

## Independent assurance statement

Relating to BT Group plc's Digital Impact and Sustainability Report 2019/20 for the financial year ending 31st March 2020.



This Assurance Statement has been prepared for BT Group plc in accordance with our contract but is intended for the readers of this Report.

### Terms of engagement

Lloyd's Register Quality Assurance Limited (LR) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Digital Impact and Sustainability Report 2019/20' ("the report") against the assurance criteria below to a high level of assurance using Accountability's AA1000AS (2008) with 2018 Addendum. LR's verification procedure is based on current best practice, is in accordance with ISAE 3000 and ISAE 3410 and uses the following principles of – inclusivity, materiality, responsiveness and impact and reliability of performance data.

Our assurance engagement covered BT's worldwide operations and activities and specifically the following requirements:

- Reviewing adherence to AA1000AS's Accountability Principles of Inclusivity, Materiality, Responsiveness, and Impact and evaluating the reliability of the specified sustainability performance information (Type 2 engagement)
- Verifying greenhouse gas (GHG) emissions data related to BT's CDP submission, including Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3) as defined within the GHG Protocol Corporate Standard
- Verifying data and information related to the UK's Streamlined Carbon and Energy Reporting (SECR) Regulations requirements.

Our assurance engagement excluded the data and information:

- Accessed through links that take the reader out of the report, including video streams

- Presented by BT but originated from a second party. Here LR corroborate only that data and information was transcribed accurately and the correct reference was provided
- Communicated via social networks
- Included in BT's indexes for United Nations Global Compact, ISO 26000:2010 and Global Reporting Initiative.

LR's responsibility is only to BT, LR disclaims any liability or responsibility to others as explained in the end footnote. BT's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of BT.

### LR's opinion

Based on LR's approach, we believe that BT has, in all material respects:

- Met the requirements above
- Disclosed accurate and reliable performance data and information
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a high level of assurance and at the materiality of the professional judgement of the verifier.

### LR's approach

LR's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing BT's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing minutes of meetings and reviewing associated documents and records.
- Reviewing BT's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by BT and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether BT makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing BT's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.

## Independent assurance statement continued

- Reviewing BT’s Group Internal Audit’s (GIA)<sup>1</sup> process and evidence files to confirm that their internal verification was performed thoroughly. GIA checked the validity of data and information in the following sections of the report:
  - Strong Foundations: Acting with Integrity, Engaging and Empowering People, Keeping Our People Safe and Well, Inclusive Workforce.

### Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder inclusivity:** We are not aware of any key stakeholder groups that have been excluded from BT’s stakeholder engagement process. BT demonstrated that they have incorporated these stakeholder concerns into their management approach and decision-making processes in order to develop a structured engagement approach and response to sustainability issues.
- **Materiality:** We are not aware of any material issues concerning BT’s sustainability performance that have been excluded from the report. It should be noted that BT has established extensive criteria for determining which issue/aspect is material and that these criteria are not biased to the company’s management.
- **Responsiveness:** BT has processes in place to respond to its stakeholders especially government authorities, employees and the public, partners and suppliers, shareholders and investors.

- **Impact:** BT have demonstrated that they have processes in place to determine the impact of the programmes discussed in the Report. However, there could be further analysis of the impact of sub-programmes which contribute to the overall goals; for example, the use of supplier contract clauses to help deliver carbon reduction.
- **Reliability:** Data management systems are considered to be well defined and implemented. BT have acted upon the recommendations made by LR in 2019. The following additional recommendations are made this year:
  - It is recognised that there is no industry standard to calculate and report on the percentage of customers who are actually using parental controls, however, it would be beneficial to review the current internal processes and methodology to improve reporting.
  - Carry out a review of how data management processes are maintained when key individuals are no longer responsible for the data, for example, when they move to a different role.

### LR’s standards, competence and independence

LR implements and maintains a comprehensive management system that meets accreditation requirements for ISO 14065 Greenhouse gases – Requirements for greenhouse gas validation and verification bodies for use in accreditation or other forms of recognition and ISO/IEC 17021 Conformity assessment – Requirements for

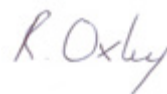
bodies providing audit and certification of management systems that are at least as demanding as the requirements of the International Standard on Quality Control 1 and comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants.

LR ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LR is BT’s certification body for ISO 9001, ISO 14001, ISO 27001, ISO 22301, ISO 20000-1, OHSAS 18001, ISO 50001 and ISO 45001. We also provide BT with a range of related training services and supply chain assessments. The verification and certification assessments, together with the training, are the only work undertaken by LR for BT and as such does not compromise our independence or impartiality.

Signed

Dated: 16 May 2020




Richard Oxley  
LR Lead Verifier

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<sup>1</sup> GIA is an independent, objective, review function for the BT Group. Its role is to provide independent and objective assurance to senior management and the Board as to the adequacy and effectiveness of key controls and of risk management activities across the organisation. The Director Internal Audit retains the right to report to the Board Audit & Risk Committee instances where the department’s independence or objectivity is impaired by the activity or behaviour of audit.