

2007/08
Corporate social responsibility review

Our vision is simple – to conduct our operations in an ethical and socially responsible manner. We have come a long way during the year and there is more to deliver



CABLE & WIRELESS

Our commitment

Cable & Wireless is one of the world's leading international communications companies. We operate through two standalone businesses – International and Europe, Asia & US – with a small Central team as portfolio manager

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at Cable & Wireless
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Continual improvement

Corporate social responsibility at Cable & Wireless

Cable & Wireless recognises the importance of behaving in an ethical and socially responsible manner with our customers, our colleagues and in the communities and environments in which we live and work. We are a member of the FTSE4Good index.

We operate through two standalone business units – International and Europe, Asia & US. The geographic spread and diversity of our businesses mean that our CSR activities are most effectively implemented at a local level with our Central team providing support and governance.

Our International business operates in 39 countries where telecommunications services, such as mobile and broadband, are essential components of economic growth. Many of our community-based programmes are designed to help bridge the digital divide by providing access to technology, education and support. For example, in Jamaica, we sponsor lifelong learning facilities to enable those in difficult situations to improve their education and career prospects.

In Europe, Asia & US, reducing our environmental footprint and improving our colleague culture, whilst delivering a great customer experience are key focus areas. Colleagues drive community and charity activities at a local level and our recently introduced 'Changes Are Made' (CAM) programme is focused on improving our colleague culture. In addition, we have a long-term partnership with Télécoms Sans Frontières which provides emergency telecommunications worldwide.

We're committed to the continual improvement of our CSR performance. Business risks with a high or critical impact are reviewed weekly and a risk summary is submitted annually to our Board and Audit Committee. Our philosophy is underpinned by our Code of Business Principles, a full copy of which is available on our website, www.cw.com.

Our CSR principles are tailored to four core areas

- **customers**
- **colleagues**
- **communities**
- **environment**

International



We're making a positive contribution

CSR activities are developed locally across our 39 markets

Our corporate social responsibility principles are to:

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

These principles set the overarching framework, with our activities generally taking place at a local level in the 39 markets where we operate. In many of these markets, we are one of the largest companies and we often provide critical national infrastructure.

Communities

We support our local communities through an array of different activities primarily focused on education, sport, health and culture. In the past 12 months we've given US\$2.6 million to community initiatives. We also provide substantial in kind support and positively encourage our colleagues to work with their chosen charities.

Education

Addressing the digital divide is a core focus for us. Many of our businesses provide free broadband access to schools, libraries, children's homes and community centres. We fund the purchase of computers for schools, charities and other organisations – in Jamaica alone we donated 616 computers in 2007/08. We also provide training, including running an internet summer school for deprived children in the Turks and Caicos Islands and training for teachers in Anguilla. In the Channel Islands and Isle of Man we provide the high capacity network to support the 'Grid for Learning' which provides a host of education resources.

International Corporate social responsibility



Support for the disabled

Cable & Wireless Panama, working with the Office of the First Lady of Panama, the Ministry of Public Works and the Municipality of San Miguelito donated US\$1.5 million in 2007/08 to fund the construction of the first access bridge for the disabled in Panama.

The bridge connects the Ricardo J. Alfaro Avenue in the San Miguelito District to the San Miguel Arcangel Integrated Hospital. It includes two elevators and access ramps specifically designed to accommodate the needs of disabled people. The bridge provides safe passage to the hospital for all visitors over one of the busiest avenues in Panama City.

We've created national spelling competitions and academic awards like the Knowledge Bowl in Grenada, the country's most prestigious academic competition. In Grenada, we also provide 80 scholarships for underprivileged children.

In Panama, working with the Ministry of Education, we've constructed three schools, installed 29 computer laboratories in schools and equipped 150 rural schools with satellite internet access.

Sport

Sport is a positive means for teaching team work, discipline and wellbeing. We focus on youth and sports played at local level including athletics, cricket and football. From free soccer schools for deprived children on St. Kitts to softball tournaments in Antigua, we are at the heart of community sports, providing sponsorship and support in kind.

In Panama, we've introduced a nationwide youth basketball tournament and built or refurbished 25 basketball courts. In 2008 we'll double the size of this tournament by building another 25 facilities.

In Macau, in July 2007 we were appointed by the Olympic Council of Asia and the Macau 2007 2nd Asian Indoor Games organisers as the official telecom partner of the Macau 2nd Asian Indoor Games.

Health

We support a range of local and global health initiatives. In the Caribbean we provide funding for research into diabetes and AIDS, including support of the HIV business council. In the Cayman Islands we support an annual walk for breast cancer research. In the Isle of Man we donated £10 for every mobile contract signed during October 2007 to Breakthrough Breast Cancer.

Culture

Local cultural events contribute to the wellbeing of any community. This year our support included the St. Lucia and Barbados jazz festivals and Creole in the Park, the biggest music festival on Dominica. In the Isle of Man our active support of the Peel Bay festival has led to the creation of the 2008 Sure Live! Music Festival.

Environment

Our environmental initiatives are focused on energy conservation, recycling, waste management, water usage and reducing our greenhouse gas emissions.

US
\$2.6m
given to community
initiatives in 2007/08

Across the business, our annual greenhouse gas emissions are estimated at 160,000 tonnes of carbon dioxide (scope 1 and 2). While our main electricity sources are fossil fuels and hydro-electricity, we have initiated local campaigns to find alternative energy sources. In the Maldives, for example, we've introduced solar powered mobile base stations.

In the Cayman Islands and Grenada we continue our growing participation in Earth Day activities, while in the Turks and Caicos Islands we sponsor Ozone Day and will host Tele-Gathering XIII – a community event around environmental issues.

In the Channel Islands and Isle of Man we've launched a mobile handset recycling scheme, and in St Lucia we're piloting the use of new mobile phone masts which blend into the environment.

Customers

We're focused on giving our customers a superior service experience and providing the products and services they need. For example, in Panama we developed a pioneering telemedicine service which enables local medical centres to carry out diagnosis under the supervision of specialist medics located elsewhere, using internet protocol technology. This allows patients to receive specialist advice, even if they are in remote locations.

We thank the organisations who helped to make this service a success – The Adan Rios Foundation, The Panamanian Society of Cardiology, Panamanian Society of Obstetrics and Gynaecology, Santo Tomas Hospital and the Children's Hospital – as the end result exceeded all our expectations.

Suppliers

We encourage high levels of understanding of our policies around ethical and responsible behaviour within the supply chain and regularly audit our suppliers. This year our supply audit improved considerably to incorporate questions on carbon emissions and international standards, furthering our responsible procurement process.

Colleagues

We aim to develop a positive and inclusive colleague culture. Multiple communication channels, 'town hall' gatherings and global conferences bring colleagues together. A colleague engagement programme across the business provides profile updates every six months and our annual Gallup Great Manager programme provides training to improve managers' skills. As a result, our colleague engagement level, as measured by Gallup surveys, has doubled.

International **Corporate social responsibility**

We encourage diversity with our localisation policy

We encourage diversity and we have a localisation policy in place which has reduced the number of UK expatriates from over 100 in 2004 to fewer than 30 today. Our health and safety records remain good with no fatalities or prosecutions to report.

In Panama we are an active member of the United Nations (UN) Global Compact, which is the world's largest global corporate citizenship 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 the future, the FTSE Group will require all companies to address the issue of bribery. We are prepared for this requirement, with safeguards such as our Code of Business Principles and fraud detection tools already established. We also prepare quarterly representation letters to management confirming there have been no 'political contributions, commissions to third parties or other acts that appear to be in violation of the laws or regulations under which our operations are conducted'.

Our Code of Business Principles sets out our commitment to good business conduct. To ensure this policy is embedded in our everyday activities, we have an ethics hotline for colleagues – a confidential 24 hours a day, seven days a week service. Colleagues can call the hotline to report any concerns they have in the workplace including violation of any of our policies, fraud or theft, questionable accounting practices, conflicts of interest or workplace bullying.

Our focus for 2008/09

We are investing in sustainable alternative energy sources and new energy efficient power units to replace legacy equipment, which is expected to reduce power consumption by up to 20%.

Our recycling programmes will be extended and key performance indicators will be developed, including carbon reduction targets. We will conduct conservation studies and continue to build beneficial community relationships wherever we operate.

The Cable & Wireless Jamaica Foundation supports education and career development



Learning for life

The Cable & Wireless Jamaica Foundation provides education and career support to the people of Jamaica through information technology. One of the areas the Foundation supports is the Jamaica Ministry of Health's Auto-Skills programme, 'Learning for Life'.

This programme provides training primarily to young men from urban communities who have reading and writing difficulties. It aims to develop their marketable skills, for example literacy and so increase their chances of finding employment. The programme facilitates job and placement opportunities as well as further education.

The Cable & Wireless Jamaica Foundation has been supporting this programme since 2006. In 2007, we committed a further three years of funding, including the provision of free high speed internet access in six community centres.

Europe, Asia & US



INVESTING RESPONSIBLY

**WE HAVE BEEN RANKED
AS A 'BEST REPORTING
COMPANY' FOR CARBON
DISCLOSURES**

Our corporate social responsibility principles are to:

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

Environment

Our environmental initiatives are largely focused on greenhouse emissions and energy reduction. Our carbon policy is to reduce our greenhouse emissions by 20% below 1990 operational levels by 2010 and a further 60% by 2050. In the Carbon Disclosure Project 5 (CDP5), we are highlighted as one of the 'best reporting companies'. Our greenhouse gas emissions (scope 1 and 2) are equivalent to 113,157 tonnes of carbon dioxide, externally verified.

We've a number of large scale energy reduction initiatives under way, which will provide an energy saving against our 2007 baseline of 7.3% over the next two years. The first phase of our liquid pressure amplification programme is complete. Liquid pressure amplification improves the operational performance of air conditioning units, whilst using less electricity overall.

Raising colleagues' awareness of our improved office recycling facilities is helping us reduce waste. Up to 40% of our waste is recycled and 50% to 75% of our operations use recycled paper.

Customers

We're investing heavily in customer service. In 2007/08 we've added another 115 colleagues into the service front line, bringing the total added since the last half of 2006/07 to 560. Consequently, our service levels are at an all time high.

The investment we've made in our next generation network enhances the service we give to customers whilst supporting new products and services. As a supplier, we're focusing on technology solutions to reduce our customers' carbon footprints, such as next generation video conferencing. This offers high definition pictures, encourages remote collaborative working, provides a real alternative to meeting face to face and so reduces travel times and costs.

Our Lloyd's Register Quality Assurance ISO 9001:2000 certificate externally verifies our quality management systems standards. This audit is conducted twice a year.

Suppliers

Our procurement audit sets out our expectations in the supply chain including suppliers' labour policies, environmental management – such as whether they have assessed their carbon footprint – health and safety and corporate governance. We use internationally recognised benchmarks such as the International Labour Organisation (ILO) Charter, the Universal Declaration of Human Rights and the UN Global Compact. We audit our suppliers annually.

Colleagues

Our employment policies embrace equal opportunity, diversity and inclusiveness. Our reward systems encourage high performance through well developed bonus structures, share-based incentive schemes and semi-annual appraisals. We're investing in a global cultural change programme for colleagues, known as 'Changes Are Made' (CAM). Its aim is to drive positive change at a local level.

We know the key to high-performing, well-motivated colleagues is good management. We're working hard to make sure we develop and retain the best management talent within our business. During 2007, 500 managers completed our 'New Way of Management' programme designed to give them the right skills, tools and behaviours to deliver consistently great leadership to our colleagues.

From 2008 our Health, Safety and Environment Management System will include operations outside the UK. Our 2007 UK and Ireland report records no fatalities, no prosecutions,

CASE STUDY **ENERGY CONSERVATION**

In February 2008, Cable & Wireless participated in the UK's E-Day, reinforcing our commitment to energy conservation. We asked all colleagues at participating sites to switch off electrical appliances at home and in the office when they weren't being used, reducing consumption.

During February, we measured our electricity usage and analysed the data to establish how much electricity we saved on E-Day – the result was a saving of almost 50%.

We are continuing to promote energy awareness through programmes such as our Environment Week and by encouraging colleagues to cycle to work, share cars or use video conferencing to help reduce our carbon footprint.

no enforcements action or notices and two reports of injuries, diseases and dangerous occurrences. Annual total incidents dropped from 61 (2006) to 51. During the year, we introduced new policies and training courses and appointed Health, Safety and Environment co-ordinators.

Our monthly Employee Consultation Forum brings together employee representatives and senior management. These sessions are documented on our intranet for all colleagues to access.

Our Code of Business Principles sets out our commitment to good business conduct. To ensure this policy is embedded in our everyday activities, we have an ethics hotline for colleagues – a confidential 24 hours a day, seven days a week service. Colleagues can call the hotline to report any concerns they have in the workplace including violation of any of our policies, fraud or theft, questionable accounting practices, conflicts of interest or workplace bullying.

Communities

We are registered to provide international telecommunications services and hold licences in 23 countries. We aim to comply with all our licence requirements and there are no reported breaches of our obligations. These licences are an integral part of how we relate not just to governments but to the communities we serve.

As a growing global business we recognise the positive contribution that we can make to the communities in which we operate and how important this is to our colleagues. We've a colleague-driven community agenda which encourages positive interaction with our local communities. We support them by providing:

- Top-up funding;
- Internal fundraising activities;
- External programmes such as supporting community regeneration;
- Secondment opportunities; and
- Electronic community notice boards.

We help a number of different charities with both cash donations and in kind support, including Télécoms Sans Frontières (TSF) which we have supported since 2002. TSF provides emergency telecommunications services for humanitarian disasters in less than 24 hours and is the first emergency telecommunications responder for all UN agencies.

560
ADDITIONAL CUSTOMER
SERVICE COLLEAGUES

Its main objectives are to:

- Offer telecommunication support to local and international rescue organisations; and
- To offer a free telephone service to survivors of a disaster, allowing them to contact family and friends anywhere in the world. In 2007, TSF completed ten emergency response missions with the UN and responded to all major world emergencies including the Peru earthquake, Hurricane Felix in Central America and the floods in Bangladesh.

Another charity we support, Christel House in India, set up its first learning centre in Bangalore to help children break out of the cycle of poverty to become self-sufficient and contributing members of society. We provide funding to Christel House which provides two teachers and contributes towards core costs.

We are a member of the Internet Watch Foundation which works with relevant organisations, governments, internet service providers and government departments to prevent misuse of the internet.

We also sponsor the Porthcurno Telegraph Museum in Cornwall which tells the story of global communications from the first use of electricity to how we communicate today. The museum attracts around 21,000 visitors each year and is a popular destination for visitors to Cornwall, the local community and school groups. The museum also houses the Cable & Wireless historical archive which represents an important historical collection that is increasingly used by researchers and academics. The museum and archive provides a formal education programme and last year worked with nearly 3,000 children from over 20 different schools. The museum and the history behind the Porthcurno cable station featured in the BBC's popular 'Coast' programme.

We run two major in kind support programmes. The first helps the charity 'Children in Need' by donating the use of our call centre to take pledges during the charity's fundraising activities. The second provides 11 to 14 year old students with the opportunity to improve their IT skills in classes hosted by our colleagues at our Bracknell ICT Academy.

Our focus for 2008/09

Delivering a great customer service remains a key strategic priority. We will continue to invest in our colleagues to ensure they have the skills, tools and culture they need to provide that service. We are also continuing our efforts to reduce our environmental footprint and develop solutions to address climate change issues.

WE'VE A COLLEAGUE-DRIVEN COMMUNITY AGENDA

CASE STUDY COLLEAGUE VOLUNTEERS

On 8 May 2008, a team of 22 Cable & Wireless colleagues and two customers donated their time for a day to support the charity '1 in 4'.

1 in 4 provides counselling and workshops to support victims of serious sexual abuse and has about 20 volunteer therapists and counsellors providing between 60 and 80 sessions per week. Our team of colleagues and customers spent the day redecorating one of the charity's support centres in Bellingham, an effort that was greatly appreciated by the charity's volunteers.

This exercise is a good example of our colleague-driven community agenda at work, and generated benefits to colleagues and our business through increased morale and the facilitation of team work and relationship building.



At a glance

About Cable & Wireless



International



Europe, Asia & US

Our International business operates full service telecommunications companies through four major operations in the Caribbean, Panama, Macau and Monaco & Islands.

Europe, Asia & US provides enterprise and carrier solutions to the largest users of telecoms services across the UK, continental Europe, Asia and the US.

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. We operate in 39 countries, through four major operations in the Caribbean, Panama, Macau and Monaco & Islands.

Strategy

Our aim is for every business within our portfolio to operate as a competitive enterprise – a 21st century telecoms business – so that we become the telecoms provider of choice in all our markets. To achieve our aim, we are leveraging our assets and capabilities, driving a more efficient business and offering great products, services and an enhanced service experience. The result will be better growth prospects and higher quality earnings.

2007/08 Highlights

- Mobile customers up 27% to 6.4 million – market leader in 19 out of 26 markets
- Broadband customers up 16% to over 466,000 – market leader in 28 out of 34 markets
- Fixed customers steady at 1.9 million – market leader in 26 out of 34 markets
- Mobile and broadband revenue up 17% to US\$1.1 billion – now 43% of revenue
- EBITDA of US\$830 million – 34% of total revenue
- Trading cash flow of US\$416 million – US\$243 million repatriated
- Services extended to six new markets
- First to launch 3G network in Macau – data traffic has more than tripled
- Mobile services launched in British Virgin Islands and Isle of Man

At a glance

We provide high quality managed IP services to the largest users of telecoms services in the UK, continental Europe, Asia and the US. With our business focused on large enterprise customers, we are exceptionally well positioned to capitalise on the powerful trends that enterprise customers are experiencing such as globalisation, business complexity and the need for constantly improving business performance.

Strategy

Our aim is to be the first customer-defined global telecommunications services business in the world. To achieve our aim, we're focusing on delivering an unparalleled service experience to enterprise customers, with a market-leading product suite that matches their needs. The result will be a proposition that's valued by our customers and economic for us.

2007/08 Highlights

- Service levels hitting new highs:
 - 90% of customer calls now answered within 20 seconds
 - Delivery on time 90% of the time
- Our multi-service platform is delivering:
 - Fixed mobile convergence
 - Digital marketing
 - Next generation video conferencing
- EBITDA of £219 million – more than double last year
- Revenue now back in growth – up £19 million in the second half of the year
- IP, data and hosting revenue up 8% to £774 million – now 40% of revenue
- We're generating cash with positive trading cash flow in the second half – the first time in many years

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A copy of this report is available on our website,
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