



# Employees

BT Social and  
Environmental report



THE QUEEN'S AWARDS  
FOR ENTERPRISE:  
SUSTAINABLE DEVELOPMENT  
2003

# Employees

We employ approximately 99,900 people around the world, including 91,600 in the UK, where we are one of the largest employers.

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

Here we describe how we manage:

- Employment
- Employee relations
- Diversity and inclusivity
- Learning and development
- Health and safety.

## Employment

Here we present our approach to:

- Recruitment
- Diversity
- Education
- Retention
- Work-life balance
- Pay and benefits.

## Recruitment

We employ thousands of new people each year, so we need to make sure that we attract, select and retain the best.

During the 2004 financial year, we recruited 180 graduates and 157 modern apprentices in the UK, and 1,950 other new entrants.

As part of our continuing programme to reshape BT, 4,154 people left BT voluntarily, by leaver payments or voluntary redundancy.

BT supports the UK Government's New Deal for Young People employment programme.

## Diversity

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

For example, representatives of BT's diversity networks attend careers fairs to promote BT as a place to work. These efforts – which have focused predominantly on graduate recruits – are reflected in our recruitment diversity figures for the 2004 financial year:

- 15.3% of our new recruits are from ethnic minorities – including 27.3% of new graduates and 11.5% of modern apprentices – compared with 8.9% of BT's total workforce.
- 32.8% of our new recruits were women – including 42.2% of new graduates and 11.5% of modern apprentices – compared with 22.7% of BT's total workforce.
- 0.2% of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) – including 1.1% of new graduates and 0.6% of modern apprentices – compared with 2.1% of BT's total workforce.

These figures do not include the people who work in our subsidiaries – around 4% of our workforce.

We are very encouraged by these figures. It shows that the profile of our company is beginning to reflect our efforts to promote equality and diversity.

## Progression

Opportunity to make career progress is very important. In the 18 months to September 2003, of those promoted to management positions, 43% were women and 12% from ethnic minorities.

## Education

To help maintain a good supply of talent, we encourage young people to enter higher education, especially in Information and Communications Technology (ICT) subjects.

To help address Europe's continued shortage of people with good ICT skills, BT co-chairs the Career Space consortium, a European public/private partnership that encourages people, particularly women, to get engineering and computer skills. We work with 25 European universities to develop and launch new ICT job profiles and curriculum guidelines. We also offer hundreds of undergraduate placements each year.

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

In the UK, we support the Oxford Access programme that provides access to science summer schools for students from inner city and ethnic minority backgrounds seeking university places.

For more information see Career Space (<http://www.career-space.com>) and the Oxford Access Summer School programme ([www.oxford-access.org](http://www.oxford-access.org))

## Retention

Attracting the best people is one thing – keeping them is another. It is in our best interest to be as flexible as possible and to provide continuous learning opportunities in an environment of exciting, challenging teamwork.

## Work-life balance

Because we want to provide a high-quality service to our customers, the working day for many BT employees extends beyond normal hours. One of our great challenges as an employer is to reconcile good customer service with the provision of a healthy work-life balance for our employees. We strive to get the balance right and believe our record is good.

The company has approximately 7,900 employees working from home and approximately 5,600 people working part-time.

We recognise that flexible working is not only about location and hours but about balancing work and home commitments. This is why our policies, including emergency leave, maternity and paternity leave and sickness pay, far exceed the UK minimum legal requirements.

We realise that there are still too many cases where the balance is not as we would like it to be. Our challenge is to promote best practice across the whole company.

## Work-life balance in practice

Our work-life balance policies are in one portfolio called Achieving the Balance. It covers flexible working, home-working, part-time working, job sharing, maternity and paternity leave, adoptive leave, parental leave, special leave and leave for carers.

In March 2004, we had approximately 5,600 part-time employees and approximately 7,900 home-workers. Using innovative communications technology many more BT people can work flexibly. For example, employees can do a mix of home- and office-working, work long and short days, and save blocks of non-working time (e.g. to use during school holidays).

This is made possible by the use of ICT technologies such as hot-desk office share, laptops with wireless internet connections, and handheld personal organisers.

Flexibility, particularly in attendance patterns, is inclusive: it opens opportunities for people with disabilities, carers and those returning to work after a career break.

## Initiatives

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

- We are members of Employers for Work-Life Balance, a group of major UK employers who share work-life balance best practice
- We sponsor the Work-Life Balance week events in the UK, organised by the charity Work-Life Balance Trust



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## Employees continued

- With the theme Agile Business – Balanced Life, we encourage employees to assess our achievements and identify new ways to promote a healthy work-life balance.

Our CEO Ben Verwaayen chaired the UK Government's Lone Parent Task Force, which looked for ways to break down barriers preventing lone parents from taking formal work. He submitted their conclusions in a report, Work Works. Elements of the report, including BT's leading role in promoting work-life balance programmes, were incorporated in the UK Budget Statement in April 2003.

Since then, BT has been lead sponsor for two successful pilot events, called Discovery Weeks, to show lone parents the choice and lifestyle options work offers, and supported innovative lone-parent employment initiatives in London and Glasgow.

We chair the UK Employers for Carers organisation, launched in December 2003 at the BT Tower in London. The organisation's website presents a list of activities undertaken during the year to accommodate the needs of working carers and to stimulate public debate on the issue. We sponsored the BT Carers in Employment Award in 2003, as part of our continuing support for the charity, Carers UK.

### Working parents

Working Families, a UK campaign organisation, reviewed our Work-Life Balance policies in 2002, endorsed our activities and suggested a number of improvements.

One was to gain the Tommy's Pregnancy Accreditation by demonstrating that we meet its criteria for creating a supportive environment for pregnant employees. This was achieved in the financial year 2004.

In March 2003, a scheme to help parents reduce their childcare costs was introduced in the UK. BT Childcare Salary Direct is an employee benefit programme that employees can use for all types of approved childcare. During the 2004 financial year the programme, in conjunction with discounts we have negotiated with childcare providers, helped many employees reduce their childcare costs by approximately 20% (saving on average around £1,100 a year).

During the 2003 financial year, we made significant improvements to maternity, paternity and adoptive leave for parents with children born after 6 April 2003. We continue to offer parental leave benefits far greater than the legal minimum. These benefits are also available to those in same-sex relationships.

Our enhanced maternity leave provides 18 weeks' basic pay and regular allowances (excluding overtime). This is followed by eight weeks at half pay or lower-rate Statutory Maternity Pay, or £100 per week – whichever is the greater. After that employees get £100 a week for 26 weeks.

Paternity leave is now two weeks at full pay and two weeks' unpaid leave, to be taken within 56 calendar days of the birth of the child.

### Pay & benefits

Our benefits package must be competitive if we are to continue to recruit and retain the best talent. Here we set out our approach to:

- Employee benefits
- Equal pay
- Pensions.

### Employee benefits

In addition to a competitive basic remuneration package, we offer a range of benefits that promote employee ownership:

- **SaveshareBT** – an option to buy shares at a discounted rate over three or five years. More than half of BT employees participate, including 43% of our international employees.
- **AllshareBT** – gives employees the right to receive free shares based on company-wide performance.
- **DirectshareBT** – employees may buy BT Group shares from their pre-tax salary each month. More than 14% have done so.

### Flexibility

Special paid leave is available to employees caring for relatives or working in their communities. We shortened the working week to 36, down from 37 hours, for non-management grades in 2002.

In the 2004 financial year, our lowest main scale starting salary was £9,518 for a 36-hour week (£5.07 per hour).

In 2005, we will introduce a flexible benefits programme for about 28,000 managers and professionals in the UK. We hope to extend this to a wider group of employees, in the UK and abroad. This will have to take into account local market conditions and be subject to agreement with unions/work councils.

### Equal pay and equal value

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

We have played an active and constructive role in the gender pay debate over a number of years. For example:

- Our UK Human Resources Director chaired the Equal Opportunities Commission Equal Pay Task Force
- We were members of the UK Equal Opportunities Commission Working Group on the Equal Pay Audit Tool and Equal Pay Guidelines

Our detailed pay-gap audits undertaken in recent years have revealed a persisting gap in pay between the genders. This is a legacy from the days when our workforce was split between engineers (primarily male) and clerks and operators (mainly female). Pay levels for the two groups were largely developed separately.

This, combined with the old incremental approach that linked pay to management seniority, created a pay gap between those reaching management positions from engineering grades, as opposed to those taking the clerical route.

We have Board support to close the gap and our pay review processes include guidance on equal pay.

All team members (non-managerial grades) are now on the same pay structure and this has eliminated the scope for inequality.

### Equal-pay activities

In the 2004 financial year we established plans to introduce in the 2005 financial year a new reward framework for around 34,000 employees, based on a set of job families across BT.

This framework will allow more consistent reward decisions to be made, based on an individual's value in the job market combined with their contribution to BT's success. It will also form a key component of our analysis of equal pay issues for this group of employees. In addition, over recent years we have:

- Published an equal pay/equal opportunities policy which is reviewed annually.
- Carried out an audit to ensure that performance-related pay does not inadvertently support discrimination.
- Changed our promotion remuneration procedures, particularly in management grades, from a percentage of base salary to a comparison with peers and the market.
- Restructured our non-management grading system to a skill-based approach taking into account equal pay. This has provided levelling across the engineering grades which typically attract men, and clerical grades which typically attract women.
- Focused our pay review on the lower end of our pay scales, where there are likely to be more women,
- Included statements about equal pay and the avoidance of discrimination in our annual pay guidance. We specifically briefed our senior managers, who have ultimate ownership of the pay budget.
- Carried out a pay audit following each pay review and agreed the key measures with our unions, maintaining a dialogue on all equality matters.
- Recognised work-life balance as a key enabler to eliminating some of the barriers that may be slowing the progress of women in the workforce.
- Supported the development of women throughout BT, with the introduction of women-only development courses.



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## Employees continued

- Extended our focus to include ethnicity and disability pay monitoring.

### Equal value

The concept of equal value is explained by the UK Equal Opportunities Commission: *“Equal value is that jobs, which at first sight may be very different, can turn out to be of equal value when analysed in terms of the demands made on the employee.”*

Equal Value for equal work is starting to make an impact as an issue.

In the UK, the landmark Enderby v National Health Service court case had a significant influence on the way organisations view this question. The court concluded that collective bargaining and market value could not justify the difference in pay between men and women and that equal work must go with equal value.

In addition, the work of the Equal Opportunities Commissions (EOC) and the Kingsmill Report on Women, Employment and Pay in the UK have made a priority of the issue.

Equal Pay to Equal Value will remain high on the BT agenda and we believe we are making good progress on the matter of equal pay.

### Pension scheme

The BT Pension Scheme, now closed to new entrants, is one of the largest funds in the UK, with assets of around £26 billion. The scheme has over 87,000 contributing members, about 178,000 pensioners and around 96,000 deferred beneficiaries. Most of our employees have chosen to belong to the scheme and contribute 6% of their salary, with BT paying the balance of costs (currently 12.2% of salary) necessary to provide the promised level of benefits.

The BT Pension Scheme is a defined benefit scheme, with the pension benefits linked to the members' final salary in BT (rather than to 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 introduced the new BT Retirement Plan. The Plan is a defined contribution scheme for new employees, with the pension that members receive linked to the contributions paid, the performance of

the Fund, and annuity rates at retirement (rather than their final salary in BT). Members have a choice of seven different funds in which to invest. There are around 5,000 contributing members.

This change is in line with the practice increasingly adopted by major UK groups and is designed to be more flexible for employees. It enables BT to determine its pension costs more precisely than with 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 includes a description of the appointment, removal and responsibilities of the pension fund trustees.

### Corporate governance

Hermes' corporate governance programme is founded on a belief that companies with interested and involved shareholders are more likely to achieve superior long-term financial performance.

Hermes is considered a leader on issues of corporate governance and shareholder involvement. It has 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.

For example, the BT Pension Scheme was awarded the 2003 Best European Corporate Pension Fund Award, partly in recognition of leadership on corporate governance and shareholder engagement issues.

Hermes has produced a number of corporate governance policy statements that are available on the Hermes website at [www.hermes.co.uk](http://www.hermes.co.uk)

These policies apply to the BT Pension Scheme and the BT Retirement Plan:

- The Hermes Principles set out the principles and expectations that should exist between shareholders and companies. In summary, a company's primary consideration should be the generation of long-term shareholder value, and this should be based on appropriate financial disciplines, competitive advantage and within a framework which is economically, ethically and socially responsible and sustainable.
- The Hermes Statement on UK Corporate Governance and Voting Policy sets out how Hermes will exercise its clients' ownership rights and is intended as a basis for dialogue between companies and shareholders. This covers issues such as the composition of the Board, remuneration and guidelines for reporting on social, ethical and environmental matters.
- The Hermes International Corporate Governance Principles apply to all publicly quoted companies in which Hermes' clients invest outside the UK.

Hermes exercises its voting rights at annual general meetings (AGMs) and extraordinary general meetings (EGMs) and employs a dedicated corporate governance team that maintains 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.

### Socially responsible investment

In July 2000, a new Disclosure Regulation was introduced under the UK 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”*.

In response to the regulation, the Trustees of the BT Pension Scheme agreed that every investment should 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 the BT Pension Scheme Statement of Investment Principles].*

Hermes' active approach to corporate governance includes the implementation of this statement.

### Employee relations

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

- Our annual employee survey
- Our relationship with trade unions
- The European Consultative Works Council
- Employee communications
- Call centres.

### Employee survey

We conduct a number of formal employee surveys. The most important of these is the UK annual Communications and Attitude Research for Employees (CARE) survey, which provides an opportunity for all our people to express their views on a range of issues.

At the start of 2004, every BT employee in the UK was given the opportunity to complete a CARE survey during the working day. Anonymity was guaranteed and 80% of our people completed the survey (up 2% on 2002).

### People satisfaction index

A key indicator in the CARE survey is the People Satisfaction Index, which indicates overall satisfaction with working for BT.

The People Satisfaction Index for the 2004 financial year was 71%, up from 67% in 2003 and exceeding our target of 69%.

See the Data and targets section of our online report for comprehensive CARE survey results since 1999.

The CARE survey does not cover the 4,200 BT Syntegra employees (part of BT Global Services).



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## Employees continued

### Employee engagement index

During the 2005 financial year we will be introducing an Employee Engagement Index, to reflect our commitment to keep people engaged with their colleagues, work and customers. In particular there will be a greater emphasis on employee behaviour in accordance with BT's new values and engagement with the BT strategy.

The results will be published before the end of 2004.

### Follow-up action

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

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

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

### Trade unions

In the UK, BT recognises two trade unions: the Communications Workers Union (CWU), which represents over 65,000 BT people in non-management grades and Connect, which represents around 20,000 BT people, predominantly line managers and professionals.

The CWU is the biggest union for the communications industry in the UK, with around 280,000 members working for the Post Office, BT and other telephone companies, cable TV, the Alliance & Leicester and Girobank. Their members' expertise includes engineering, computing, clerical, mechanical, driving, retail, financial and manual skills.

Connect is a specialist union run for and by managerial and professional people. Representing managers and professionals, Connect works with BT to improve the terms of employment for its members and to manage change effectively

We maintain a good working relationship with both unions.

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

In the 2004 financial year, no industrial action was taken. There were no cases of legal action against BT concerning anti-union practices.

We have a grievance procedure that provides all employees with an appeal process against certain management decisions. This is available to all our employees.

In the financial year 2004, the number of Employment Tribunal Cases involving BT was down to 50 from 57, with 15 withdrawn, 1 judged against BT, 13 settled and 21 judged in favour of BT. The outcome of each case is analysed by the management team concerned, and learning points are reviewed within the appropriate policy group.

See the Data and targets section of our online report for employment tribunal case data since 1999.

### BT European Consultative (Works) Council

Every six months the European Consultative Council (BTECC) provides an opportunity for transnational dialogue and exchange of views between management and employee representatives in the UK and Europe.

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

The 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 affecting its operations. Other relevant transnational employee issues such as training, health, safety and the environment may be included.

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

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

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.

### Employee communications

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

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

### Strategy Action Meetings

The Strategy Action Meetings (SAMs) aim to communicate BT's strategy and engage employees in strategy implementation. At each meeting, a BT manager describes the strategy and progress made. Delegates – 18 to 20 people representing all levels and lines of business – are asked to discuss the potential barriers to implementation and make suggestions. In the financial year 2004, 22 meetings were held in the UK and nearly 240 people from all levels in BT participated.

Comments are noted anonymously and collated every three months for our CEO Ben Verwaayen and the BT Management Council.

Topic-specific reports are also produced for the relevant senior manager.

The findings of the meetings are being shared with an increasing number of people. We seek to ensure that the proposed solutions are considered by the appropriate part of the organisation.

In October 2003, 33 meetings based on the SAM model were held in specific parts of the UK business, with 287 people participating. The feedback is being used to shape strategic direction. We hope to organise similar meetings in other parts of the business.

### Communication channels

We communicate with our employees regularly through a variety of channels:

- The BT intranet, one of the largest in Europe, is available to over 100,000 people. It contains a wealth of information on a vast range of topics. With an extensive index and search capability, it is easily accessible.
- BT Today, our in-house newspaper, is sent to more than 184,000 employees, pensioners and opinion formers each month. Described as 'the glue that holds BT together' it helps make sense of what's going on in the company for employees and their families. The paper contains a letters page where our people can express their views.
- Newsdesk, the BT Today intranet news site, is available to everyone in BT who has intranet access. It is updated every day and features a constant flow of news about BT and our industry. It contains information to help people do their jobs. The site covers all media releases, comment and features about BT.
- Talking Point – part of the BT Today Newsdesk – offers a forum for employee opinion, feedback and debate on a wide range of important topics, such as work-life balance, driving safety and broadband.
- BT Newline, a telephone news service, attracts thousands of calls a month.

We also provide webcast, video, audio and other on-line facilities, such as live internet chatrooms, to make key announcements. These enable people to ask questions and get answers directly.



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## Employees continued

To keep our employees informed of key announcements, we use a number of additional channels:

Enterprise email, an email facility we operate to make key announcements to all of our employees or to a selection

- A number of internal marketing communications media to deliver key messages to targeted audiences.

### Call centres

We have completed a comprehensive two-year restructuring of our call centre operations.

Our 'Next Generation Contact Centre' programme has transformed our original 104 call centre sites into a slimmed-down network of larger, multi-functional contact centres.

The programme was designed to achieve the twin goals of reducing costs and providing improved customer service – for example, by providing a range of services for residential and small business customers without their being transferred from one call centre to the next.

The 33 Next Generation Contact Centre sites benefit from excellent working environments and leading-edge technology.

However, the programme has involved the closure of 57 call centres over a two-year period, resulting in significant changes for a large number of employees.

The overall net effect on BT and agency jobs has been a reduction of 2,200 full-time equivalent posts – reducing the number of full-time equivalent posts in BT's call centre operations to around 13,600.

There were no compulsory redundancies and we remain committed to finding alternative work for every affected person that wishes to remain in BT. By the end of March 2004, more than 900 people had been redeployed to other roles in BT and over 1,000 left BT voluntarily. In addition around 1,900 employees have been redeployed to the new, long-term sites.

More details of support provided by BT to employees during times of change are provided in the New Start section of Employees.

### India

Two of the new call centres are located in Bangalore and New Delhi in India.

The Delhi and Bangalore call centres employed around 800 people by the end of March 2004, with capacity available to increase to around 2,200.

Owned by two suppliers but managed by BT people, the call centres handle parts of BT's directories and conferencing work and operate to the same blueprint as facilities in the UK. This is aligned with the 'Next Generation Contact Centre' programme which seeks to ensure that our customers' experience of us is indistinguishable high quality irrespective of which centre or advisor they deal with.

However, it has been suggested in the media that there is an incompatibility between these developments and BT's stance on corporate social responsibility (CSR).

Developments in technology have always changed working patterns – both in type of work and geography of the workplace. The question is whether the movement of employment opportunities is in itself a socially irresponsible activity.

Many developing countries will often argue the opposite, accusing the developed world of using social and environmental performance for protectionist reasons.

To address these issues we commissioned independent consultancy and think-tank SustainAbility to explore service sector offshoring through the lens of corporate social responsibility.

Included in Good Migrations?, one of our 'Hot Topics':

- An examination of the global trend of offshoring and evaluation of its implications for CSR
- A study of the specific impacts of BT's offshoring decisions, both in the UK and in India
- Strategic advice to companies interested in exploring offshoring and corporate social responsibility.

SustainAbility conclude that, on balance, offshoring's benefits outweigh its negative impacts. However, SustainAbility do put forward some important reservations concerning the way that offshoring is handled and it is here that corporate social responsibility has an important part to play.

SustainAbility propose practical things that companies can do to assist those in the UK who lose jobs to manage their transition – in terms of training, skills and local job development.

SustainAbility also put forward critical improvements that offshoring companies can introduce in the new areas of operations – such as good working conditions, training and development and sharing skills and technology.

We agree with the thrust of these conclusions. For us, CSR is about companies making effective commercial decisions in ways that take account of their responsibility to society.

In this case, our ethical trading manager visited the call centres with an independent assessor from an Indian non-governmental organisation before the announcement was made.

The assessors looked at all aspects of working conditions against BT's Sourcing with Human Dignity ethical trading standard and concluded that the companies assessed met and exceeded BT's standards in the vast majority of areas.

Pay for those employed in the call centres is in the top quartile of the local labour market. The working environment, training and technology are of the same standard as those in the UK.

None of BT's permanent employees in the UK has been made redundant as a result of the new centres opening.

### Diversity and inclusivity

We seek to create an open, honest and unprejudiced workplace that encourages people to reach their full potential.

We want to create and sustain a diverse workforce where everyone's contribution is valued.

This table shows the percentage of our people who are women, have declared themselves from an ethnic minority or have declared a disability.

It does not include employees in our subsidiaries – 4,200 of our overall workforce of 99,900.

	Senior		All BT	
Financial year	2003	2004	2003	2004
Women	20.0%	21.0%	23.6%	22.7%
Ethnic minority	7.0%	7.6%	8.6%	8.9%
Disability	0.7%	0.7%	2.0%	2.1%

See the Data and targets section of our online report for comprehensive data on diversity going back to 2001.

This means that we have achieved our target that at least 8% of our employees should be from an ethnic minority. Attaining our target for the representation of women employees is proving more difficult – the figures show that retention rather than recruitment is the main barrier.

These targets should not be taken to mean that BT is operating quotas, which are illegal under UK law. Each appointment is made on merit only.

Here we describe our approach to the main equality and diversity issues:

- Equal Opportunities policy
- Leadership
- Ethnic minorities
- People with disabilities
- Age
- Women
- Networks
- Litigation.

### Equal Opportunities policy

Our Statement of Business Practice includes a specific principle on diversity: we will *"treat all individuals fairly and impartially, without prejudice, and never tolerate harassment in any form"*.

This principle is supported by our Equal Opportunities policy:

### Our aims:

We are an equal opportunities employer. The aim of this policy is that everyone should have the same opportunities for employment and promotion based on their ability,



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## Employees continued

qualifications and suitability for the work. We will need to keep to, and go beyond, equal opportunities legislation.

We have designed this policy to make sure that no job applicant or employee receives less favourable treatment because of their race, sex, religion/belief, disability, marital status, age, sexual orientation, gender identity, gender expression or caring responsibilities, or is disadvantaged by conditions or requirements which cannot be shown to be justifiable.

It is our policy to develop and maintain positive measures so we recruit, develop and hold on to people with disabilities, keep to the law and encourage best practice.

### Our guiding principles:

- Equal opportunities and diversity cover all aspects of working life. The understanding and views of people on related issues are shown through their behaviour.
- You must not discriminate against any person or group when recruiting, choosing, training, promoting or paying people.
- Harassment is also a type of discrimination, and we will treat it as such under the terms of this policy. We will not tolerate any type of harassment or bullying, including offensive remarks, at work.
- We will encourage you to tell us about any disability you may have and your ethnic background.
- We will take positive measures (which are allowed by legislation for suitably qualified people) so that we recruit and employ any under-represented minority group, for example, the Government's Two Ticks Policy for registered disabled people.
- We will follow the Disability Discrimination Act and will make reasonable adjustments for people with disabilities. If you become disabled while working for us, we will do everything possible to make sure you can keep working for us.
- You must keep to this policy. If you do not, we may take disciplinary action against you.
- If you consider that you are suffering from

harassment or have been discriminated against, you should make your complaint in line with our grievance procedure.

### Leadership

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

The forum is composed of Diversity Champions, senior managers from each of our business units. Senior managers also lead specific groups, including race, gender, age, disability and sexual orientation.

The Forum has five main functions:

- To create, sustain and deliver our global equality and diversity strategy
- To provide highly visible and inspirational leadership on equality and diversity
- To promote processes, practices and behaviours that actively drive equality and diversity in the BT group, relentlessly opposing inequality, prejudice and unethical behaviour
- 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 and change-embracing role models for equality and diversity in business.

We are also members of the following organisations in the UK:

- 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)]

### New Equalities Legislation

In December 2003, new legislation was introduced in the UK to cover religion and belief, and sexual orientation.

BT set up and chairs the Employers Forum on Belief, which brings together leading employers to exchange and develop knowledge and best practice in this field. We reviewed our policy and its implementation to ensure that religion and belief issues are incorporated. An online booklet was produced outlining the major religions of the world. It also includes personal accounts of employees who follow a particular religion.

BT has already made known its commitment to equal rights for the Lesbian, Gay, Bi-sexual and Transgender (LGBT) community and set up BT Kaleidoscope network in 2002 (see Networks). No policy amendments were required to meet the needs of the new legislation.

### Ethnic minorities

Here we look at our ethnic minority representation and the measures taken to improve.

### Profile

Among BT people, 8.9% have declared themselves to be of ethnic minority origin. This represents 8.7% of non-managers, 9.4% of managers and 7.6% of senior managers.

In the 2004 financial year, 15.3% of our new recruits came from an ethnic minority background – including 27.3% of new graduates and 11.5% of modern apprentices.

These rising figures are the consequence of continuing collaboration with employment agencies, universities, schools and college careers offices. We have achieved our target that 8% of our employees will be from an ethnic minority background, and are committed to maintaining this level.

See the Data and targets section of our online report for comprehensive data from 2001.

Our data do not include those people who work in our subsidiaries, approximately 4,200 of our total workforce.

Declaration of ethnicity is restricted in some countries where BT operates. BT Global Services has committed to take steps to ensure that, wherever legally possible, BT people are able to declare their ethnicity and national origin.

One of the key initiatives supporting this is the Ethnic Minority Network for BT employees. The programme includes an annual conference, development courses, and participation in the national debate on diversity.

Additional initiatives are taken in higher education. The Oxford Access Summer Science School, for example, encourages students from inner city schools and ethnic minorities to seek university entrance, particularly in science subjects.

### Benchmarking

We take part in independent benchmarking of ethnic minority issues. In the 2004 financial year, Race for Opportunity (RFO) awarded us Gold Standard for our approach to ethnic minority issues. In 2003 BT ranked third overall and was the top-ranking organisation in the ICT sector in the UK.

Race for Opportunity benchmarking 2003 (ethnic minorities) – BT results

Ninety-nine member organisations from the public and private sector took part in the RFO benchmarking. We achieved top performance in our sector (Information Technology) and came top of all private sector organisations taking part.



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Employees continued

Category	BT score %	Sector average %	Network average %
Leadership	92	48	56
Making the investment	89	35	44
Planning and policy	95	54	67
Communication	94	44	58
Marketing	91	51	54
Sharing Ownership	92	31	48
Employment	85	44	58
Community Involvement	92	51	59
Working with ethnic minority businesses	91	32	32
Results/ Impact	91	51	56
Overall performance	92	44	54

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.

**People with disabilities**

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

BT qualifies as a 'two ticks' disability employer. This is a label used by UK employers to indicate a commitment to disabled potential employees and customers. This means that BT guarantees a job interview to any suitably qualified applicant who has a disability.

BT also won the Henry Fawcett award in the 2003 First Class Supplier awards from the Royal Mail. This award recognises achievement in the areas of disability and action in the community.

**Profile**

2.1% of BT people have declared themselves to have a disability. This represents 2.5 % of non-managers, 1.2% of managers and 0.7% of senior managers.

In the 2004 financial year, 0.2% of our new recruits had a disability as defined by the UK Disability Discrimination Act (DDA) – including 1.1% of new graduates and 0.6% of modern apprentices.

Our target is for 2.5% of our employees to be people with a disability.

**Initiatives**

The European Year of People with Disabilities was 2003. In March 2003, we hosted an event called Agile Business – Changing Lives, examining the inclusion of disabled people in product advertising and marketing, and in the workplace.

In November 2003, we organised a special event, Agile Business – A Glimpse of the Future, to help shape a vision of a world where our products, services and work environment are truly inclusive.

We are a founder member of the UK's Employers' Forum on Disability. In the 2004 financial year, BT was ranked top UK organisation in the Forum Global Inclusion Benchmark. This assesses how companies communicate their commitment to disabled people through their social reports. It does not evaluate how the companies actually perform in each area.

Another initiative is Able2, an employee network for BT people with disabilities. This provides impartial and confidential advice and runs a series of roadshows to enable people to discuss their needs with senior BT managers.

A key issue for people with disabilities is their loss of state benefits when working. We are seeking to address this problem through a trial recruitment of people with no loss of benefits. In the 2004 financial year, we supported the Remploy work experience initiative. Remploy is an organisation that helps find work for people with disabilities. We are working together to provide opportunities for unemployed people with disabilities to experience work at BT.

**AccessAbility Roadshows**

A number of AccessAbility Roadshows were organised in the UK during the 2004 financial year, with more planned for 2005. They are hosted by the Able2 network and provide a forum for discussion between BT employees with disabilities and their managers.

The roadshows promote ability, not disability, challenge stereotypes and focus on possibilities and ways to break down barriers faced at work by people with disabilities.

**eNable**

Our 'eNable' project is designed to improve the working life of all disabled people within BT. The objective is to provide guidance and consistency of approach and deliver timely reasonable adjustments to help realise the full potential of all people. It is a key part of the BT's approach to Valuing Ability. eNable provides a package of existing and new services, consultancy and dedicated specialist support which includes:

- A helpline to provide expert advice and assistance to people who are, or become, disabled, or whose capabilities are restricted
- Guidance on job re-design, suitable alternative duties and provision of equipment and services
- Improved advice to managers on their responsibilities under the UK Disability Discrimination Act
- Support to new recruits with disabilities so they have a good experience on joining BT and feel valued and supported.

**Partnerships**

**AbilityNet**

We are committed to make our workplace as accessible as possible. BT supports AbilityNet, based in one of our central London buildings. The charity brings the benefits of computer technology to adults and children with disabilities, in 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.

**Back-Up**

In the 2004 financial year, we worked in partnership with the Spinal Injuries Association, Back-Up. BT sponsored sports which received UK Government funding to help promote greater integration and independence for people with spinal injuries.

In collaboration with the Association, BT Retail Marketing produced a booklet that promotes the benefits of broadband and how it can improve the lives of disabled people, particularly those with spinal injuries.

**Age**

Age discrimination is unique in that it may affect everyone in society, old and young.

In the UK we have worked with the Employers Forum on Age for a number of years and have contributed to the Government's Age Advisory Group, which is developing legislation on age discrimination.

As part of a broad review of our policies and procedures in relation to age diversity, we undertook a survey to find out the views of our people on policies on retirement and the new legislation, changing demographics and changing needs of people and the business.

At the end of the 2004 financial year, of the 99,900 people working for BT, 5,200 were over the age of 55.

**Women**

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

One measure we took last year was the introduction of guidance to our employees



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## Employees continued

about Domestic Violence. We were pleased to work with Women's Aid and the UK Department of Trade and Industry to help design, produce and host the launch of the Employers Guide to Domestic Violence.

### Profile

22.7% of people who work for BT are women – 22% of non-managers, 23% of managers and 21% of senior managers.

In the 2004 financial year, 32.8% of our new recruits were women – including 42.2% of new graduates and 11.5% of modern apprentices.

The number of women in BT is declining– down from 23.6% in the 2003 financial year–and below our 25% target. The figures show that retention rather than recruitment is the main barrier to achieving our objective.

See the Data and targets section of our online report for comprehensive data from 2001.

Our data do not include those people who work in our subsidiaries, approximately 4,200 of our total workforce of 99,900.

### Benchmarking

In the 2004 financial year, we took part in an independent benchmarking on gender issues in organisations:

#### Opportunity Now benchmarking 2003/4 (gender) – BT results

219 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	97	96	Platinum
Act	96	96	Platinum
Impact	76	98	Platinum
Overall	90	96	Platinum

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

### Retention of women

Retaining the skills and experience of women is important. In the 2003 financial year we undertook a comprehensive review of our maternity package, benchmarking it against other companies. The review led to important changes, including:

- A new maternity leave package
- Promotion of flexible working, to address the difficulties often experienced by families with very young children.

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

One of our key initiatives is the Women's Network for BT employees.

### Progression of Women

In the 2004 financial year, the issue of boardroom diversity became more prominent.

The Tyson Report, commissioned by the UK Government, presented a number of recommendations to promote greater diversity on UK Boards.

The UK Department of Trade and Industry held a series of meetings with senior executives of major businesses to discuss boardroom diversity. In December 2003, BT Chairman Sir Christopher Bland hosted a breakfast meeting for the Minister for Women, Jacqui Smith, and senior executives from a number of companies that work with BT.

The BT Women's Executive Network was launched by Sir Christopher Bland. He welcomed the creation of the network as a useful forum to share experiences, views and ideas.

The BT Executive Assistants/Personal Assistants' Network (BT EA/PA) was launched in the 2004 financial year (see the Networks section).

### Pay structures

In addition to pay equality, concern remains that women are more likely to be employed in lower-paid jobs. We must address the barriers that prevent women from undertaking higher-value roles.

While we believe it is critical to keep data-based gender targets and diversity policies, inclusivity must be part of all our activities, including our relationships with employees, suppliers, customers and investors.

Most of our graduate and skilled recruits are needed by our expanding IT, multi-media and e-commerce units. It remains a major concern that we are not attracting more females to this fiercely competitive and well-paid job market. The general shortage of people with ICT skills presents an opportunity to attract more women.

### Networks

We have six employee networks to support and advise our employees worldwide. The use of the networks is promoted by BT's most senior management and provides:

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

#### Able2 for employees with disabilities

Able2 seeks to portray a positive image of disability by working with all stakeholders. The network is a central point of contact for advice and support to all disabled employees within BT.

#### BT Ethnic Minority Network (EMN)

EMN provides support and development for ethnic minority people within BT, through a variety of internal and external activities.

The Events Programme is the key element of EMN's activities: it covers the organisation and management of Personal Development and Weekend Workshops, Open Days, Roadshows and Annual Conferences.

In the 2004 financial year, the Events Programme held events in the North and South of the UK and sought to ensure that as many ethnic minorities as possible were able to attend.

The workshops are designed to work on interpersonal and management skills. BT greatly benefits from these workshops as they encourage ethnic minorities to realise their full potential. In addition, it also helps BT in its commitment to increase the representation of ethnic minorities in senior management.

#### BT Women's Network (BTWN)

BTWN encourages self-development through sharing experience, information and advice. It has communicated ideas to management.

BTWN was started in 1986 by a small group of BT women who attended the Cranfield School of Management Programme in the UK.

At the time, the group felt a BT internal network dedicated to women would bring significant added benefits. The BTWN was created with the aim of increasing women's sense of involvement within BT, and encouraging them to develop career potential to the benefit of the individual and BT.

The network has nearly 4,000 members and many non-members regularly attend BTWN meetings and events. It is run by volunteers, funded and fully backed by BT.

Members are kept informed through the newsletter, heryay and the BTWN website.

#### BT Women's Executive Network

The BT Women's Executive Network was set up in 2003 to increase the proportion of women in senior level management. The network's aims are to:

- Support members to achieve their maximum potential
- Drive change within BT on executive gender diversity issues
- Challenge BT to provide more executive opportunities for women.



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## Employees continued

The Action Plan includes:

- Tackling the barriers to women's career progression
- Increasing the visibility of role models and mentors, to support and encourage women to progress through BT
- Designing a programme of events with internal and external speakers to promote the Executive Network
- Providing networking and support

### BT Executive Assistants/ Personal Assistant Network

This network was created during the 2004 financial year. It aims to demonstrate the value that personal assistants at all levels add to the business while raising their profile as a distinct professional group within BT. It is chaired by the personal assistant to the Chairman.

The network helps its members develop a broad range of skills, enabling them to take on more advanced work while also increasing the overall effectiveness of our management teams.

### BT Kaleidoscope

BT Kaleidoscope is a network for our gay, lesbian, bisexual and transgender employees.

About 7% of the UK population is lesbian, gay, bisexual or transgender. Launched in 2002, the network offers community support to its membership and provides BT with insight and knowledge about a potentially significant market.

BT Kaleidoscope held its first annual conference during the 2004 financial year.

BT sponsored the London Pride in the Park festival in August 2003, as well as regional Mardi Gras events.

### Litigation

There were a total of 14 discrimination-related litigation cases involving BT in the 2004 financial year. Four were withdrawn, 0 judged against BT, 6 settled and 4 judged in favour of BT. There were 14 cases involving BT in the 2003 financial year, 30 in the 2002 financial year and 43 in the 2001 financial year.

See the Data and targets section of our online report for data relating to discrimination-related litigation since 1999.

### Learning from discrimination cases

Every discrimination litigation case is one too many.

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

We ensure that our case management continues to be robust and, at the same time, that our educational inputs address any issues that arise.

For example, real-life case studies based on BT experience are used by our Diversity Coach trainers in training workshops across our business where applicable.

### Learning & development

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

Here we present our approach to learning and development:

- Principles and commitment
- Career development
- Investors in people
- Education
- Career-life plan.

### Principles & commitment

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

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

#### We will do the following:

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

group or individual involved) so we can make the best use of the talent across BT.

9. Make the best use of learning and development suppliers so we can get the best commercial value possible across BT.
10. Evaluate our investment in learning and development at all levels of the business.

### Career development

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

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

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

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

In the UK, our NewStart initiative provides a comprehensive toolkit to enable our employees to plan and address career changes constructively.

### Investors in People

During the 2003 financial year, BT successfully achieved re-accreditation as an Investor in People (IiP). IiP is a standard of good practice for training and development devised by UK leading business and employee organisations. We remain one of the largest companies to pass this challenging outcomes-based test.

The Assessment Network (TAN) evaluated about 600 BT people from across all lines of business in a variety of structured and informal settings. They also observed business meetings and witnessed the BT Management Council's review of our 2002 annual employee survey.

Their report highlighted the following best practices:



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## Employees continued

- A striking improvement between this and the previous reassessment, in the alignment of strategic goals and targets to measurable activities undertaken by individuals and groups. Considering the degree of strategic change, the complex activities of BT, the geographical spread and the flexible working conditions, acknowledged as ‘an extraordinary accomplishment’
- Webchats and webcasts direct from the most senior managers to all levels of the organisation
- Knowledge-gathering exercises such as our annual employee survey, Strategic Action Meetings and ‘Back to the Floor’ initiative
- Performance-management process including one-to-ones, annual development and performance reviews and management by objectives
- Depth and breadth of technical training
- Well-established culture of training and development.

## Education

BT Academy is a web-based corporate learning portal that provides BT UK employees with an extensive range of learning programmes and facilities.

More than 70% of our people have accessed the BT Academy Learning System in the 2004 financial year, leading to over 415,000 transactions for courses.

The Academy is a key part of our commitment to lifelong learning. It uses the latest technology to deliver instructor-led and e-learning to all BT people via our intranet. BT Academy is one of the largest corporate learning management systems in Europe.

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

work and at residential schools run at CWU Education centres.

The BT Masters programme provides work-based development for BT people, leading to a Master of Science (MSc) degree in telecommunications after

20 months of part-time study. We support, through the use of technology, studying for professional qualifications from bodies such as the Chartered Institute of Management Accountants (CIMA).

The BT Academy helps people acquire skills useful to their job. It also helps them take advantage of future career opportunities in an industry where the skills required change rapidly.

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

## Career-life plan

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

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

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

NewStart offers a number of services:

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

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

## Health & safety

One of our business principles is to care for the health and safety of people across all BT’s operations and products. We have made a specific commitment to promoting a healthy lifestyle by providing a health and wellbeing programme.

This is why we made our Significant Incident Rate a non-financial key performance indicator, with a strategic target of a 25% reduction in incidents by March 2005. The indicator records incidences of injuries, diseases and danger occurrences. It is a good measure of our success in promoting health and safety.

We reached the target two years early and at that point doubled the reduction to be achieved by the 2005. We have done the same for our targets on reduction in sick absence due to workplace accidents (down 33% since 2001) and reduction in occupational ill health cases (down 36% since 2001).

The revised targets are challenging. We will seek to achieve them by ensuring a commitment to zero avoidable accidents throughout the company. We continue to focus on a number of major health and safety risks:

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

These priorities illustrate the scope of our approach to health and safety: it is not just about avoiding accidents— we consider it very important to protect our employees’ physical and mental health too.

See the Data and targets section of our online report for health and safety performance data – on rate of absence, sick absence due to accidents and ill-health referrals.

Here we discuss:

- Our health and safety guiding principles
- Implementation by our lines of business
- Stress management

- Occupational road risk management
- Our partnership with the BT Unions on improving safety.

## Guiding principles

### BT’s Health and Safety Guiding Principles

**This policy acknowledges the commercial advantages and the humanitarian necessity of robust and effective health and safety performance.**

Health and safety performance is a key indicator of our success in managing the business. Implementing the policy effectively will yield financial and social benefits which will contribute to our vision of being the most successful worldwide communications group.

**Achieving the aims of the policy will be the responsibility of line management.**

The Group Chief Executive accepts overall responsibility for Safety Performance within BT. The Chief Executive Officer of each line of business will be responsible for safety performance within their sphere of control. Implementation of the policy will be carried out by line managers.

**Everyone within BT must contribute and feel able to contribute if we are to succeed.**

Everyone within BT has a responsibility to ensure they take reasonable care of their own health and safety and the safety of others. It is essential that managers and their people seek to work in ways where safe behaviour is seen as normal and unsafe acts are not acceptable. No one will be disadvantaged as a result of raising health and safety concerns or adopting reasonable safe practices. Mechanisms will be established to ensure that all employees and their representative bodies can fully contribute to the safety culture of the business. The provision of information, instruction and training in the most appropriate form will be assigned the highest priority so that all employees understand the risks they face and how to control those risks to a level which is consistent with the objectives of this policy.



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## Employees continued

### We will strive to achieve excellence in our health and safety performance wherever we work.

Internationally accepted best practice will be adopted as a group-wide minimum level of performance. Assessments of risk will form an integral part of the operational management process. Risks will be reduced to a level which is as low as is reasonably achievable.

### Competent specialist support and clear technical information will be readily available to all who need it.

Appropriate levels of specialist support will be available to managers so that uncertainty about legal or technical aspects of health, safety and welfare issues will not hinder performance. Health and safety solutions will be developed by those who work with the risks. Guidance on safe working practices will be presented in an easily understood style using a format accessible to everyone who needs the information.

### We expect our partners and others who work with us to share our aspirations in the area of health and safety performance.

The health and safety performance of contractors will represent a key criterion used in the selection process. Wherever contractors seek to work for BT, their health and safety policy and performance must equal or better the standards achieved within BT.

## Implementation

These processes and structures support the implementation of our Health and Safety Guiding Principles.

### Each of BT's lines of business will:

- Appoint a health and safety champion who is a direct report of the line of business CEO .
- Produce an annual health and safety plan, with objectives, targets and responsibilities
- Prepare an annual health and safety report demonstrating the work done towards meeting its health and safety commitment

and measuring its performance against the standards set in the annual plan

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

## Stress management

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

### BT's strategy for mental wellbeing

People feel stressed when they cannot cope with pressure in their lives – at work and at home. We are committed to ensure that unreasonable demands are not made on our people and that

they lead balanced lives.

We do this through job design, resourcing (making sure jobs are done by people with the right competences), training and development, and people management. We provide support to employees affected by stress caused by pressure in their private lives.

Our strategy is in three phases: primary, secondary and tertiary.

**Primary** – Reducing stress at source through workplace and job design

We use a number of tools to identify, manage and, where possible, eliminate the causes of work-related stress. To do this, we provide our employees and their managers with comprehensive guidance on the causes of stress and how to avoid problems, at the personal and organisational level.

We launched the Dealing with Stress internal website during the 2004 financial year. This includes BT's stress management-related resources and access to specialist teams.

**Secondary** – Identifying early signs of stress and supporting individuals

STREAM, BT's Stress Assessment and Management tool, provides us with organisational stress profiles and reports. It helps us identify work pressures that cause stress and recommends control measures that employees and their manager can use. STREAM also provides BT with essential (but anonymous) management information on the mental wellbeing of our employees.

**Tertiary** – Assisting established cases cope and recover.

Work can play an important part in recovery from mental health problems.

We consider it very important that managers and colleagues keep in touch with individuals during stress-related absences because it helps minimise the problems of isolation and de-motivation.

In the 2004 financial year, as part of BT's Total Health Management (THM), we introduced a new initiative. Absence Case Advisors send letters of support to people who are absent with a stress-related illness on behalf of BT's

Employee Assistance Programme. This includes women with post-natal depression.

Formal support for people with work-related or private problems is also offered through the Employee Assistance programme (EAP) – a confidential service that is available online or via the 24-hour helpline. Line Managers can get support from the Employee Assistant Management Team (EAM) – a confidential service available online or via the helpline.

## Occupational road risk management

BT operates a fleet of about 32,600 vehicles in the UK. This means there is a significant risk of injuries to our people and the general public from road accidents.

We are developing a groundbreaking approach to the management of occupational road risk. Drivers are individually assessed and the factors contributing to higher risk of accident are identified. Drivers are then offered tailored support to minimise those risks. In the 2004 financial year, around 25,000 BT drivers took part in our Starting Point programme. The initiative was commended by the UK-based national road safety charity, BRAKE.

## Working with our Partners in the BT Unions

In the 2004 financial year, we made a new agreement with the Communication Workers Union and Connect on the role of safety representatives. The agreement formalises the arrangements for the training of safety representatives and establishes a framework to promote co-operation between BT managers and the employee representative bodies. This partnership enables us to deal with health and safety issues in a non-political and non-confrontational manner. This ultimately helps us improve the protection of our people.



## Offices worldwide

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Registered office: 81 Newgate Street, London EC1A 7AJ  
Registered in England No. 1800000

Design by Red Letter Design



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