

Stakeholder Dialogue

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better
world



Stakeholder dialogue

Part of our management of corporate social responsibility is to develop good relationships with our stakeholders. Six groups are particularly important:

- Customers
- Employees
- Suppliers
- Shareholders
- Partners
- Community

Keeping customers satisfied is vital to our continued success. We conduct more than 2,000 face-to-face interviews with residential customers every month to assess customer satisfaction with BT. Feedback helps us to improve our service.

We regularly engage with organisations on major issues that have, or will have, an impact on BT's business. For example, in the 2006 financial year BT published a report on the future of [broadband in the next five years](#), to stimulate debate around how broadband can transform business as well as society and the environment. For more information, see [Sustainability](#).

We also hold quarterly meetings with the UK Environment Agency and meet twice a year with our two unions, the Communications Workers Union and Connect. In addition, BT is a member of the European Telecommunications Network Operators Association (ETNO) environment forum and the UK Council for National Parks corporate forum.

Our [Statement of Business Practice](#), The Way We Work, sets out the aspirations and commitments which apply in our relationship with each stakeholder group.

Here we discuss:

- The ways we engage with the different stakeholder groups
- Our Leadership Panel
- Stakeholder influence.

You can provide feedback on our social and environmental performance by emailing us at yourviews@bt.com.

Stakeholder engagement

We engage with our stakeholders in many ways and learn from them all the time.

We describe in the individual report sections our relationships with particular stakeholders, their evolution, and the related policies and decisions we have taken as a consequence. Here are some examples of how we engage.

Customers

- Consumer Liaison Panels
- BT Business Panels for our large and small corporate customers
- Surveys of customers on quality of service and future expectations

Employees

- Our annual employee survey
- Relationships with trade unions
- The BT European Consultative Works Council
- BT Talking Point - a moderated online discussion forum.



Suppliers

- Our supplier satisfaction survey
- Ethical trading forums with key suppliers and industry colleagues.

Shareholders

We present our sustainability performance to financial analysts specifically interested in the social and environmental performance of companies.

Partners

Find a description of our relationship with joint ventures and wholly owned subsidiaries on social and environmental issues in our [Statement of Business Practice](#).

Community

An annual MORI survey of the general public tells us that communication skills and helplines should be a top priority for our social investment. The community section describes how we manage and distribute this investment. From the same survey, recycling as much as possible and using energy from renewable sources is top of what the public wants to see from BT.

Leadership Panel

The Leadership Panel is an external advisory group of experts renowned for excelling in their field. The panel has six members:

- Jonathon Porritt, Chair of the Panel and Director of Forum for the Future, a UK sustainable development think-tank
- Kate Fish, Managing Director of BSR Europe, a business membership NGO working in the field of CSR. Kate joined the panel during the 2006 financial year.
- Mark Goyder, Director, Centre for Tomorrow's Company, a UK think-tank
- Rob Lake, Head of SRI Engagement and Corporate Governance, Henderson Global Investors
- Elizabeth Laville, Director of Utopies, a Paris-based sustainability consultancy
- Jorgen Randers, Professor at the Norwegian School of Management, Oslo.

The panel encourages innovation and leadership on sustainable development and corporate social responsibility in BT. It meets four times a year and provides independent guidance and expert advice.

Responsibilities cover key areas of CSR strategy and performance, including policy, performance measures, targets, future objectives, governance, stakeholder relationships and external communications.

The panel provides an annual [independent comment](#) for this website.

Stakeholder influence

We engage with our stakeholders in many ways to ensure that we understand their needs and views.

For example:

- We conducted a survey to find out which top social and environmental issues our stakeholders think BT should be acting upon. This has [influenced our CSR reporting](#) this year.
- Best practice examples on labour and environmental standards - and their importance to BT – were highlighted at an [event with our twenty-first century network \(21CN\) and call centre suppliers](#).
- We are replacing our 20-year-old [Consumer Liaison Panels](#) with a programme where we visit customers in their homes and offices to understand their needs. This will help us provide better products and services.
- We are setting up [Community Committees](#), made up of employee representatives, in our key countries to ensure a local perspective on our community, charity and volunteering activities. Groups in Ireland and Spain are in place.



- We hosted an [international workshop for senior executives](#) to debate and share best practice around the major diversity challenges facing global ICT organisations.

As with any social interaction, it is virtually impossible to draw direct causal links between stakeholder views and our subsequent actions. We do, however, remain convinced that such engagement informs our decisions and is essential to our continued success.

Influencing BT's Social and Environmental Report

Stakeholder consultation has significant bearing on the content of this report.

Materiality

In the 2006 financial year, we researched which social and environmental issues our stakeholders think are most important for BT. In most cases, the issues identified by our stakeholders were also defined as 'material' by BT and wider society and were included in our reporting. There were some issues that BT considered important that were not identified as significant in our stakeholder research, for example, supply chain working conditions, ethical marketing and advertising and health and safety. There are several reasons that might explain these inconsistencies. For example, some issues such as working conditions in the supply chain are relatively new for BT and many stakeholders may not be aware of their significance.

Hot topics

Using robust selection criteria approved by our Leadership Panel, we analyse various opinion polls, BT's stakeholder consultations and press coverage to identify topical issues of concern to BT and society that will interest, engage and educate the reader. As a result, [What would a genuinely carbon neutral BT look like?](#), [Privacy in the Digital Networked Economy](#) and [Good Migrations?](#) have been included among our [Hot topics](#).

Indicators

In June 2003, we established a small number of key performance indicators (KPIs) to provide an overview of BT's social and environmental performance. It followed a consultation exercise involving report users, such as investors, customers and employees, and outside experts, such as the BT Leadership Panel.

We review our KPIs yearly, introducing new ones when necessary. In the 2006 financial year, our [materiality process](#) resulted in most of our KPIs remaining unchanged. During the 2007 financial year, we will introduce a new measure for digital inclusion. We will also develop a KPI for the outcomes of our community investment, to support the KPI of financial contribution.

We follow the 2002 Global Reporting Initiative (GRI) Guidelines and its telecommunications sector supplement.

Other content

Stakeholder dialogue influences each section of the report. For example, the [Investors](#) section was developed after close consultation with analysts. The [Customers](#) and [Employees](#) sections cover issues that we know to be of concern to these groups, such as services for customers with special needs and support for customers receiving malicious and nuisance calls.

Since June 2003 our verifiers have assured our report against the AA1000 Assurance Standard.

The underlying basis of this standard is inclusivity. It requires our report to reflect the interests and concerns of stakeholders, both in its content and in terms of demonstrating BT's response to these issues.

More details on how we have applied AA1000 Assurance Standard are found in the [About the Report](#) section of this report.



Influencing BT's Social and Environmental Report - Key Performance Indicators

| Indicator | Description | Measure | Target |
|--|---|---|---|
| Customer Satisfaction | A measure of satisfaction across BT's entire customer base* | There was a 3% increase in satisfaction during the 2006 financial year. | To increase the number of extremely and very satisfied customers by 5% during the 2007 financial year. ‡ |
| Employee Engagement Index | A measure of the overall success of BT's relationship with its employees | The Employee Engagement Index was 65% during the 2006 financial year. | To maintain or improve the Employee Engagement Index at 65% during the 2007 financial year. |
| Diversity | A measure of the diversity of the BT workforce | 22.1% Women (15.8% of senior) ◆, 9.2% Ethnic Minority (7.4% of senior), 2.0% Disabled (0.59% of senior) | To establish a new diversity index, to take account of BT's growing global activities, during the 2007 financial year. |
| H&S: Lost Time Injury Rate | Rate of Lost Time Injury Incidents expressed as a rate per 100,000 hours worked on a 12-month rolling average | 0.281 cases per 100,000 working hours | Reduce to 0.242 cases per 100,000 hours during the 2007 financial year. |
| H&S: Sickness Absence Rate | Percentage of calendar days lost to sickness absence expressed as a 12-month rolling average | 2.35% calendar days lost to sickness absence | Reduce to 2.26% calendar days lost due to sickness absence during the 2007 financial year. |
| Supplier Relationships | A measure of the overall success of BT's relationship with its suppliers. | The Supplier Relationships measure was 89% during the 2006 financial year. | To run the survey on a bi-annual basis and achieve more than 90%. † |
| Ethical Trading | A measure of the application of BT's supply chain human rights standard. △ | During the 2006 financial year there were 230 risk assessments with 100% follow up. | To achieve 100% follow up within three months for all suppliers identified as high or medium risk during the 2007 financial year. |
| Community contribution | A measure of our investment in society | During the 2006 financial year BT provided £21.3m in funding and support in kind. | Maintain a minimum investment of 1% of pre-tax profits and trial a new measure of community programme effectiveness during the 2007 financial year. |
| Global Warming CO2 emissions | A measure of BT's climate change impact | 2006 financial year CO2 emissions were 0.64 million tonnes, 60% below the 1996 level. | Cap 2010 CO2 emissions at 25% below 1996 levels |
| Waste to landfill and recycling | A measure of BT's use of resources | 59,665 tonnes to landfill (58%) and 42,340 tonnes recycled (42%). | To reduce the tonnage of waste sent to landfill by 5% during the 2007 financial year. |
| UK Addressable Broadband Market | A measure of the geographical reach of broadband | 99.7% of UK homes and businesses have access to broadband. | To maintain at 99.7% and actively look for economic opportunities to extend during the 2007 financial year. A new target will be developed for the 2008 financial year. |
| Ethical Performance Measure | A measure of our progress in acting with integrity | During the 2006 financial year the Ethics Performance Measure was 72%. | To maintain the Ethics Performance Measure at 72% during the 2007 financial year. |

* revenue weighted.

‡ this is a revenue weighted measure and is combined with a target to limit the levels of dissatisfaction to March 2006 levels.

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

† Next survey due in the 2008 financial year. See archived reports for earlier measures.

△ risk assessments are based on completed questionnaires



Stakeholder dialogue - Key Performance Indicators

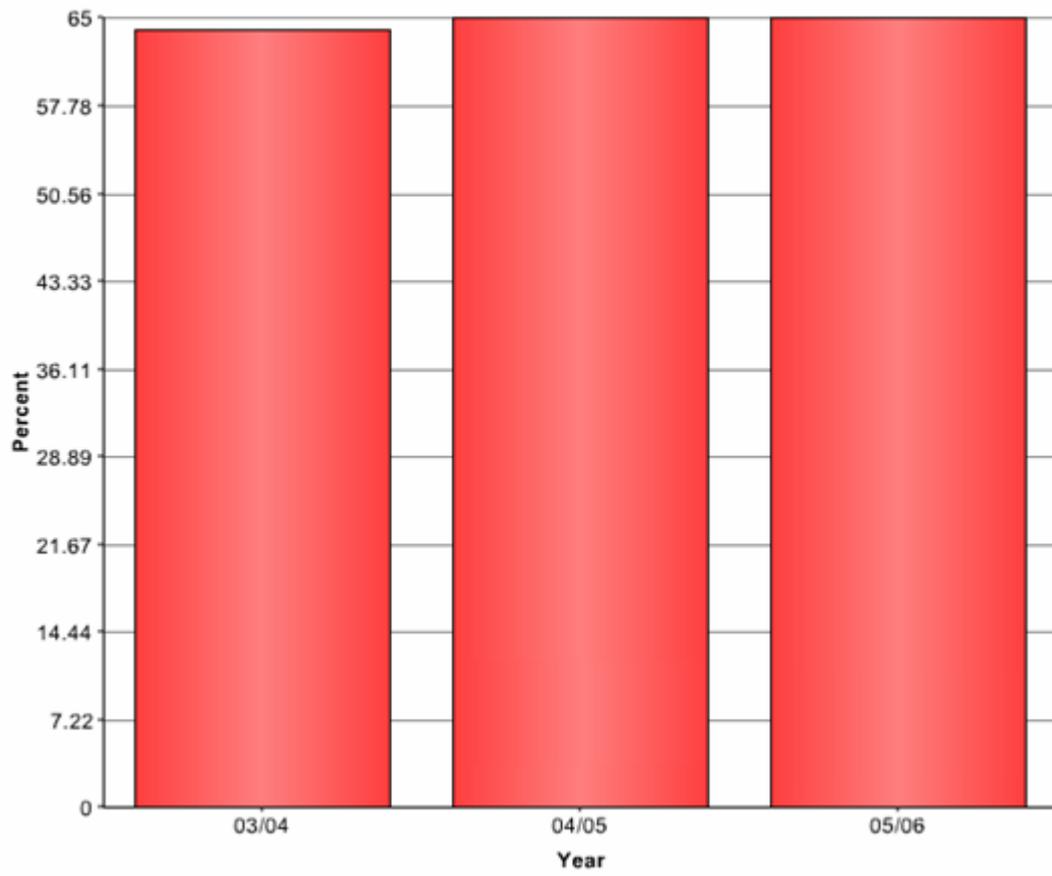
| Indicator | Description | Measure | Target |
|----------------------------------|--|---|---|
| Employee Engagement Index | A measure of the overall success of BT's relationship with its employees | The Employee Engagement Index was 65% during the 2006 financial year. | To maintain or improve the Employee Engagement Index at 65% during the 2007 financial year. |

Stakeholder dialogue Targets

| Start Date | End Date | Description | Update | Target Status |
|-------------------|-------------------|---|---|---------------|
| April 2006 | March 2007 | BT will maintain or improve BT's EEI, which is currently 65%. | | New |
| April 2006 | March 2007 | BT will extend its CSR stakeholder research in 4 countries that are still to be identified but which are strategically important to our business in order to expand understanding of our global stakeholder expectations on CSR and to inform current and future planning of BT's CSR programmes and activities around the globe. | | New |
| April 2005 | March 2006 | The percentage of all UK Adults participating in the MORI survey who agree with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will reach 51% up from 50%. | Percentage of UK adults who agreed with the statement was 52%, against the target of 51%. | Completed |
| April 2005 | March 2006 | The percentage of BT employees agreeing with the statement that 'BT takes its responsibilities to society and the community very seriously or seriously' will remain at 90%. | We achieved 89% against the target of 90%. | Failed |
| April 2005 | March 2006 | We increase the Employee Engagement Index to 66%. | The employee engagement index for the 2006 survey was 65%, 1% under target. | Failed |
| April 2005 | March 2006 | We will repeat a measure of BT's supplier relationship and achieve more than 90%. | The survey result was 89%, just short of our target. | Failed |



Employee Engagement Index



Awareness of Statement of Business Practice

