity, a supply chain initiative establishing the aspiration that the working conditions in our supply chain meet accepted standards.

In the 2002 financial year BT hosted three ethical trading supplier forums with our key network and IT suppliers. In addition, 14 key suppliers (74 per cent) have signed an agreement with BT agreeing to work towards the aspirations of Sourcing with Human Dignity.

Amongst our smaller suppliers we have prioritised industry sectors where we believe that the risk of falling short of our Sourcing with Human Dignity standards is at its highest.

Over the year, ten assessments of factory working conditions were conducted by BT in both China and Sri Lanka. Individual improvement plans have been developed for all ten assessments and progress is being monitored.

Relationship management

In November 1999, we launched a supplier relationship management programme to manage our relationships with our suppliers in such a way as to ensure clear and coherent two-way communication.

Eighty-six per cent of participating suppliers said they believed their overall relationship with BT had improved since the programme's introduction.

We seek the opinions of our key network and IT suppliers using a formal questionnaire.

In the last survey conducted (December 2000), our 22 top suppliers were invited to participate and 19 responded. In response to the statement "Overall, I am satisfied with my relationship with BT", 69 per cent agreed compared with 67 per cent in 1999.

Payment

We have a commitment to pay our suppliers "promptly and as agreed". This year the average time to pay was 18 days.

Economics

In many corporate reports the economic dimension is often covered in purely financial terms. We believe this to be a misplaced approach and have attempted to offer a much broader interpretation not only in a separate section on economics, but also throughout the Better World site.

In fact BT is a significant economic force in its own right. For example, our 2001/2002 turnover of £18.4 billion is greater than the GDP of many countries.

Moreover, the first ever league table of wealth creating companies published by the DTI placed BT 15th in Europe, with a total of £11.3 billion value added.

There are a number of issues relating to our economic profile and that of the information and communications technology (ICT) industry that are critical to an understanding of BT's wider economic impacts. For example:

- what is the relationship between ICT and productivity?
- does ICT make countries more competitive, and thereby help to alleviate poverty and social exclusion?
- can ICT activities in developing countries help provide the necessary skills and infrastructure to provide for a sustainable form of economic development?

Human Rights

BT is committed to protecting and enhancing the human dignity of everyone who works for the company and everyone who has dealings with it.

The UK Government passed the Human Rights Act 1998, which became law in October 2000.

The Act incorporates the European Convention of Human Rights into English law and makes it unlawful for any public authority to act in a way that is incompatible with a convention right.

Although BT is not a public authority, we have implemented a comprehensive review on all of our employment policies to ensure that we operate both within the law and within the spirit of the act.

Our interest in human rights goes beyond our employees and into the “supply” and “use” chains of our products and services.

Our Sourcing with Human Dignity initiative is described in the Suppliers section of the Better World site.

We have also been examining the human rights significance of the “use chain” – in short the human rights implications of our products and services after they are sold.

This includes issues such as privacy and freedom of expression, and the misuse of our products and services – such as users undertaking illegal activities on the internet.

Stakeholder dialogue

BT has important relationships with a wide range of stakeholders, including employees, customers and suppliers.

Effective communication with each of these stakeholder groups is essential to our business success. The more positive and mutually beneficial these relationships are, the more successful our business will be.

We engage with our stakeholders in numerous ways detailed in the various sections of the Better World site.

Consultation exercises are embedded into BT's core activities and influence policy, strategy and decision-making within the company, as well as guiding the content of this report.

We also seek the input of specialists in social and environmental policy through our European Stakeholder Advisory Panel, our Social and Environmental Report Independent Advisory Panel and through the debates we host around our series of Occasional Papers. These papers consider the complex inter-relationships between companies and the societies in which they operate.

This site is itself part of BT's dialogue process, which is why we host a number of e-mail and live on-line debates on issues of interest and concern to our stakeholders. Readers can also provide feedback on BT's social and environmental performance.

Sustainability

The concept of sustainable development has increasingly come to represent a new kind of world – a world in which economic growth delivers a more just and inclusive society, at the same time as protecting our natural heritage.

Within BT we tend to use the term corporate social responsibility (CSR) more than sustainable development. This is because we identify CSR as the voluntary actions a company can take to contribute towards the wider societal goal of sustainable development.

We argue that no individual country, business or any other organisation can become sustainable on its own – although it can become more sustainable than it was, and it can make a valuable contribution to making the world a more sustainable place.

We aspire to lead by example, not only in addressing our own impacts, but also by raising awareness and by working with others through partnerships for action.

For example, we chair the Global e-Sustainability Initiative, participated in Digital Futures and support the United Nations Global Compact.

We also believe that information and communications technology (ICT) can act as an enabling technology for sustainable development – such as cutting energy and resource use through transport substitution and de-materialising physical products – thereby de-coupling economic growth from resource use.

Data and targets

We believe that it is important to establish a set of forward looking targets to help progress our corporate social responsibility (CSR) performance and contribution to sustainable development.

In 2001 we published 60 targets.

Of these, 31 were completed, 11 remain on target, 3 have been superseded, 12 are in delay, 2 have failed and 1 was abandoned.

In 2002 we have introduced a number of new targets and their progress will be tracked on the site on a quarterly basis.

We also collect a comprehensive range of data on our social and environmental performance, all of which have now been brought together into the Data and targets section of the Better World site.

Publications and downloads

Every section of the Better World site, along with previous editions, is available for download in pdf format.

Also available are our Occasional Papers, a series of papers designed to stimulate debate about important aspects of sustainable development and corporate social responsibility.

Hot Topics

Readers of our past reports told us that they not only wanted impact performance data, but they also wanted a more qualitative insight into the way BT acts in real situations.

This includes how BT lives up to its promises about the way it does business, how we put our values into practice and how our products and services can enhance quality of life.

To achieve this we have provided five “Hot Topics” covering our more controversial social impacts.

We invited independent external authors to research and write each Hot Topic, to add balance and credibility and to offer challenging food for thought for BT.

e-business

Written by the UK Centre for Environment and Economic Development (UKCEED), this hot topic sets out BT's approach to the environmental impacts of e-business.

It considers one simple question – is e-business good for the environment? Many people believe so, it says, because e-business can potentially substitute electronic for paper-based processes, or reduce transport through audio conferencing and flexi-working.

But others doubt whether there are any such “free electronic lunches”. Electronic equipment itself consumes considerable amounts of energy, whilst savings from flexi-working may be offset by additional journeys – such as making special trips to take children to school, rather than dropping them off on the way to work.

The paper contains a wealth of quantitative figures taken from BT's own use of e-business. Figures such as the 6.8 tons of paper saved through on-line stationery ordering, the two million envelopes and sheets of paper saved through e-billing, and the 39 million miles of plane travel saved by the use of audioconferencing.

UK CEED concludes that BT's own e-business activities are primarily driven by commercial rather than environmental considerations.

Nevertheless, these bring a number of positive environmental benefits that are well understood and managed by BT, in advance of most other telecommunications companies.

However, these actions are less important than the aggregate environmental impacts of e-business activities conducted by BT's customers. Whilst BT has little control over the actions of its customers, ensuring that these are as positive as possible will be BT's main long-term contribution to the sustainability of e-business. Initiatives such as Digital Futures, of which BT was a participant, helped to identify a road map of how these benefits may be achieved.

The Digital Divide

Written by independent commentators Simon Zadek and Peter Raynard, this hot topic investigates what we really mean when we talk about the “Digital Divide”.

It identifies tackling the three Cs – connectivity, content and capability – as critical to reducing the divide and uses these to build three possible scenarios for action.

BT’s approach is also analysed in the same context, covering issues such as:

- the universal service obligation, which is estimated by OFTEL to cost BT in the order of £75-£100 million per annum
- BT FutureTalk in Education Schools Awards, which, over two years, will provide £600,000 to support innovative curriculum projects with a communications theme
- BT talk21e – a free, secure e-mail service now being used by 2,500 schools throughout the UK
- support for the Katha Information Technology and E-commerce School (KITES) in one of Delhi’s main slum clusters.

The authors conclude that BT’s approach compares well with those of other ICT companies but that there is much to do – especially in addressing “capability”, probably the most critical of the three Cs. They also highlight the importance of building innovative partnerships.

Since launching the Better World site we have held a two-week email debate on the Digital Divide, which culminated in a live online discussion with Pierre Danon, CEO of BT Retail.

By December 2002 we will have created a Digital inclusion section of the Better World site to cover BT’s main activities in addressing the digital divide.

ICT and Quality of Life

Prepared by the Future Foundation, this hot topic considers the question, “Do modern communications technologies make life better or worse?”

It concludes that, whilst it may not be possible to ‘prove’ the case that modern communications technology improves life quality from objective research measures, there is widespread subjective qualitative and quantitative research showing that people generally think this is the case.

Utilising extensive research into the use of and attitudes towards technology, the paper contends that the phone, internet and mobiles are all positive facilitators to achieving our personal goals.

However, this potential is only fulfilled when we learn to control and use the technologies to help balance our lives, stay in touch with emotionally important friends and family, and perform our jobs successfully.

In this respect these technologies can help make a better world – providing they facilitate individual self-fulfilment.

The authors propose that the biggest contribution BT can make to the beneficial use of technology at the individual level in society is through ensuring that the technologies available are as accessible, usable, cost-effective and advanced as possible.

BT in India

Prepared independently by ERM, the BT in India case study assesses the economic, social and environmental impacts of BT's activities and evaluates the overall impact of ICT on development in India.

Since this case study was prepared, BT has sold its stake in three of the four Indian joint ventures. However, the report still stands as an analysis of BT's impact during its involvement in these joint ventures.

The paper summarises the major part BT has played in the financial and business success of these joint ventures, in areas such as business strategy development, technical expertise, secondments and shared learning.

ERM conclude that, on social and environmental issues, BT's most significant contribution has been to human resources management, where we have promoted good practice amongst the joint ventures.

ERM then examine the current impact of the ICT industry on development in India and assess the prospects for enhancing this contribution. In particular, they identify the obstacles to greater access and consider potential business opportunities for internet service provision in rural areas and to low income groups.

The authors expect most expansion of the ICT industry in India to be characterised by further private sector investment in states with higher average disposable incomes and larger proportions of the population in urban areas. If this occurs, they conclude that the ICT divide will continue to increase in India in the next few years.

However, ERM suggest that the situation could be affected by a major shift in the approach of government and the private sector. They make a number of specific recommendations in this regard.

About the Report

The Better World web site is the BT social and environmental report.

Rather than produce a stand-alone publication, our report is essentially the sum total of internet pages dedicated to our social and environmental programmes.

We have taken this approach because we believe that the innovative use of information technology can facilitate new possibilities for the effective communication of social, economic and environmental impacts.

We also believe the internet to be a critical driver of the move towards greater transparency and accountability in the corporate sector.

Indicators

In deciding which indicators to use in the report, we have chosen to follow the Global Reporting Initiative Guidelines. With its multi-stakeholder involvement, we feel that these guidelines provide the most comprehensive and independent insight into the interests and concerns of our stakeholders.

Verification

The Better World site is put through the rigours of a two-part verification process.

This process has two key objectives:

- to ensure that the right things are in the report.
- to ensure the things in the report are right.

To achieve the first, an Independent Advisory Panel has been recruited to ensure that difficult or uncomfortable issues are not neglected. The Panel was selected on the basis of their independence of thought, experience, and insight – as well as their knowledge of corporate accountability.

To achieve the second, Lloyds Register Quality Assurance (LRQA) has been recruited to ensure that we don't provide unreliable data, or make claims that we cannot back up. This includes identifying and assessing the data gathering systems and validating data samples.

The work of LRQA was complemented by the role of BT's Internal Audit department, which undertakes substantial work to validate data and information. LRQA rely heavily on the work of BT Internal Audit in forming their conclusions.

Navigation

To help you locate your way around the Better World site, we have provided four separate indexes:

- An Alphabetical Index
- An Index based on the Global Reporting Initiative (GRI) Guidelines – to help you read the report in accordance with the GRI structure and to aid comparability with other reporting organisations.
- An Index based on our Statement of Business Practice, The Way We Work – to help you identify performance against our business principles, aspirations and specific commitments.
- An Index based on our submission to the Global Compact Learning Forum.