

Welcome

This report highlights our progress in 2019/20 as we seek to step up our leadership in digital impact and sustainability and go beyond limits for our customers, colleagues and communities.

Introduction

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Investing ...in skills for tomorrow

Building better digital lives

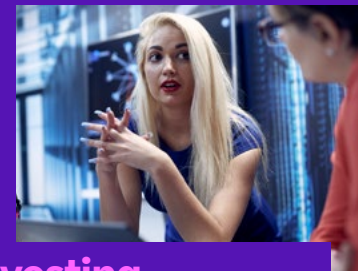
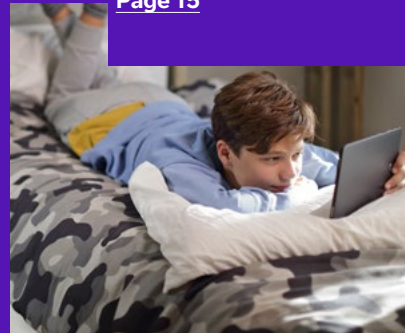
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Investing ...in a safer digital future

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Investing ...in strong people foundations

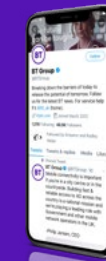
Strong foundations

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Tackling climate change and environmental challenges

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Find out more

You can find additional information on our performance, governance, climate (Taskforce on Climate-related Financial Disclosures) and the environment in our online appendix and [download centre](#)

Tell us what you think

We welcome feedback on this report or its contents. Please complete the [online feedback form](#) or contact us via our Twitter account [@BTGroup](#).

Sustainability awards

CDP A list: We remained on the CDP's global A List of corporate climate leaders for the fourth year running, putting us in the top 2% of reporting companies. We also maintained our position in the CDP Supplier Engagement Leaderboard.

Clean200: We made the 2020 Clean200 list of the world's largest publicly traded firms, ranked by total clean energy revenues.

EcoAct: We retained our place in the top three of EcoAct's ranking of FTSE 100 companies for the seventh year in a row – and came tenth in their global rankings.

EcoVadis Gold rating: We achieved the Gold rating for corporate social responsibility for the seventh year running in May 2019.

Global 100: Corporate Knights included BT in its annual ranking of the 100 most sustainable corporations in the world.

Tortoise Responsibility100: We ranked fourth in the most recent quarterly index of FTSE 100 companies in March 2020.

Introduction from our Chairman and Chief Executive

The Covid-19 pandemic has seen rapid and radical changes to the way we live and work. Never have people and businesses been more dependent on us to stay connected in the UK and beyond.

BT is stepping up, standing by our customers, colleagues and communities in this time of need.

Our networks and services are essential to the UK's digital infrastructure. We're helping to keep our customers connected, and support more vulnerable people, as well as contributing to public health efforts and prioritising support for critical services – from connecting temporary hospitals to helping isolated patients stay in touch with loved ones.

That's why many of our frontline colleagues are designated by the Government as key workers.

The essential role we play in connecting people and businesses will not only support the nation through this crisis, but contribute to the UK's ambition to become a world-leading digital economy for everyone.

We're investing in faster networks and wider coverage that will help connect the UK to the future, but access alone isn't enough. The UK's digital skills gap is leaving millions of people behind.

We aim to empower 10m people by 2025, giving them the skills they need to flourish in a digital world. We've launched a major new programme to help us do this.



Jan du Plessis
Chairman

At the core of our Beyond Limits brand position, Skills for Tomorrow is a key pillar in each of our customer facing business units. It builds on our long-standing programmes such as Barefoot Computing which has reached more than 2.8m children since 2014.

Through Skills for Tomorrow, we're working with some of the country's leading digital skills organisations to offer everyone free access to resources that suit them. Many can be accessed online, offering invaluable support through the Covid-19 crisis – from helping people manage their lives online and work effectively wherever they are to providing ready-made lesson plans for homeschooling.

Digital technology offers a world of opportunities to transform people's lives, but the potential for its misuse also poses new challenges to human rights. We're working with other tech companies and human rights organisations to respond, and we remain firm supporters of the UN's Global Compact and Sustainable Development Goals.



Philip Jansen
Chief Executive

Events in the last year have highlighted the urgent need to tackle the climate emergency and the growing expectations on companies to take action. We've been leading the way on corporate climate action for over 25 years and we're targeting net zero carbon emissions in our business by 2045.

We want every one of our colleagues to play a part in delivering our digital impact and sustainability ambitions, and our business goals. Our new Colleague Board is giving our people a louder voice at the table, and a direct line to the BT Board. Despite the downturn in the economy caused by Covid-19, we've maintained our promise of introducing an annual award of shares through the yourshare plan that offers all our people a stake in our success.

The months ahead will bring many further challenges, but we'll continue to act as a force for good in support of customers, colleagues and communities.



Leena Nair
Non-executive director and chair of BT's
Digital Impact & Sustainability Committee

“ Being appointed chair of BT's *Digital Impact & Sustainability Committee* is an exciting opportunity for me to work with a company that is serious about taking on the challenges and opportunities of sustainability. BT has already made great progress on its ambitions. I see enormous potential to build on this strong track record by integrating sustainability even further into core business processes, products and services – and deepening engagement with customers about their own footprints, and the sustainability credentials of BT's retail and commercial services.

Our strategy

Our digital impact and sustainability (DI&S) strategy will help us deliver lasting positive impact in the UK and beyond.

We're focusing on three key areas where we can use our technology, our reach and our people to make the biggest possible contribution to the UK's ambitions and the UN's Sustainable Development Goals. We've set bold ambitions to drive progress in these areas and our DI&S strategy is built on strong foundations (see graphic).

The DI&S strategy supports our vision to be a leader in converged connectivity and services, brilliantly delivered. It enables us to grow demand for our products and services, build and enhance our reputation, manage risks, develop talent, make BT the best place to work, and create long-term value for our business and the UK.

We ensure clear accountability, from the top, for delivering the strategy. From April 2020, we're adding our digital skills and carbon emissions intensity targets to our Group key performance indicators (KPIs) and both will be linked to 10% of the bonus scheme, placing sustainability at the core of what we do (see the [appendix](#) for more on governance).

Our strategic focus areas

1. Building better digital lives



Our ambitions

Reach 10m people in the UK with help to improve their digital skills by 2025¹

Our progress

- Launched Skills for Tomorrow, including an online portal containing free resources
- 2.8m people reached in total since 2014/15
- 20 Online Centres sponsored so far with Good Things Foundation
- 3,300+ Work Ready graduates since 2014

Supporting the UK's ambitions

The UK Government's Digital Strategy includes giving everyone access to the digital skills they need

Contributing to the UN Sustainable Development Goals and targets

4 QUALITY EDUCATION	5 GENDER EQUALITY	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
		
4.3 + 4.4	5b	9.1 + 9c

2. Championing human and digital rights



Our ambitions

Keep people secure online, protect privacy and free expression, and support efforts to tackle modern slavery

Our progress

- Signatory to the UN Global Compact
- Approach steered by the UN Guiding Principles on Business and Human Rights
- Founding partner of the UK Modern Slavery Helpline and Tech Against Trafficking
- Joined World Business Council for Sustainable Development CEO call to action on human rights

Supporting the UK's ambitions

The UK Government is committed to tackling the crime of modern slavery that affects an estimated 40m people globally

Contributing to the UN Sustainable Development Goals and targets

8 DECENT WORK AND ECONOMIC GROWTH	10 REDUCED INEQUALITIES	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
		
8.7	10.2	16.10

3. Tackling climate change and environmental challenges



Our ambitions

Adopt a sector-leading approach to climate action, with a target to become a net zero carbon business by 2045

Our progress

- 42% reduction in carbon intensity since 2016/17
- 92% of the electricity we consume around the world is now renewably sourced – and we're at 100% for directly purchased electricity in the UK
- We've now helped our customers save three times as much carbon as our end-to-end carbon emissions – one year ahead of target
- 12 key suppliers signed up to climate clause
- New plastics policy and commitment

Supporting the UK's ambitions

The UK Government's target is to achieve net zero emissions by 2050

Contributing to the UN Sustainable Development Goals and targets

12 RESPONSIBLE CONSUMPTION AND PRODUCTION	13 CLIMATE ACTION
	
12.5 + 12.7	13a

¹ We've revised the wording of this ambition from providing 'training' to 'help' to improve digital skills to reflect the broader range of support we're providing as part of our Skills for Tomorrow programme.

Supported by strong foundations

Behaving ethically

Developing diverse talent

Keeping our people safe and healthy

Our priorities

In our strategy, we prioritise what matters most to our stakeholders.

Every year, we engage with stakeholders and map their concerns against key risks and opportunities for our business, including how we can contribute to global challenges. The resulting materiality analysis is shown in the graphic (right).

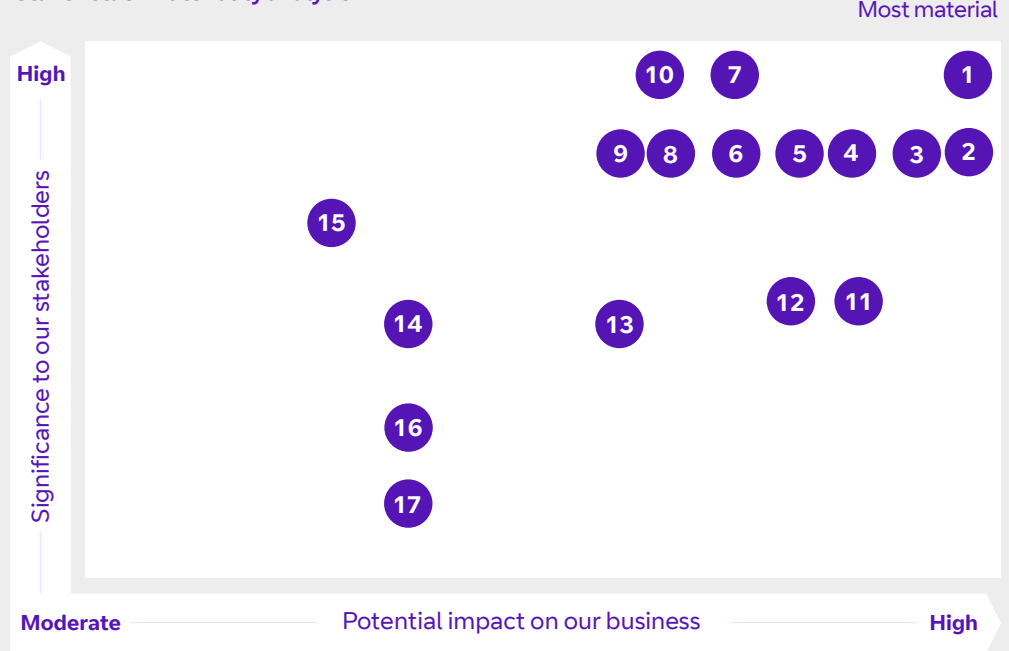
This year, customer experience topped the list of stakeholder concerns. The topics of network investment, data/cybersecurity and digital lives (including skills and online safety) are also of high importance to stakeholders.

Climate change, human and digital rights, and diversity and inclusion have increased in prominence as hot topics among our stakeholders, alongside business ethics. The focus on sustainable consumption has heightened, with particular emphasis on plastics; we've introduced a new policy and target to reduce single-use plastics in our operations. Economic impact has increased in stakeholder importance, citing Brexit and financial downturn concerns, heightened by Covid-19 impacts in recent months.

We address our most material issues within this report, with the exception of network investment, customer experience and economic impacts, which are covered in our [Annual Report](#).

See the [appendix](#), governance section, for more information on how we listen to stakeholders, identify our material issues and manage risk.

Stakeholder materiality analysis



- | | |
|---------------------------------------|--|
| 1 Customer experience ◀ ★ | 10 Diversity and inclusion ◀ ◻ |
| 2 Data/cybersecurity ★ | 11 Clean energy ◻ ◻ |
| 3 Network investment and innovation ★ | 12 Health, safety and wellbeing ◻ ◻ ★ |
| 4 Business ethics ◻ ◻ ★ | 13 Community and charity ◻ ◻ |
| 5 Climate change ◻ ◻ ★ | 14 Air pollution ◻ |
| 6 Human and digital rights ◻ ★ | 15 Emergent tech |
| 7 Digital lives ◻ ◻ | 16 Electromagnetic frequency and health concerns |
| 8 Economic impacts ★ | 17 Disaster response |
| 9 Sustainable consumption ◻ ◻ | |

- ◀ Policy
- ◻ Target/KPI
- ★ Principal risk

Case study:

Investing in society

We make a significant contribution to society through our core business by investing in our networks, products and services to improve connectivity and communications.

We also maintain our long-standing commitment to invest in community programmes that are designed to accelerate progress towards our digital impact and sustainability ambitions, as highlighted throughout this report. This year, our investment totalled £29m worth of cash, time volunteered and other in-kind contributions.

That's equivalent to 0.90% of the previous year's adjusted profit before tax, falling short of our annual target of 1% as a result of lower in-kind contributions in areas such as volunteering. We are refocusing our efforts behind Skills for Tomorrow and aim to improve the efficacy of our volunteering.

We have invested £164m at an average of 0.98% of adjusted profit before tax over the last five years.



Our ambitions

Building better digital lives

Reach **10m people**
in the UK with help to improve their digital skills by 2025¹

PROGRESS

2.8m people
reached since 2014/15



¹ We've revised the wording of this ambition from providing 'training' to 'help' to improve digital skills to reflect the broader range of support we're providing as part of our Skills for Tomorrow programme.

Tackling climate change and environmental challenges

Become a **net zero carbon**
emissions² business by 2045

PROGRESS

243 Ktonnes
CO₂e emitted in 2019/20
(18.6% reduction on last year)

Cut our **carbon emissions**
intensity³ by 87% by 2030

PROGRESS

42% reduction
since 2016/17

Buy **100%**
of our electricity worldwide from renewable sources by the end of 2020, wherever markets allow

PROGRESS

92%
of our worldwide electricity consumed is renewably sourced (and we're at 100% for directly purchased electricity in the UK)

Enable customers to reduce their carbon emissions by at **least three times**
the end-to-end carbon impact of our business by the end of 2020/21

PROGRESS

3.1:1 achieved
in 2019/20 – one year early

Reduce carbon emissions from our supply chain by **29% by 2030**

PROGRESS

8% reduction
achieved since 2016/17

² Scope 1 and 2 greenhouse gases.
³ Scope 1 and 2 greenhouse gases per unit of gross value added.