



# British Telecommunications plc

## Modern Slavery Act

### Transparency Statement

#### 2017/18

This is BT plc's third Modern Slavery Act Transparency statement, following the Modern Slavery Act 2015. It covers the financial year 2017/18, and you can read our statements for other years [here](#).

## About us

We're one of the world's leading communications services companies. We're based in the UK and serve customers in 180 countries.

We sell fixed-voice, broadband, mobile and TV products and services to individuals and households in the UK. For businesses we offer communications services ranging from phone and broadband through to complex managed networks and IT services and cybersecurity protection. Many public services rely on our technologies and in the UK and Ireland we help other communications providers to serve their own customers.

Our 105,800 employees work in 59 countries; 82,200 of them are in the UK. You can find more about our business [here](#).

## Our approach to human rights

We believe everyone is entitled to basic rights and freedoms, whoever they are and wherever they live. We have a long-standing commitment to respecting human rights, including:

- as part of our ethics code
- as a signatory to the UN Global Compact since it started in 2000
- in our commitment to implementing the United Nations Guiding Principles on Business and Human Rights.

And we have a dedicated human rights team who report into our Human Rights Steering Group (made up of senior executives) and to our Executive Committee and Board.

# Modern Slavery and Human Trafficking

**Nobody should be forced to undertake work against their will. But millions of people around the world are exploited and forced into work. And they often suffer physical, psychological and sexual abuse in the process.**

We want to make sure modern slavery isn't taking place in our own business or supply chain. We've a long-standing policy: we don't use or accept forced, bonded or involuntary prison labour or child labour. We don't demand deposits or hold onto our workers' identity papers, or work with businesses that do. We only work with people who choose to work freely. We believe in equal opportunities, freedom of association and collective bargaining. We spell this out in our [ethics code](#), our human rights policy and live it through our supplier standard on working conditions, [Sourcing with Human Dignity](#).

In 2015, in response to the Modern Slavery Act, we set up a Modern Slavery Working Group as part of our overall human rights programme. It's made up of our Head of Human Rights, Head of Procurement Governance and Sustainability and members of our employee relations, legal, compliance and sustainability teams. They're responsible for our ongoing programme to prevent modern slavery and human trafficking in our business and supply chain, and the way we report that to comply with the Modern Slavery Act<sup>1</sup>.

## At a glance

This year, we:

- joined the Responsible Business Alliance to help us analyse our supply chain
- built an app to help anyone spot the signs of modern slavery and report it easily
- trained our procurement and recruitment teams with the anti-slavery charity Unseen
- introduced '[The Employer Pays Principle](#)' – a pledge that no worker should pay for a job
- created our overarching human rights policy
- joined the Government's Business Against Slavery Forum founded by the Home Office, with other organisations
- organised a conference to talk about modern slavery and human trafficking in tech
- used external experts to review our supply chain risk methodology
- checked our recruitment processes through a modern slavery lens
- assessed our recruitment agencies in India to check they're in line with our standards
- added a filter in our procurement process to assess the skill level of our suppliers' workers
- assessed our human rights impact in key countries outside the UK
- agreed to be part of the pilot [Workforce Disclosure Initiative](#).

<sup>1</sup> In 2016 we took external legal advice on our approach to the reporting requirements under the Modern Slavery Act. This year we took further advice to keep us in line with the updated Home Office guidance.

# We're a global company run from the UK

While we're a large (and fairly complex) company with global operations, the majority of our people (around 80%) and the largest part of our supply chain spend (78%) are in the UK.

As a result, our recruitment and procurement policies and processes are run from our London headquarters and apply across the BT group.

## Our supply chain

We buy a huge range of things – from hardware to corporate clothing to waste disposal services. Some of these things are for our own business (like catering) and some we use as part of what we sell to our customers (like IT equipment). Except for BT Cables, who make cables and accessories for a number of key market sectors from their factory in Manchester, we don't make things ourselves.

We don't handle raw materials either – we rely on our suppliers to do that for us. See our policy on Conflict Minerals [here](#).

In this supply chain, the highest risk areas for modern slavery and human trafficking are the companies selling their products or services to our 18,000 direct suppliers – they are the lower tiers of our supply chain. These are the companies selling their products or services to our direct suppliers. The supply chain for the electronic equipment we buy is particularly complicated and has many layers – electronics are made up of many thousands of parts, from all over the world and an ever-changing group of suppliers.

With these risks in mind, we have a set process to assess our suppliers for risks of modern slavery and human trafficking, which we explained in our statement last year.

This process includes:

- requiring them to fill out our Sourcing with Human Dignity questionnaire
- evaluating them using EcoVadis – an independent organisation
- doing a deeper assessment on medium and higher risk suppliers
- requiring all our suppliers to comply with our contractual standards on [worker rights](#). You can read more about this [here](#).

## What we've done this year

### Risk assessment: skill level

With 18,000 direct suppliers, we need to prioritise ones with higher risks of modern slavery and human trafficking.

Where we're buying from and what we're buying are key criteria for us. This year we've also fine-tuned our approach to bring in another factor: skill level. If workers for a supplier are highly skilled, they're generally at a lower risk of modern slavery and human trafficking. That's because they're more likely to be in demand, and are in a better position to make informed and independent choices about where and who they work for. The inverse also applies: in roles where people don't need specific skills, the risk of modern slavery and human trafficking is higher.

### Our contact centre workers in India

We were interested in the skill level of our contact centre workers in India, so we talked to the local recruitment team.

They told us these teams are highly educated, often to university level. They need to be able to speak and understand English fluently to do their job – speaking with UK customers. There's also competition for the best staff, since there are lots of global contact centres based in India and people can easily move between employers. So we concluded the risk of modern slavery in these teams is likely to be low.

### Our assessment programme

This year we've focussed on suppliers such as recruitment agencies, suppliers of our consumer goods like home hubs and set top boxes, and suppliers of our energy and power systems, device suppliers, guest houses and taxi services in India. And we did a follow-up assessment in Taiwan.

### Guest houses in India

We had a few guest houses in India on our supplier list – just in case we needed them as a back-up for staff in our Indian offices. Although we hadn't needed to use them yet, we decided to assess them in detail against our Sourcing with Human Dignity Standard.

We found they had poor safety and hygiene standards, and there were no identity checks on their staff. Our internal auditors pointed these out, but the owners still didn't make any changes – so we decided to end the contracts.

### Recruitment agencies in Delhi

We assessed four of our biggest recruitment agencies in Delhi and found three of them lacked a detailed understanding of the Modern Slavery Act. This was also reflected in their policies, which showed little evidence of modern slavery training and no remedy or grievance mechanisms in place for workers.

So far, we've recommended steps to bring the suppliers up to our standards. We've given them advice on the policies and actions they need to take (on top of training) to spot signs of modern slavery. We've also told them to make sure nobody's charged a recruitment fee, which is spelled out in our contract with them.

We'll go back and assess them to make sure they've put these things into place.

### An update on one of our suppliers in Taiwan

In last year's statement, we spoke about one of our supplier's factories in Taiwan – we'd found they were withholding migrant workers' passports. We told them to change this, and they said they would. When we returned this year, the workers we interviewed said working conditions had improved and they didn't have to turn over their passports to the factory.



### Going deeper into our supply chain

As we mentioned earlier, our supply chain for electronic equipment (approximately 38% of our spend) is complicated and multi-layered.

One of our biggest challenges is how we assess companies beyond our immediate contractual suppliers. We've joined the Responsible Business Alliance (RBA) to help with this – they're a non-profit coalition of electronics companies committed to supporting the rights and well-being of workers and communities worldwide affected by the global electronics supply chain. Among other things, being part of the RBA will let us see audit reports of our lower-tier suppliers.

### Checking our approach

In last year's statement, we said we'd check our analysis of our supply chain to make sure our assumptions and findings were correct. This year we asked BSR (Business for Social Responsibility) – a global non-profit organisation focussed on sustainability issues – to check our risk approach as independent experts, and to suggest improvements.

Their overall assessment was positive. They recognised that 'the overall filtering system you have is robust, practical, and aligned with best practices at other tech and non-tech companies'. They were pleased to see we include suppliers we use for our day-to-day operations in our assessment, and that we've started to use skill level as a way of identifying vulnerable workers.

They suggested we could pilot an assessment into a very high risk tier 2+ supplier, or a commodity. They also suggested we work with other companies, government partners, or civil society organisations to explore the systemic, underlying root causes of forced labour for our sector.

As a result, we're planning to analyse our full supply chain for one of our high profile electronic products. This will track the route of each component part, from source to becoming something our customers can buy. We'll report on our progress in next year's statement.

### Improving our processes

This year we've strengthened the ethical questionnaires we send to potential suppliers. We've included specific questions on modern slavery and human trafficking. We've also improved our on-site assessment questionnaires, using the [Stronger Together](#) examples to guide our approach. We've changed the questions that we ask to be more in depth, with fewer 'yes' or 'no' responses, which we hope will give us more detail on each of our suppliers. We used these when we assessed our biggest recruitment agencies in India this year.

We think our biggest suppliers are likely to have more mature processes to identify risks of modern slavery and human trafficking, but to make sure, we're building these issues into the regular review conversations we have with them.



## Our operations: an overview

We're one of the largest employers in the UK. Although we have 105,800 employees globally, around 80% of our people are based in the UK.

Our teams are a mix of manager and professional roles, engineering, technical, customer facing and some specialist and support roles. Our cleaners, housekeepers, security and ground maintenance people, who work in our buildings, were brought back into a wholly owned BT company in 2012 – BT Facilities Services (BTFS).

In [last year's statement](#), we described our people processes in depth:

- how we work to inspire everyone who works for us to do their very best
- our development programmes and the ways we get feedback from our people
- our diversity and inclusion programmes
- our stance against zero-hours contracts for our people.

If we look after our people well, and listen to them, it'll help reduce the chance that modern slavery could be found in our own business operations.

In 2015 we asked an external law firm to conduct a human rights impact assessment on our UK business to check our approach. They found we had strong processes to manage human rights, like our diversity and wellbeing measures. You can read more about the assessment [here](#).

Still, it's important to keep checking up on these things. We think the risk of modern slavery or human trafficking in our own business is likely to be lower, as 80% of our people are based in the UK, and we do most of our recruitment ourselves. But we know that the Home Office estimates that at least 13,000 people in the UK are living in conditions of slavery – so we can't be complacent.

### What we've done this year

This is what we've done this year to improve our approach.

#### Our recruitment policy

We finished bringing together the BT and EE recruitment policies, so there's a single approach across the group.

We also added something extra to our recruitment policy; we should never charge fees to candidates (either directly or indirectly) when we're hiring them. We made this change in our contracts with recruitment agencies last year. So all our hiring processes now take the same approach, whether someone is recruited by us, or by an agent on our behalf.

#### Our recruitment process

We've reviewed our recruitment process and procedures for BT, EE and BTFS in detail. We went through each company's process step-by-step to decide if there was anything we could add to lower the risk of modern slavery and human trafficking.

Interviewing	We added questions to check candidates aren't being charged to get to interview stage.
Aptitude test	We now make sure the tests are regularly changed, so nobody can be coached to pass.
Pre-employment checks	BTFS have added bank account checks to make sure a worker's bank account is in their name – and they check again every quarter. If anything changes, they ask the employee about it.
Hiring managers	Hiring managers need to be able to spot the signs of modern slavery early on in the recruitment process, so it's really important we have information and training readily available. BTFS have already included modern slavery training in their annual update for hiring managers.

#### Skill level as an indicator of risk

This year we focussed on skill level as a potential indicator of who might be more vulnerable to modern slavery and human trafficking. We've taken this approach in our supply chain processes, and considered it for our own business too. We've worked closely with BTFS because many of their staff provide cleaning and security services – sectors which are known for their prevalence of modern slavery.



# How do we prevent modern slavery and human trafficking?

We have a number of policies in place.

Our ethics code sets out our values and explains how we expect our people – and everyone who works on our behalf – to behave. It's available in 14 languages, so all our employees and people who work on our behalf around the world can understand it.

We're just finalising our new ethics code. So while it already covers our respect for human rights (including our requirements on working conditions), our new ethics code will include more detail on modern slavery and human trafficking.

Our Sourcing with Human Dignity standard is in all our supplier contracts. It sets out our requirements on working conditions for people in our supply chain: freely chosen employment, prevention of underage workers, working hours, wages and benefits, humane treatment, non-discrimination, freedom of association and collective bargaining, and health and safety.

## What we've done this year

### Human rights impact assessment and policy

We've been pulling together our existing policies on human rights issues into one over-arching human rights policy. This has been approved by our Executive Committee and will be launched later in 2018. It covers our potential impacts on human rights, and what we do to address these.

As part of the development of our policy, we assessed our human rights impact in key countries outside the UK with the help of a law firm. As part of that review, we looked at potential impacts on our employees, and our procurement processes.

### Speaking Up

We work hard to create a culture where anyone who is worried about an ethical issue feels confident to speak up about it, even if they just have a suspicion. They can report their concerns on the phone or online through our independent Speak Up service – anonymously if they prefer (subject to local laws). It's open to employees, contractors and suppliers.

This year, we made Speak Up more visible on our intranet homepage and introduced a FAQs section to help people better understand how it works. We emphasise that all reports are confidential and people don't need to have evidence to raise a concern.

Following this change, this year:

- **482 people raised concerns about a range of ethical issues**  
That's 63% more than last year, indicating our efforts to increase awareness are working.
- **We took further action on almost 27% of the cases we closed**  
That included a mix of disciplinary action, coaching or training, and improvements to our policies or procedures. The rest of the cases were found to be unsubstantiated, duplications or follow-ups of existing cases. We redirected some to more appropriate channels.
- **We started giving detailed reports to senior managers**  
They need to identify areas where we may have to do more to raise awareness, and to share any recurring themes that may crop up from the concerns raised. We also launched a new system to record incidents we deal with locally. This'll help us keep track of common issues so we can prevent them.

By way of example, one of the ethical concerns raised related to the withholding of passports. Experts told us that this can be a routine practice in some regions and the [UN Special Rapporteur](#) on the human rights of migrants has reported this happening systematically, particularly in respect of workers considered "low-skilled". This practice is against our policy.

To address the issue of withheld passports, following an initial investigation we asked our sub-contractor to put their sub-contractor onto BT standard procurement terms, which includes our Sourcing with Human Dignity standard. We talked to an external human rights consultant about further action to take which would not endanger the workers involved. Following their advice, our local legal team conducted additional training on our procurement standards with our buyers (including those of our sub-contractors) in the region. They talked about modern slavery and our expectations that workers' passports must not be withheld. We've received confirmation<sup>2</sup> that they will not withhold passports, however we will continue to monitor this situation.

<sup>2</sup> We received confirmation of this outside the reporting period for this statement

# Training and awareness

Everyone who works for us has to complete training on our ethics code when they start. They also have to repeat that training every year, and we monitor the number who've done it. We send reminders to anyone who's due to do their training – we think it's important that our people take the time to learn the issues and how they affect their everyday working lives. By the end of March this year, 99.5% of BT people (excluding anyone on parental or long-term sick leave) had done the training.

The course includes a human rights module, which we'll update to specifically address modern slavery and human trafficking as part of the launch of our revised ethics code.

All our buyers have to complete Corporate Social Responsibility and Sustainability Awareness training. This includes learning about our Sourcing with Human Dignity standard.

## What we've done this year

We've introduced specific modern slavery and human trafficking training across our business.

### Our buyers and recruiters

We've trained our procurement and recruitment teams on what modern slavery and human trafficking is, how to spot the signs, and how it affects our business. We've also shown them the practical steps they can take in their day-to-day jobs to prevent it in our business and supply chain. The anti-slavery charity Unseen did the training, using their knowledge to present and answer questions on modern slavery and business. The training is available on our Academy Learning pages for everyone in our business.

### Legal Governance and Compliance community

We presented to our legal, regulatory and compliance community on modern slavery and human trafficking. Their work crosses the whole spectrum of what we do globally. By training this community, we want to embed modern slavery and human trafficking awareness into everything we do.

### BTFS

This covers cleaning and security teams. We incorporated a modern slavery module into the annual training for their recruitment specialists and human resources teams. We identified BTFS' workers as our highest risk for modern slavery in BT in the UK.

### 'Teaser' training:

We've introduced 'bite-sized' learning, where questions on modern slavery are emailed directly to employees. We sent out an email reaching 27,000 employees asking them to answer a question by picking the right answer. It wasn't compulsory, and the primary aim of this type of training is to raise awareness.

"Modern slavery and human trafficking are crimes, which are by their very nature hidden. We could all walk past a person living in conditions of slavery every day without realising – in a house, at our local car wash or nail bar, or even colleagues who we work alongside both at home and abroad."

### Do we need to be concerned about modern slavery and human trafficking in our day to day jobs at BT?

#### Choose the correct response

- Modern slavery is not something BT needs to worry about because it only affects people who work in low-skilled jobs, such as factories and domestic work.
- Our processes and procedures make sure that there would never be people working in conditions of slavery as BT employees or as workers in BT's supply chain.
- It's only a problem in countries where poverty and crime rates are high.
- Modern slavery is hidden; it could be in places where we least expect it. We all have a responsibility to be alert and report any concerns.

### What were the results?

80.6% of those that answered chose the correct answer. Of those who got it wrong, most selected option B. So many believe our processes and procedures are robust enough to keep modern slavery and human trafficking at bay.

We'll keep sending out an annual teaser on modern slavery to refresh people's knowledge.

# How do we measure our effectiveness?

- We have committees to monitor, at least quarterly, how many people do their mandatory training against our targets. (They're our Customer Facing Unit Audit and Risk Committees and Regional Governance Committees.)
- Everyone who works for us has to do annual training on our ethics code. This year, 99.5% of our people (excluding anyone on parental or long-term sick leave) have done the training; so we're up on 99.3% last year.
- This year we conducted 52 on-site assessments of our suppliers, compared with 63 last year.
- All of our people have a chance twice a year to feed back their own experience of working with us in our anonymous employee survey 'Your Say'. This year around 86% of employees responded; the same as last year. We had improved overall engagement at 74%, compared with 71% last year.
- Our global, confidential Speak Up helpdesk gives people an easy way to flag unethical behaviour. This year we made the helpdesk easier to find, and we introduced FAQs to help people report issues. 482 concerns were raised this year, compared with 296 last year.
- Our employees' perception of our ethical performance stood at 83%, compared with 76% last year.

## Working together

While there's always more we can do in our own business and supply chain, working with others helps to address systemic issues which lead to modern slavery.

### What we've done this year:

In June 2017 we co-sponsored a summit of international experts to explore the role of technology in tackling modern slavery. Building on the [findings](#), we're working to establish an industry initiative to focus on how companies can work together to understand the challenges and opportunities for technology to help end modern slavery.

In October 2017 our chief executive joined the Business Against Slavery Forum hosted by the Home Office. It's a way for companies to drive change when it comes to spotting and tackling modern slavery. We're now working on a number of the initiatives we've learnt about through the Forum, including:

- a UK work placement programme for survivors of modern slavery
- knowledge sharing through conferences
- exploring the potential for communications to increase awareness and data driven approaches to tackling modern slavery and human trafficking.

We've also worked extensively on a human rights tool for broadcasters – there's more on that below.

We've continued to support the UK Modern Slavery Helpline, partnering with anti-slavery charity Unseen – for more details read our [Delivering Our Purpose Report](#). Our partnership with Unseen was nominated as a finalist for the 'Corporate National Partnership Champion' category at this year's Charity Times Awards.

Every year we challenge our employees to come up with a business idea to improve the lives of our customers. We call this tournament the Challenge Cup. One of this year's entries developed an app on how to spot the signs of modern slavery and then report any concerns or worries at the press of a button. We've worked with Unseen on this to add to the Modern Slavery Helpline resources. It will be available for free download – for more details go to [their website](#).

The country manager of our business in India was a panel member at a human rights and modern slavery event in Delhi. It was organised and hosted by Marks and Spencer, and the purpose was to raise awareness with other businesses.

### Sport and human rights

Big sport events have a hugely positive social impact. But they can also carry human rights risks like labour rights violations and community displacement. All through the year we've continued working with the participants in the Mega-Sporting Events Platform for Human Rights. With input from other broadcasters, we've created a tool to identify human rights risks when broadcasting. We presented it at the second [Sporting Chance Forum](#) in November 2017, and our BT Sport team are trialling the tool in their compliance processes.

### County lines

This is the police term for urban gangs supplying drugs to regional towns using dedicated mobile phone lines (or 'deal lines') which effectively represent their 'brand'. It involves child criminal exploitation, as gangs use children and vulnerable people to move drugs and money. Our legal team worked with the [Home Office](#) and National Crime Agency to help develop a legal mechanism to identify existing legal powers to tackle the issue. As a result, the Home Office successfully tabled an amendment to the Digital Economy Act which now allows the police to apply for a Court Order to block the mobile phone numbers these gangs rely on.



# Our progress – what we said we’d do last year

## Make our governance stronger

- Strengthen our pre-contract supplier questionnaire and evaluation criteria
- Improve our Sourcing with Human Dignity standard
- Finalise the changes to our ethics code
- Update our internal recruitment policy

## Improve awareness

- Train our internal recruitment team on modern slavery
- Launch improved ethics code training to better address modern slavery
- Scope a modern slavery module on our Academy Learning platform

## Collaborate more

- Bring together technology companies and law enforcement to tackle human trafficking
- Use our Better Future Supplier Forum approach to engage industry partners to collaborate on projects

## Check our approach

- Benchmark our procurement processes against industry standards
- Review and update our 2015 modern slavery risk methodology with external experts
- Review and improve the way we track and monitor on-site supplier assessments
- Develop our KPIs on modern slavery

We met all of our commitments except two.

We didn't make the changes to our current ethics code, because we're moving to a new ethics code in 2018. We'll include the changes there. We disbanded our Better Future Supplier Forum into a new sustainability assessment tool, which includes information on our Sourcing with Human Dignity standard. We've explained how we collaborate on modern slavery issues in detail above, and we regularly join and present at industry conferences on the subject.

# Our plans for the year ahead

We'll keep building on the work we've done this year, and look for other ways to improve.

Here's what we'll focus on in 2018/19:

## Making our governance stronger

- Launch an overarching human rights policy across our business
- Look into how we can make more of the 'Employer Pays Principle'

## Improving awareness

- Get more of our people trained on the subject
- Launch our new-and-improved ethics code training to better address modern slavery
- Send a teaser question out to more of our people
- Consider translating our Sourcing with Human Dignity standard into another language

## Collaborate more

- Look into how we can expand our Work Ready programme to survivors of modern slavery
- Launch the Modern Slavery Helpline app we've developed with Unseen
- Start an industry initiative to collaborate on the challenges and opportunities for tech to help end modern slavery

## Checking our processes

- Use our RBA membership to assess lower tiers of our supply chain
- Analyse one of our products from start to finish to get better sight of our supply chain
- Check our supplier assessment protocol against RBA audit criteria

This statement covers 1 April 2017 to 31 March 2018.



**Gavin Patterson**  
**Chief Executive, BT Group plc**

This statement's been approved by the boards of directors for the following companies.  
They all delegated authority to Gavin Patterson to sign this statement on their behalf.

- British Telecommunications plc
- BT Business Direct Ltd
- BT Cables Ltd
- BT Facilities Services Ltd
- BT Fleet Ltd
- BT Global Services Ltd
- BT Lancashire Services Ltd
- BT Ltd
- BT Managed Services Ltd
- Communications Networking Services (UK)
- EE Ltd
- Plusnet Ltd

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