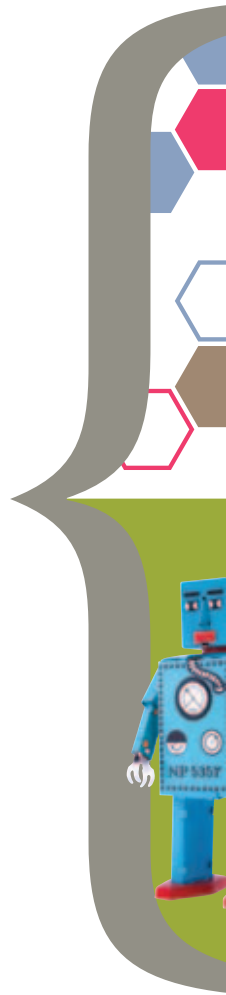


Two businesses. One goal.



CWI

(formerly International)

Making a **positive contribution** locally

To find out more go to:
> Page 04

2008/09 CWI corporate responsibility principles

- Contribute positively to the social and economic development of the communities in which we operate
- Seek continuous improvement in our environmental performance
- Respect cultures, values and human rights throughout our operations
- Nurture best practice in our activities

WORLDWIDE

(FORMERLY EUROPE, ASIA & US)

FOCUS ON SUSTAINABILITY

To find out more go to:
> Page 10

2008/09 Worldwide corporate responsibility principles

- Seek continual improvement of our environmental performance
- Facilitate and encourage responsible and innovative product and service design
- Contribute to the positive social and economic development of the communities in which we operate
- Uphold fundamental human rights and respect cultures, customs and values in dealing with colleagues and others who are affected by our activities

01 Corporate responsibility at Cable & Wireless
02 Cable & Wireless at a glance

CWI
04 CWI corporate responsibility principles

Worldwide
10 Worldwide corporate responsibility principles

16 Further information

**We have one goal –
to create sustainable
shareholder value.**

sustainability

The corporate responsibility (CR) principles of each of our two businesses – CWI and Worldwide – continue to be focused and implemented at a local level.

In all four regional operations of CWI, community based programmes remain an important component of business life. Equally as important is a growing awareness of the need to reduce the environmental impact of the businesses in countries many of which are at increased risk from the effects of climate change.

In the Worldwide business, improvements in energy efficiency and the promotion of alternatives to high carbon travel such as the use of high definition video conferencing remain priorities in the effort to reduce

our carbon footprint. The increase in our footprint in 2008/09 reflects growth in our business as well as improved data collection and measurement, important components in our preparation for the Carbon Reduction Commitment. Events such as the UN Climate Change Conference in Copenhagen at the end of the year clearly signpost carbon reduction as a key priority for 2009/10 and beyond.

With an increased focus during the last 12 months on the impact of business practices on the economy, we have reviewed our ethics policy. We will be working during the next 12 months to raise awareness of the policy and to implement it in the businesses and expect to report on our progress in 2009/10.



Two businesses

Cable & Wireless is one of the world's leading telecommunications companies. We operate through two standalone businesses – CWI and Worldwide – with a small Central team as portfolio manager.

WORLDWIDE

> Page 10



CWI owns and operates **full service telecommunications** businesses through four regional operations in the Caribbean, Panama, Macau and Monaco & Islands.

At a glance

We are the leading telecommunications provider in the majority of our markets. We offer mobile, broadband and domestic and international fixed line services to homes, small and medium-sized enterprises, corporate customers and governments.

Mission and strategy

Our mission is to own and operate world class telecoms businesses through our four self-sustaining and profitable regional operations, with the added scale of a strong central owner.

We are focused on generating even more value from our operations through four levers – transformation; performance improvement; synergies and expertise; and growth.

Key statistics

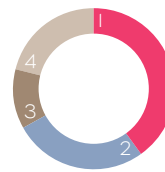
Employees

6,962*

2008/09 revenue

US\$2,447 million

Revenue by regional operation



- 1 Caribbean, 40%
- 2 Panama, 27%
- 3 Macau, 12%
- 4 Monaco & Islands, 21%

*FTE at 31 March 2009

WORLDWIDE IS A GLOBAL COMMUNICATIONS BUSINESS PROVIDING MISSION CRITICAL TELECOMS TO LARGE ORGANISATIONS.

At a glance

We specialise in providing high quality communication services such as IP, data, voice and hosting to the largest users of telecoms services. We provide connectivity to 153 countries. Our core markets are the UK, Asia, Middle East and Africa.

Mission and strategy

Our mission is to be the first choice for providing mission critical telecoms services to the largest organisations in our chosen markets.

We aim to deliver this strategy by specialising in large customers; delivering market-leading capability; giving the best customer service; and offering customers the best value.

Key statistics

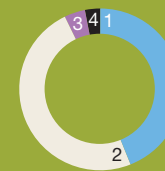
Employees

6,717*

2008/09 revenue

£2,268 million

Revenue by product



- 1 IP, data and hosting, 44%
- 2 Traditional voice, 49%
- 3 Legacy products, 4%
- 4 Mid market, 3%

*FTE at 31 March 2009

CWI

Our corporate responsibility activities generally take place at a local level, based on the needs of our **individual markets**. This report shows our progress in 2008/09 against the CR principles we agreed in 2007/08.

Making a **positive contribution** locally



Contribute positively to the social and economic development of the **communities** in which we operate

As one of the largest businesses in many of the countries in which we operate, we play an important role in the local economy as a whole. So whilst our services directly contribute to the economic conditions of these countries, we also invest in social development, such as health, education, sport and culture. In 2008/09, we gave US\$3.5 million to community initiatives through an array of different activities, for example:

Health

In 2008/09 our Panama office provided connectivity for the Chicho Fábrega Hospital in the province of Veraguas, so that digital radiologic images could be sent to doctors located in other cities or even countries for remote patient diagnosis. The solution enables specialist medical staff to monitor patients' vital signs, for example blood pressure, from a centralised unit. It gives children in the semi-intensive care ward the freedom to walk around within the areas equipped with this technology. Previously, patients were restricted from moving around by the fixed monitoring equipment.

Knowledge transfer

In Macau, technology is a key driver of social and economic development. In 2008/09, with a regional partner, we showcased our knowledge of network integration and how it is supporting the growth of enterprises and the educational industry in Macau. Particular technologies and applications showcased were network security, wireless mobility, unified communications, digital media and industry specific solutions demonstrating collaboration and networking.

Education

In 2008/09, CTM, our operation in Macau, gave 15 scholarships to students from The Macau University of Science and Technology, Macau Polytechnic Institute Schools of Business and Public Administration and the University of Macau Faculty of Science and Technology in recognition of outstanding performance. In addition to the scholarships, we offer internships to those who are interested in gaining practical experience.

Porthcurno Telegraph Museum – **preserving** our history

In 2008/09, the Porthcurno Telegraph Museum gained listed building status and the PK Trust, funded by CWI, is continuing its work to preserve this unique resource.

The historical importance of the site, at one time the largest telegraph station in the world, is nationally recognised by the

Secretary of State, Department of Culture, Media and Support and English Heritage and the listed status is an especially rare recognition for a 20th century building. The museum is open to the public and provides educational support to the local community as well as hosting special activities for children such as an annual sand castle competition and a Santa's grotto.



LIME – **supporting** local athletes

LIME sponsored the 2009 Inter-Secondary Schools Association (ISSA) Boys and Girls Athletic Championships, a nationally recognised championship. LIME has sponsored this event since 2007 donating almost J\$7 million over the last three years.

In the run-up to the Championships, known locally as 'Champs', LIME staged an internal promotion that gave employees the opportunity to earn cash for their old schools by competing in the 'Pre-Champs LIME' sporting competition.

Established in 1910, Champs are the bedrock of Jamaica's commitment to athletics success through nurturing and rewarding talented athletes; even primary school children compete at the national stadium in the 'Preps'.

Over 3,500 children now compete annually at Champs, but the country's athletics infrastructure goes beyond annual events with an athletics coach in every school, college and kindergarten in the country. In addition to sponsoring the Championships, LIME also donated prizes and awards to the best performing athletes and schools as well as those schools which demonstrated the most improvement.

Seek continuous improvement in our **environmental** performance

Our environmental initiatives are focused on energy conservation, recycling, waste management, water usage and reducing our carbon footprint.

Alternative energy

In more remote areas of our business such as the Maldives, we use self-powering energy units to extend our network coverage. During 2008/09, we conducted further alternative energy studies in the Caribbean and identified suitable sites for wind turbines with payback periods of up to three years for 500kW wind turbines and up to five years for smaller 5kW remote wind powered units, all of which will help us work towards reducing our power consumption.

Recycling

In the Caribbean, in 2008/09 we introduced targets to reduce paper wastage by 15% and double our recycling volumes each year. Further to this we are raising awareness of climate change issues in the Caribbean through our 'Lime Co Green' programme. We encourage our customers to recycle their old mobile phones and telephone directories. We estimate that we sent 725 tonnes of waste to landfill in 2008/09 and in 2009/10 we will introduce targets for recycling.

Reducing our carbon footprint

We are working towards setting a carbon reduction target and we have improved our data collection and carbon measurement process resulting in a lower emissions figure for the calendar year 2008. Using multipliers from the Department for Environment, Food and Rural Affairs (DEFRA) we estimate our carbon footprint for the calendar year 2008 to be 122,000 tonnes of CO_{2e}, based on our scope 1 and scope 2 greenhouse gas emissions, compared with an estimated 160,000 tonnes for 2007/08. We used 200 million kWh of electricity, 5.4 million litres of fuel and an estimated 95 million litres of water during the calendar year 2008.

Reducing travel

In the 2008 calendar year, our short-haul flights, i.e. less than 3,500km, contributed 700 tonnes of CO_{2e} and our long-haul business flights a further 2,500 tonnes of CO_{2e}. Our aim in 2009/10 is to reduce this by introducing options such as video conferencing and encouraging our colleagues to change their travel patterns.

The paperless office

In Macau our paperless office programme is expanding, providing customers with direct access to their accounts – nearly 20,000 customers have opted to receive electronic bills. Over the next two years we aim to increase the uptake of this service and reduce the 400,000 sheets of paper that are used each month for customers' bills. We also promote online billing to customers in our other operations, such as the Caribbean.

20,000

Customers in Macau have opted to receive electronic bills

Respect cultures, values and human rights throughout our operations

We aim to conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our employees and the communities in which we operate.

Integrity award

In 2008/09 CTM received The Hong Kong and Macau Merchants of Integrity Award and 'My Most Favourite Top Ten Brands of Macau' Award from the Cuangzhou Daily Newspaper for its charitable work in China. Activities carried out by our Macau community volunteer team included collecting and recycling clothes for distribution in China to people living in poverty, providing Christmas gift packs to local children and the less fortunate and jointly hosting with the Macau Women's Association the Mid-Autumn Festival celebration for the elderly.

Internet safety

Cable & Wireless Panama Foundation, ASSA, Microsoft and the Ricky Martin Foundation launched a 'surf the web safely' campaign in October 2008 to promote internet safety, especially for children and their parents. The programme included a six month media campaign on TV, radio, newspapers and billboards and focused

on three major areas of internet safety: basic security (computer security, firewalls, passwords, anti-virus and back-up); personal security (spam, phishing and spyware protection, e-commerce and e-banking); and family security. The 'surf the web safely' web site provides an interactive tour, information videos, newsletters and FAQs among other material.

Membership of the UN Global Compact

In Panama, we have been an active member of the UN Global Compact since 2007/08. The Compact is the world's largest global corporate responsibility initiative - it provides a framework for businesses committed to aligning their operations and strategies with ten universally accepted principles relating to human rights, labour, the environment and anti-corruption.

In 2008/09, Cable & Wireless Panama joined the Board of Directors of the UN Global Compact. Our membership will provide our Panamanian team with a greater insight into the ecological and social issues facing global businesses.

Top 10

We received the 'My Most Favourite Top Ten Brands of Macau' Award

Nurture **best practice** in our activities

CWI operates telecoms businesses around the world. A key role of the London headquarters is to ensure that we share best practice in our businesses, developing further what is good and removing what isn't. This principle applies to all aspects of our business, for example:

Colleague engagement

Our Callup poll of all CWI employees showed substantial improvement in 2008/09, in particular our colleague engagement ratio increased to 44%, up from 37% last year. Our Panama operation achieved outstanding results and received the Great Callup Workplace Award from Callup International. To continue this upward trend, additional focus at a country level is being adopted. For example, a key element of our 'One Caribbean' transformation programme is to improve the colleague engagement levels as measured by our next Callup survey.

44%

Colleague engagement ratio, up from 37% last year

Supply chain resilience

In 2007/08 we introduced a comprehensive supply chain audit process using international standards and audited our Tier One and Tier Two suppliers. More recently, we have introduced a risk assessment process of our strategic suppliers to extend our understanding of their operations and measure solvency and financial health in light of the current economic downturn.

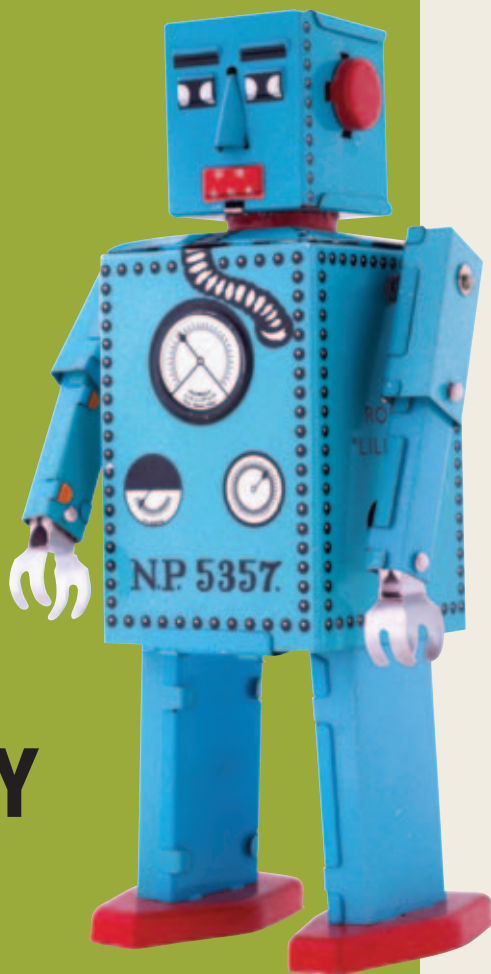
RIDDOR

Our 2008 calendar year RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations) total for colleagues taking three days off for minor work related injuries was 19. We had no serious injuries or fatalities as a result of our activities.



WORLDWIDE

THIS YEAR WE HAVE CONTINUED TO INVEST IN A RANGE OF SUSTAINABLE BUSINESS PROGRAMMES DIRECTED BY OUR FOUR PRINCIPLES INTRODUCED IN 2007/08. WE HIGHLIGHT OUR PROGRESS AGAINST EACH PRINCIPLE.



**FOCUS ON
SUSTAINABILITY**

SEEK CONTINUAL IMPROVEMENT OF OUR ENVIRONMENTAL PERFORMANCE

We continue to focus on reducing the effects of our operations on the environment.

Carbon measurement

We've been working to improve our carbon footprint measurement which is calculated and externally verified by The Edinburgh Centre for Carbon Management. We're also working on models to project our energy usage over the next five years to enable us to understand better the energy savings needed to reduce our carbon footprint.

In 2008/09, calculated in line with the World Business Council for Sustainable Development Greenhouse Gas Protocol, our carbon footprint was 198,000 tonnes CO_{2e} which has been disclosed to the Carbon Disclosure Project. The increase from 113,000 in 2007/08 reflects growth in our business and improved data collection and measurement.

Major energy efficiency programmes

In 2008/09, increasing fuel prices led us to adopt a new energy purchasing strategy. We are also assessing the value of investing to develop our British sites to accommodate on-site wind-generated energy.

Electricity consumption is a significant portion of our carbon footprint, 90% of which comes from technical sites, so improving the efficiency performance of equipment remains a priority. Through a number of energy efficiency initiatives including Liquid Pressure Amplification and the phase in of EC Plug Fans, Waveform and Electroflow units, we project a saving of 23 million kWh by 2010/11.

To put that in context, in the 2008 calendar year we used 331 million kWh of electricity and 18 million kWh of natural gas, compared to 310 million kWh and 15 million kWh respectively in 2007. The increase in these figures reflects the growth in our business.

Travel

Working with the Energy Saving Trust, in 2008/09 we carried out a full review of our vehicle fleet and we conducted a colleague Green Travel Survey. We identified the most popular alternative to single occupancy car travel as car-sharing and we encourage this via our Lift Share scheme with guaranteed car-parking spaces for lift share cars. To date we have more than 260 registered Lift Share members.

Cycling is also promoted as a greener travel option. In 2008/09 we participated again in national 'Bikeweek' during which colleagues were sponsored per mile to cycle to work. In 2008, over £1,500 was donated to Leukaemia Research and Sport Relief from 'Bikeweek'. We also launched a Smart Cycle scheme, part of the Government's Cycle to Work initiative, which gives colleagues access to a range of bikes and accessories at a discount with payment spread over the year.

Reuse and recycling procedure

We have introduced a process to assess all recovered equipment for reuse or resale through an approved partner including verifying disposal routes. This process allows us to sell equipment we no longer use and reduce our waste. In the 2008 calendar year we sent 2,600 tonnes of office waste to landfill and recycled or reused 384 tonnes of office waste.

384

**TONNES OF OFFICE WASTE
RECYCLED OR REUSED**

260+

**REGISTERED CAR
SHARE MEMBERS**

FACILITATE AND ENCOURAGE RESPONSIBLE AND INNOVATIVE PRODUCT AND SERVICE DESIGN

We are a leading provider of innovative new capabilities which aim to improve business performance, reduce carbon emissions and lower costs for our customers.

Helping our customers to reduce their carbon footprint

In line with the Carbon Reduction Commitment (CRC) coming into force in April 2010, we've been working to report accurately on our own emissions and help our customers manage and reduce their emissions. For example, as a supplier to Legal & General, we worked with them to establish their carbon footprint including the ability to put a financial value on the carbon emissions from our operations to supply their services. We also discussed these findings and our approach to reducing our carbon footprint during a Legal & General Carbon Master Class attended by their key suppliers.

Our Fixed Mobile Convergence product allows calls from a mobile handset to be routed over a company's data network, thereby eliminating the need for fixed phones. This reduces the amount of equipment in use and the additional energy requirements to power wired landline units.

We provide digital signage for retailers which reduces the need for traditional, paper based marketing.

Our managed video conferencing service also provides companies with an alternative to business travel, allowing them to reduce their costs as well as their carbon emissions.

These services provide positive benefits to Cable & Wireless colleagues as well who are able to use their time more productively and improve their wellbeing by reducing their travel. Across our operations we have 42 video conferencing suites offering our colleagues and clients the option of reducing their travel by using these services. Last year we ran an internal programme to raise awareness of these suites and introduced a simplified booking service to encourage their use.

C&W TEAMS UP WITH REGUS TO CUT BUSINESS COSTS

C&W and Regus, the world's largest provider of flexible workplace solutions, have established a joint initiative to install market leading, high definition video conferencing (HDVC) suites at premier global business centres including London, New York, San Francisco, Mumbai, Paris and Shanghai.

As the recession bites, businesses need to control costs, become more competitive and minimise their impact on the environment. HDVC enables businesses to achieve all three without the high capital costs usually associated with installing high-end managed video conferencing solutions.



CONTRIBUTE TO THE POSITIVE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COMMUNITIES IN WHICH WE OPERATE

Our community agenda is primarily driven by our colleagues. This creates a positive relationship with our local communities and means that many of these activities are led by colleague volunteers.

Community support

We continued to provide funding to Télécoms Sans Frontières (TSF), a partnership now in its seventh year. In 2008/09, TSF completed more than a dozen missions to provide emergency telecommunications support in countries affected by disasters including Congo, Bolivia and Mozambique.

2008/09 was our third year working with Christel House in India where we provide funding for their seniors' computer lab (with seating capacity for more than 40 students) and we are the prime sponsors for the students' IT education. One of our Indian Managing Directors sits on the Christel House Board of Directors.

The Children in Need BBC Radio 2 appeal has become a regular event for us, when we provide telephone services and colleague volunteers to answer the phones throughout the event.

During our Christmas appeal we supported Great Ormond Street Children's Hospital, World Vision, Crisis and The Muscular Dystrophy Campaign. Each group received a financial donation proportionate to the number of colleague votes.

Teams across the business also volunteer on community projects which can provide great team building opportunities, as well as the chance to learn new skills. A successful and well supported community programme was delivered by our field engineering colleagues who provided six weeks of basic computer training to women from the Westminster Children's Society (WCS) nurseries, in London.

Internet safety

In the United Kingdom our contribution to the 'Get Safe Online' programme supports a Government initiative to promote online safety awareness to children and their parents. We also continue to donate to the Internet Watch Foundation, a specialist charity working to remove illegal content from the internet.

**WE SUPPORT THE GOVERNMENT'S
'GET SAFE ONLINE' PROGRAMME**





WESTMINSTER CHILDREN'S SOCIETY

COMPUTER TRAINING WORKSHOPS

During the autumn of 2008, a team of engineers based in the Westminster Borough delivered basic computer training workshops to a group of women from nurseries run by the Westminster Children's Society (WCS). Some of the women had very little or no experience of using computers but by the end of the course were sending e-mails with attachments and creating their own documents.

WCS' Fundraising Manager said: 'They really helped staff to feel less intimidated by the computer and staff commented on their training approach which made the attendees feel immediately comfortable, uninhibited and eager to learn. Our staff feel so much more confident in using the computer and are able to perform the tasks both ably and with enthusiasm as they can now see what they can achieve fairly easily.'

As well as saving WCS the costs of providing the training course, the women are now more confidently able to use computers and help the children to do so in their day to day work. The engineers who took part were able to use skills which they take for granted every day as well as to develop their presentational, teaching and time management skills.

'THEY REALLY HELPED STAFF TO FEEL LESS INTIMIDATED BY THE COMPUTER'

'OUR STAFF FEEL SO MUCH MORE CONFIDENT'

UPHOLD FUNDAMENTAL HUMAN RIGHTS AND RESPECT CULTURES, CUSTOMS AND VALUES IN DEALING WITH COLLEAGUES AND OTHERS WHO ARE AFFECTED BY OUR ACTIVITIES

We aim to conduct our operations with honesty, integrity and openness, and with respect for the human rights and interests of our colleagues and the communities in which we operate.

Suppliers

Analysis of our 2007/08 procurement questionnaire results has given us a fuller understanding of the top end of our supply chain. We positively encourage our suppliers to improve their performance rather than penalise poor standards and realise that we can learn from our suppliers who achieve best practice standards.

Sustainable procurement is now integral to the supplier tendering process and our procurement policy has been updated to reflect this. Our procurement questionnaire reflects international standards and covers a range of important issues such as human rights, climate change and integrity.

Education

Returning to the British tradition of apprenticeships, we launched our Advanced Apprenticeship scheme in 2008/09 – applicants' test scores were so high that we accepted nine candidates onto our programme. Each apprentice will spend two years training with us, developing their skills on the job and attending block college programmes, after which they will achieve a nationally recognised qualification and be offered a permanent position. Our apprenticeship scheme is supported and recognised by the Learning Skills Council, a Government agency.

The scheme has a positive impact on existing colleagues acting as mentors to the apprentices. It's demonstrated a commitment to invest in the future of the field force as well as bringing a fresh energy to the teams through new ideas, questions and enthusiasm.

We also run a graduate scheme, now in its second year, which enables engineering graduates to decide on their own work programme within Cable & Wireless Worldwide.

In 2008/09, 5,300 (nearly 90%) colleagues accessed 29,500 courses via our online learning facility 'iLeARN'. 'iLeARN' received awards from E-Learning Age and World of Learning in 2008/09 and provides courses such as regulatory, compliance, business and technical skills to new and existing colleagues.

Colleague engagement

Our bi-monthly Employee Consultation Forum introduced in the mid 1990s continues to be an important forum for colleague representatives and senior management to discuss significant issues. There has been a steady increase in the number of colleagues who view this as an effective forum for representing colleagues across the business. A temperature check poll highlighted an increasing number of colleagues who view this Forum as highly effective.

Health and safety

We take the health and safety of our employees seriously, and we were awarded a RoSPA (Royal Society for the Prevention of Accidents) Gold achievement award in 2008/09. We had no RIDDOR reportable accidents or incidents in the calendar year 2008.

90%

OF COLLEAGUES ACCESSED OUR AWARD-WINNING E-LEARNING FACILITY

Further information

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A copy of this report is available on our website at

www.cw.com/images/pdf/cr-report-200809.pdf

A copy of our ethics policy can be viewed at www.cw.com/corporate-responsibility/ethics-policy

Further information about our business is also available on www.cw.com

Links to third party sites referred to in this report:

Porthcurno Telegraph Museum
www.porthcurno.org.uk
United Nations Global Compact
www.unglobalcompact.org
Surf the Web Safely
www.navegaprotegido.org
LIME Go Green
www.time4lime.com/special/gogreen
Carbon Disclosure Project
www.cdproject.net
Télécoms sans Frontières
www.tsfi.org
Westminster Children's Society
www.wcs.org.uk
Get Safe Online
www.getsafeonline.org
Internet Watch Foundation
www.iwf.org.uk
Christel House, India:
www.christelhouse.org/locations/india.html
RoSPA
www.rospa.com

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Printed in the UK by St Ives Westerham Press Ltd, a CarbonNeutral® company.



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**THE
CARBON
NEUTRAL
COMPANY**



MOHAWK
Manufactured with windpower