



## Our social and environmental reporting methodology

We report annually on our approach to managing our material social and environmental issues, and on progress towards our BT Group Manifesto commitments through the BT Group plc Annual Report 2023 ('AR') and the ESG Addendum ('Addendum') to the AR. Both cover the period 1 April 2022 to 31 March 2023, in line with our financial reporting.

Unless we state otherwise, our reporting covers BT Group's wholly owned and joint operations and subsidiaries. References to 'BT Group', 'BT', 'the group', 'the company', 'we' or 'our' are to BT Group plc and its subsidiaries, customer facing units, corporate units, or any of them as the context may require.

### Reporting on our ambitions and measures:-

#### Digital skills

##### 25 million ambition:

We aim to reach 25m people, with help to improve their digital skills, by the end of March 2026.

Because we help people improve their digital skills through various interventions, including physical and virtual events, online learning resources and inspiring video content, the methodology to measure these varies depending on the format of the learning.

Methods include measuring attendance numbers, video views and course completions.

For larger campaigns, which may include TV advertising, we carry out independent research on a nationally representative sample to understand how many people's digital knowledge or confidence was improved because of the campaign.

Where we target a specific audience (e.g. job seekers), we may use public data sources, such as Office of National Statistics, to identify the relevant target audience, so that we only count those people who were targeted by the campaign.

Where possible, we count the number of unique people we reach with help through a particular intervention. Where that isn't possible, we may estimate an average duplication rate based on a sample of data, or data from a comparable activity, and discount this from our reach figure. For our large scale campaigns, we also make allowances for people who we may have previously reached through similar campaigns.

It isn't generally possible to accurately measure if a person has been helped by more than one of our activities, as we don't typically require registration or capture personal data, as this presents a

barrier to entry. The number of people we reach with help may therefore have an element of duplication.

#### Social contribution

Our social contributions include, but are not limited to:

- investment in infrastructure, activities and partnerships that support our ambitions, including people costs.
- donations, sponsorships, matched funding, and the value of in-kind support given to charities, not-for-profits, and social enterprises.
- payments made to organisations who run projects with us and on our behalf that are aligned with our ambitions.
- time volunteered by our people for good causes during working hours.

#### Human capital management

Our colleague-related data within the Addendum is derived from our BT Group Human Resources people systems and is valid for the period 01 April 2022 to 31 March 2023, or the snapshot date of 31 March 2023, whichever is relevant. The exception to this is pay gap data (see below), where the data capture date aligns with that of our [Gender pay gap statement 2022](#)

##### Pay gap:

Our pay gap figures have been calculated in line with government regulations. They show the mean and median pay gap

(based on hourly rates of pay at 5 April 2022) and mean and median bonus gap (based on bonuses paid in the 12 months prior to the 05 April 2022).

##### Colleague diversity

Diversity data covers our global workforce for gender-related indicators, unless stated otherwise. Disability and ethnicity data is voluntarily self-declared and is UK only. Openreach diversity information is separately shown, due to their significantly different colleague demographics, more typical of an engineering business.

##### Leadership diversity:

Our senior leadership team comprises of the Executive Committee (excluding executive directors on the Board but including the CEO, Openreach) and all of their direct reports (excluding admin roles). This totals 22 women (30%) and 51 men (70%).

Our senior management team comprises of those colleagues responsible for planning, directing and controlling the activities of the group, or a strategically important part of it (members of our senior leadership and senior management teams, and directors of the group's subsidiaries but excluding directors on the Board). This totals 256 women (34%) and 497 men (66%). Numbers presented include 60 subsidiary directors (39 men and 21 women) who are not otherwise members of our leadership or senior management team.

## Environmental data

**Net zero absolute GHG emissions:** Last year, we brought forward our ambition to reduce our absolute Scope 1 and Scope 2 greenhouse gas (GHG) emissions to zero by 31 March 2031, from our FY17 base year. We also set a Scope 3 target, to be net zero in our supply chain and customer emissions by 31 March 2041. Our progress is reported in our AR (pages 38-39) and in our Addendum (pages 6 and 11)

**GHG intensity:** Our carbon emissions intensity ambition is that, by 31 March 2031, we'll reduce our GHG Scope 1 & 2 emissions by 87% compared with FY17. This is measured in tonnes of CO<sub>2</sub> equivalent (CO<sub>2</sub>e) per unit of gross value added; where value added = EBITDA adjusted (before specific items) + colleague costs (£millions). This ambition was approved by the Science Based Target Initiative (SBTI) in 2017, as being BT Group's share of the reductions needed to limit global warming to no more than 1.5°C.

**EBITDA:** This is calculated using the mandated IFRS 16 new International Financial Reporting Standard (previously IAS 17).

**Supply chain emissions:** We have committed to reducing our Scope 3 supply chain GHG emissions (categories 1-8) by 42% by 31 March 2031 from a FY17 baseline. As with our GHG intensity target, this is SBTi approved.

**GHG emissions:** To calculate and report on our end-to-end CO<sub>2</sub>e emissions, we:

- report GHG covered by the Kyoto Protocol, using the World Resources Institute Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition), and the GHGP Corporate Value Chain (Scope 3) Standard. Our full Scope 3 accounting and reporting methodology is available on our website [bt.com/esgaddendum](http://bt.com/esgaddendum)
- use conversion factors:

**in the UK:** as published annually by the Department for Business, Energy and Industrial Strategy ([BEIS](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/681222/BEIS-2020-01-20-UK-Climate-Change-Report-2020.pdf)).

**for other countries:** specific national or contract factors where appropriate, or else based on World CO<sub>2</sub>e emission factors from electricity generation and fuel combustion, developed by the International Energy Agency (IEA)®, OECD/IEA 2018 (Note: any calculations undertaken by BT Group plc do not necessarily reflect the views of the IEA).

We report our emissions in relation to direct and indirect GHG emissions:

**Tenants:** exclude emissions from energy charged to our tenants.

**Scope 1:** direct emissions (such as from combustion in owned or controlled boilers and vehicles).

**Scope 2:** indirect emissions associated with electricity (including electric vehicles), heating/cooling, or steam for our own consumption, which we report – in line with the GHG Scope 2 guidelines – using both the market-based and location-based methods (in the environmental data tables on our website).

**Scope 3:** all other indirect emissions.

**SECR:** In compliance with FY20 UK government mandatory Streamline Energy and Carbon Reporting ([SECR](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/681222/BEIS-2020-01-20-UK-Climate-Change-Report-2020.pdf)) requirements, our Scope 2 includes all sites and countries where we consume electricity, updated back to FY17. Where our actual consumption is unknown, mainly in landlord-controlled sites;

- in non-UK countries we estimate consumption, based on a combination of building numbers, Full Time Equivalent (FTE) colleagues and selective OPEX spend categories
- in the UK, it is based mainly on average building type consumption or third party supplier statements, where available.

**Emission factors:** Our CO<sub>2</sub>e emission declarations are affected by any annual variations in carbon intensity factors, such as the electricity grid average. Where this is deemed to be a material impact, we will make specific reference to this within our published

data tables.

**Renewable electricity declaration:** Our renewable electricity consumption is supported by GHG Scope 2 compliant renewable energy attribute certificates (REAC's), including directly purchased electricity supply certified with bundled renewable certification, power purchase agreements (PPAs) with bundled renewable supply certification, or otherwise through unbundled contracts and certificates. Our global operations are now run from 100% renewably sourced electricity where markets allow. For markets where renewables are not available, we purchase renewable certificates prioritised as;

- if in an interconnected market or country to our operation, Or
- if in an adjacent market or country.

We generate our own electricity from standby and temporary generators, along with a few permanent ones to cover mobile masts – although this comes under GHG Scope 1, we purchase unbundled renewable electricity certificates to cover these amounts.

### Restating past data

Every year, we replace any estimates in the previous year's reporting with actual figures. All restatements of previous estimates or corrections of environmental data are recorded in the environmental data tables located within our Addendum on our website at [bt.com/esgaddendum](http://bt.com/esgaddendum).

### Materiality methodology

We aim to conduct a full materiality review every two years. The review assesses the trends and issues identified across our key stakeholder groups; customers, colleagues, suppliers, investors, regulator/governments and wider society.

We draw on multiple sources of qualitative and quantitative information that have been gathered throughout the preceding 12 months. This is to determine the relevance and significance of issues identified through

stakeholder engagement, such as day-to-day interactions, online discussion forums, focus groups, social media and input from senior BT Group management representing key stakeholder groups, who participate in wider industry collaborations. These sources of information include:

- interactions with multiple organisations we work with that represent different stakeholder groups;
- analysis of content from blogs, social media, TV, radio and online news;
- targeted primary or secondary research, to help fill gaps in our understanding, such as online surveys of consumer perceptions, or interviews with subject matter experts;
- reviews of peer companies' sustainability reports, to help us check that we've a comprehensive list of the relevant issues for our sector.

The following questions help us prioritise issues that emerge from our research:

- is there wider societal interest in this issue?
- are our key stakeholders consistently expressing an interest in this issue?
- to what extent is BT Group already managing this issue through policies, principles, and procedures?
- How closely do these issues align with the risks identified under our Group risk management framework?
- what potential financial impact might this issue have on BT Group over the next three years?

The issues that emerge as the most material are mapped onto a matrix to help visualise their potential impact on BT Group and their significance to our stakeholders. This mapping supports our strategic decision-making and shapes our reporting.

We've aligned our reporting coverage to that of Accountability's AA1000AS V3. We ensure that the principle of 'impact' is considered and fully embedded in our BT Group Manifesto programmes and reporting under our Responsible, Inclusive and Sustainable pillars. All of our most material topics (as described in

the Addendum) are covered to some extent within our reporting. Many material topics have specific targets that are measured, monitored, and reported against, which demonstrate their impact. Some topics may not have specific targets, but their progress and impact are tracked under our wider Manifesto and responsible business programmes.

## **Governance**

### **Oversight**

Oversight of our Manifesto and responsible business strategy has been overseen by the Digital Impact & Sustainability Committee (DISC), a Board subcommittee. The DISC monitors the impact of those programmes, through regular reporting and updates (board papers, reporting of progress against targets/KPIs, review of our Manifesto reporting).

Moving into FY24, to recognise that the DISC has increased its range of responsibilities to cover the full breadth of initiatives that are discussed and reported in our Manifesto (e.g. diversity and inclusion, modern slavery in our supply chain), the committee has been renamed as the Responsible Business Committee, as noted in our AR (page 107).

### **Aligning with standards**

We report against the Sustainability Accounting Standards Board (SASB) Telecommunications Standard in our Addendum (pages 19-22). Our reporting is aligned to the principles of the Global Reporting Initiative (GRI) standards. We've been a signatory to the United Nations Global Compact (UNGC) since 2000. We reaffirmed our support of its ten principles this year. Our UNGC Communication on Progress can be found on the UNGC portal website at <https://unglobalcompact.org/what-is-gc/participants>. We report under the Task Force on Climate

related Financial Disclosures (TCFD) framework within our AR (bt/annualreport pages 71-79).

### **Assuring our year-end reporting**

Our year-end environmental and social reporting, which includes the ESG Addendum, and the Manifesto and TCFD sections within the AR, is externally assured by LRQA against the AA1000ASv3 standard, to a 'high' level of assurance. The AA1000 principles of inclusivity, materiality, responsiveness, reliability, and impact were reviewed by LRQA across the report.

The assurance process helps us review and benchmark our performance, as well as providing valuable feedback on where we can improve.

The observations section of this year's LRQA Independent Assurance Statement (published at [bt.com/esgaddendum](http://bt.com/esgaddendum)) identifies specific areas that we'll look to address over the next year.

Prior to publication, our Addendum and AR is reviewed and approved by the BT Group Board (or its subcommittees) and Disclosure Committee.

### **Contact**

We welcome feedback on our reporting. Please contact us via our Twitter account @BTGroup.