Climate change

let's make a better world

Climate change

Climate change is happening and we expect to be affected by it. Increases in extreme weather conditions, such as floods and storms, could potentially damage our network infrastructure. Hence climate change is one of our key CSR risks.

In addition to regulatory and financial instruments which encourage the reduction of carbon dioxide emissions, we all need to exploit advancing technologies. ICT lets global economies develop whilst emitting less carbon; so we will be part of the solution.

BT's own energy costs have increased markedly over the past two years. In Europe, this increase has been partly as a result of rising fuel prices, taxation and market mechanisms. But our energy consumption, which fell for many years, has also begun to rise as we introduce new network equipment.

Approach to climate change

Our carbon emissions come from two sources: directly from the fuel we burn to heat our buildings, run our vehicles and power standby generators; and indirectly from the electricity we buy.

We set our first carbon-reduction target in 1992, supported by internal energy awareness campaigns including team actions packs, publications and videos.

In 2004/5 we signed a three-year contract with npower and British Gas to supply nearly all of BT's UK electricity from low-carbon sources, including renewables and combined heat and power. At the time this made us the world's largest purchaser of green electricity.

We are experimenting with on-site renewable electricity at two of our sites, including small-scale wind turbines and photovoltaics.

Teleconferencing (including audio and video), home- and flexi-working and forms of e-business can all help tackle climate change by reducing the need to travel. (See more in ICT Sustainability Impacts).

In the run up to the 2005 G8 summit Ben Verwaayen joined the CEO's of 23 other multinational companies in signing a statement calling for action by world leaders on climate change. In October 2005 our Chairman, Sir Christopher Bland, spoke at the launch of the 3rd Climate Disclosure Report.

BT was ranked 4th in the Low Carbon Leader awards 2005.

Climate change strategy

The world is experiencing some worrying signals that the climate is changing. It is happening much faster than many people expected and carbon dioxide levels will increase for many years to come.

We want to contribute to stabilising the world's climate. As this report shows we have already done much but there is much more we could do.

As part of this report we commissioned Climate Sense, a think tank, to produce a Hot Topic entitled "What would a genuinely climate neutral BT look like?". It advises us to move beyond considerations of carbon neutrality and into what Climate Sense calls "carbon positivity".

BT's subsequent strategy to help tackle climate change addresses five important areas:

1. Continue to reduce BT's own carbon footprint
2. Protect our assets from the impacts of climate change
3. Develop ICT solutions for customers to help them reduce carbon emissions
4. Associate our brand with action on climate change
5. Encourage BT employees to get involved at home and work.

Action on climate change

By the end of the 2006 financial year our total CO2 emissions reduction against our cap target of 25% (below 1996 levels) by 2010, was 60%. This is equivalent to an annual saving of almost 1 million tonnes of CO2.

Our emissions savings already exceed the UK Government's target to reduce greenhouse gases emissions by 20%, by 2010 (from a 1990 baseline). This goes beyond the Kyoto Protocol target of a 12.5% reduction by 2010.

We report our emissions according to the inventory guidelines detailed in the Green House Gas (GHG) Protocol. The initiative, hosted by the World Business Council for Sustainable Development, brings together leading experts on greenhouse gas emissions to develop internationally-accepted accounting and reporting standards.

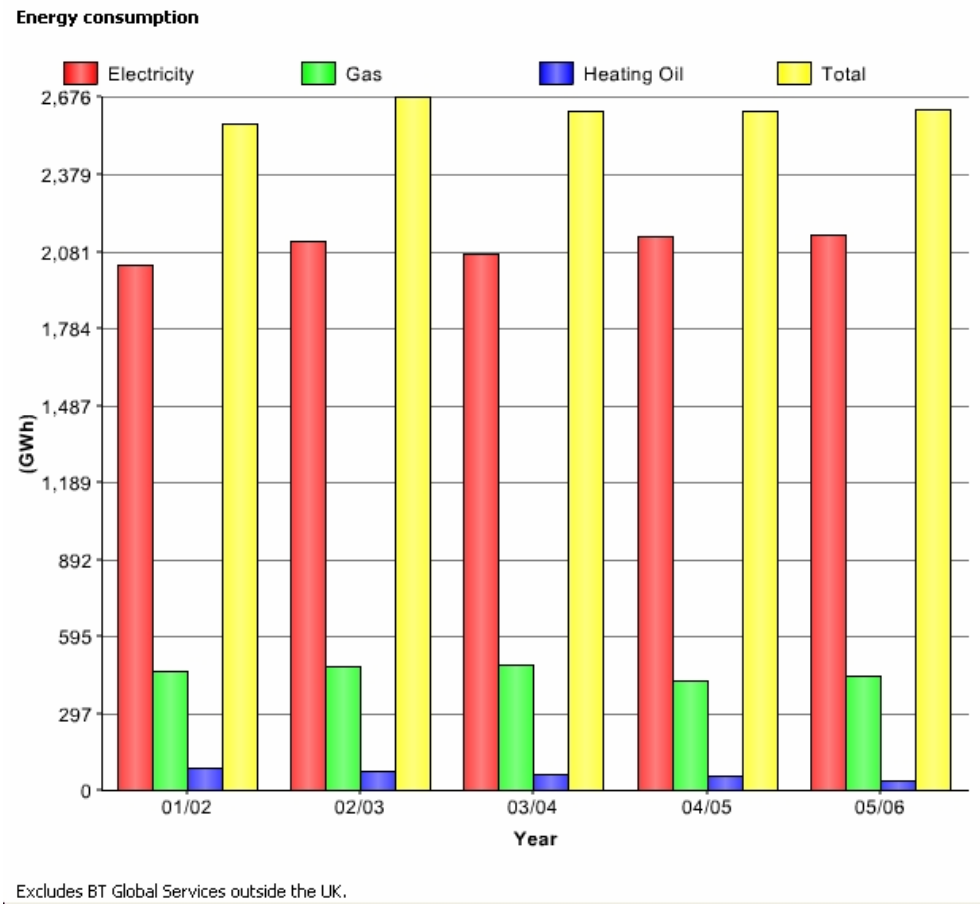
Click on the icons below for more information on the CO2 Model and a CO2 equivalent emissions chart.

Climate change - Key Performance Indicators

Indicator	Description	Measure	Target
Global Warming CO2 emissions	A measure of BT's climate change impact	2006 financial year CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	Cap 2010 CO2 emissions at 25% below 1996 levels

Climate change Targets

Start Date	End Date	Description	Update	Target Status
April 2003	**March 2010**	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 25% below 1996 levels.	We are currently on target to meet this objective.	On target



BT Carbon Dioxide (CO2 equivalents) Model

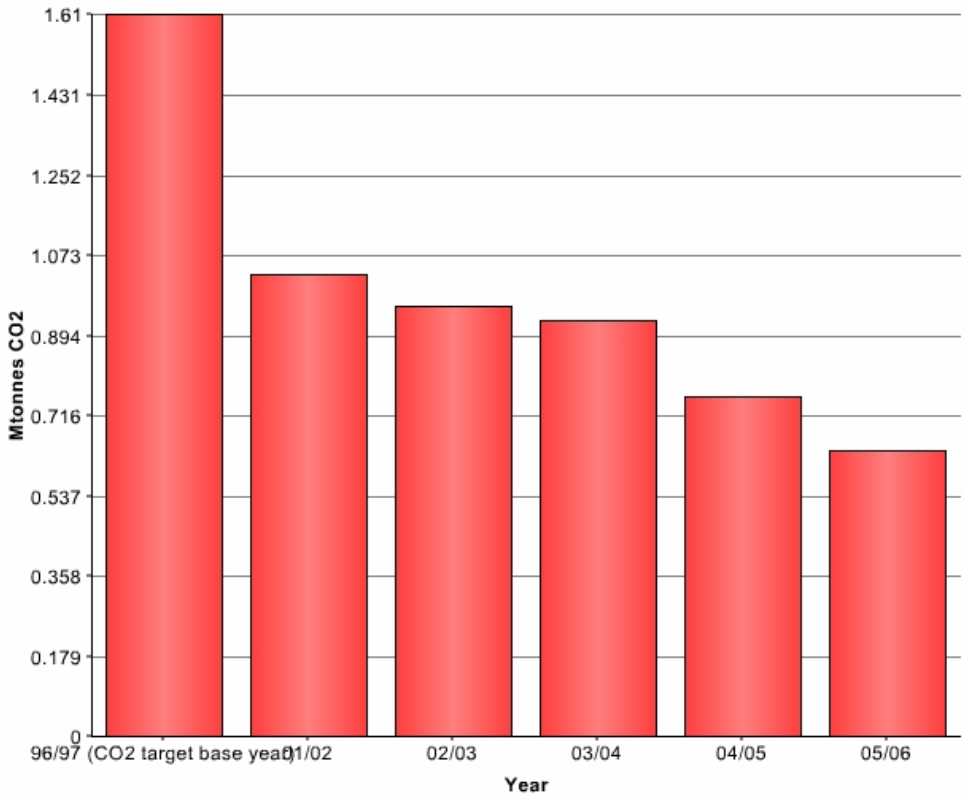
	Base Year	96/97 (Base)	02/03	03/04	04/05	05/06
	Emission Source	**Amount (kg)**	**Amount (kg)**	**Amount (kg)**	**Amount (kg)**	**Amount (kg)**
SCOPE 1	*Stationary Combustion*					
	Electricity Production - Oil Combustion	Note 2	3,943,100	9,030,000	6,450,000	3,671,315
	Gas Combustion	110,770,000	91,629,939	92,599,797	81,196,740	83,794,467
	Oil Combustion	66,500,000	18,597,767	15,677,851	14,352,750	10,342,249
	Refrigeration Gases (HFCs and SF6 only)	Note 2	1,075,614	886,004	2,406,894	1,433,998
	Commercial Fleet Diesel	167,232,000	146,286,919	131,282,272	126,699,464	129,340,509
	Commercial Fleet Petrol	18,480,000	2,115,145	9,951,175	9,603,799	5,933,994
	Total Scope 1 Emissions	362,982,000	263,648,485	259,427,099	240,709,648	234,516,532
SCOPE 2	*Purchased Electricity*					
	Grid Electricity	1,202,340,000	208,093,676	182,898,288	132,827,077	18,006,138
	CHP (low CO2) Electricity	0	411,252,000	411,252,000	307,424,890	310,791,276
	Total Scope 2 Emissions	1,202,340,000	619,345,676	594,150,288	440,251,967	328,797,414
	Combined Scope 1 & 2 Emissions	1,565,322,000	882,994,161	853,577,387	680,961,614	563,313,946
SCOPE 3	Company Car Diesel	24,021,000	7,794,778	8,182,973	11,153,473	15,392,853
	Company Car Petrol	16,296,000	25,238,685	25,513,068	17,303,091	12,072,696
	Cars on BT Business (Diesel)	Note 1	581,916	600,521	600,826	1,805,450
	Cars/Motorcycles on BT Business (petrol)		3,508,096	3,584,361	3,785,867	1,420,477
	Refrigeration Gases (CFCs and HCFCs only)	Note 1	7,534,434	6,727,767	7,763,662	4,375,817
	Rail travel	Note 2	11,873,532	12,168,782	13,484,611	14,594,061
	Air Travel (short haul)	Note 2	5,544,424	4,711,583	6,006,193	7,553,833
	Air Travel (long haul)	Note 2	3,982,182	7,000,831	6,029,284	7,864,527
	Hire Cars (Diesel)	Note 2	1,745,243	1,163,209	2,670,362	2,085,571
	Hire Cars (Petrol)	Note 2	8,726,216	12,316,408	12,777,391	5,409,009
	Total Scope 3 Emissions	40317000	76,529,506	81,969,502	81,574,760	72,574,294
	Total CO2 emissions (kgs)	1,605,639,000	959,523,667	935,546,889	762,536,374	635,888,240

Source: Invoices, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, DETR, AEAT NETCEN

Notes: 1. Included in company car data

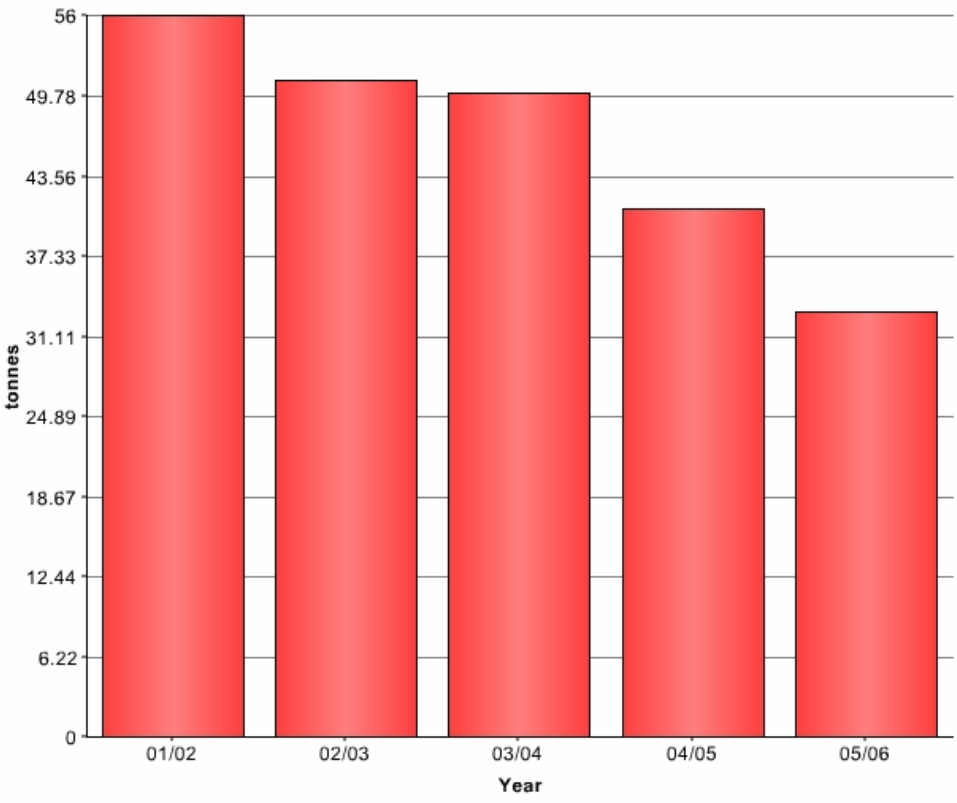
2. Data not available

CO2 equivalent emissions



Excludes BT Global Services outside the UK. (96/97 is the CO2 target base year)

CO2 emissions per £m Turnover



Excludes BT Global Services outside the UK.

Approach to climate change - Key Performance Indicators

Indicator	Description	Measure	Target
Global Warming CO2 emissions	A measure of BT's climate change impact	2006 financial year CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	Cap 2010 CO2 emissions at 25% below 1996 levels

Action on climate change - Key Performance Indicators

Indicator	Description	Measure	Target
Global Warming CO2 emissions	A measure of BT's climate change impact	2006 financial year CO2 emissions were 0.64 million tonnes, 60% below the 1996 level.	Cap 2010 CO2 emissions at 25% below 1996 levels

Action on climate change Targets

Start Date	End Date	Description	Update	Target Status
April 2006	**March 2007**	As part of the roll out of BT's 21CN next generation network, BT will implement a sub metering strategy at 30 of its 'pathfinder' sites.		New
April 2006	**March 2007**	BT will install and evaluate the benefits of installing remote profile based gas metering at 30 typical sites with the BT estate.		New
April 2006	**March 2007**	BT will reduce the energy consumption required in wet heated building i.e. gas and oil, by 2% weather corrected from the 05/6 outturn. (N.B. excludes network electrical consumption)		New
April 2005	**March 2006**	BT will, subject to planning restrictions and financial viability, develop and install two small-scale wind installations developing direct integration technology solutions with the communication power equipment.	We installed a wind turbine at one of our planned sites but planning permission was refused at the second.	Completed
April 2005	**March 2006**	BT will reduce the energy consumption required in wet heated building by i.e. gas and oil by 2% weather corrected from the 2004/5 outturn. (N.B. excludes network electrical consumption)	We reduced our consumption by 10.8%.	Completed
April 2005	**March 2006**	Through implementation of energy efficiency measures, BT will implement energy efficiency measures to reduce electrical consumption by 12GWh within the BT Wholesale estate or process estate.	We reduced our consumption by 24 GWh.	Completed
April 2005	**March 2006**	BT will put into action and provide subsequent recommendations on a field trial that has been developed to assess the fuel economy and driver feedback by limiting the maximum speed to 70mph on a selection of medium size commercial vehicles.	Trial concluded successfully with final report containing full details of possible savings.	Completed
April 2005	**March 2006**	BT will, subject to planning permission, install Photo voltaic electricity generation at one key 21st Century network site evaluating the integration options and output.	Unfortunately due to delays in our 21CN rollout, we did not achieve this target.	Failed
April 2005	**March 2006**	BT will, as a direct result the installation of its new 21st Century multi- service access network, deliver a 30% line for line energy reduction.	Evaluation of current design shows a potential 40% reduction subject to migration of legacy products.	On Target
April 2003	**March 2010**	BT will reduce its carbon dioxide emissions (measured in tonnes CO2 equivalent) to 25% below 1996 levels.	We are currently on target to meet this objective.	On target