

Our 2011 Sustainability Review

Better Future



A message from our Chairman and our Chief Executive

Our commitment to being a leader in responsible and sustainable business goes beyond a statement of strategic intent and beyond managing our own social and environmental footprint. We're also passionate about the role that BT can play in helping others to live and work more sustainably through our technology and the skills and expertise of our people. This report is about the actions we are taking and contains examples of our commitment from right around the business.

There are three key broad and interlocking themes in our approach.

First, our significant investment in the UK's digital infrastructure will improve access to technology at the same time as our community programmes are helping more people get online. Our investment in super-fast broadband will enhance business competitiveness, digital participation and the delivery of public services. We extended our fibre network in May 2011 to pass over five million UK premises and continued to work in partnership with national and local government and others to make sure that rural and remote communities are included. We also launched our Get IT Together campaign to get at least 100,000 digitally excluded people in the UK online by 2012, and continued to work with partners internationally to help more people benefit from technology around the world. For example in Columbia our people are working with community schools and villages in remote areas, delivering satellite internet access and helping them learn how to use the internet for the first time.

Second, we recognise the essential role that charities play in tackling social and environmental issues, and we want to help them do this more efficiently and effectively. This year we launched MyDonate, our new free online fundraising service, to help UK charities raise more money online. We also enabled £34m to be raised for charity through our support for telethons and disaster appeals. BT people provided over 49,000 days of volunteering activity in the community, the value of which we estimate at £13.8m.

Third, climate change remains one of the most pressing sustainability challenges. We are fully committed to reducing the environmental impacts of our products and services and to bringing to market new low-carbon solutions that help our customers to reduce energy use and CO₂ emissions. Examples this year include our Green Branch service in Spain, which enables banking clients to monitor and reduce power consumption in their branches by up to 30%, and our SmartReach consortium, offering a plan to accelerate Great Britain's smart meter programme. Of course we continue to tackle our own use of resources too and we're pleased to report a 2.5% reduction in energy use this year and planning approval for the first BT wind farm, allowing us to generate our own clean electricity. Our new climate change procurement standard, one of the first in the UK, is gaining recognition as being a major step forward in encouraging suppliers to use energy efficiently.

We are excited too, to be both the communications partner and a sustainability partner for the London 2012 Olympic and Paralympic Games. We have integrated sustainability into the design of our communications solution for the Games from the beginning. For example, rather than installing separate networks for voice and data traffic, BT is delivering both more efficiently through a single converged communications infrastructure – the first of its kind for a summer Olympic Games. We are also using the momentum of the Games to help young people develop their communication skills through our 'Get Set' London 2012 educational programme.

This is our tenth annual report on BT's social and environmental performance. We have made considerable progress over the last decade – from reducing our carbon footprint by 53%, to bringing copper broadband to 99% of UK premises, investing over £200m in community and environmental activities, being committed to the UN Global Compact principles since 2000 and developing challenging supply chain standards. And we are confident we can achieve even more in the next decade and beyond.

We are pleased that our efforts are recognised. We maintained gold sector status in the Dow Jones Sustainability Index and 'Platinum Plus' level in the Business in the Community Corporate Responsibility Index. We were sector leader in the FTSE4Good ESG ratings this year, achieved joint first place in the Carbon Disclosure Project's Leadership Index, won the World Communications Award 'Green Award' and won the CSR award at the Procurement Leaders awards.

We have the skills, ideas and passion of BT employees to thank for these achievements – and we will need to continue to draw on their insights and expertise to tackle the challenges that lie ahead.

Sir Michael Rake

Chairman

Ian Livingston

Chief Executive

Using this report

We have listened to your feedback on ease of navigation from last year and have redesigned this report.

Tell us more – feedback

You will find a comments icon on the top of each page. Please let us know what you think of our report. Did you find what you were looking for? Have we covered the issues you want – or too much detail on some issues?. All comments will help shape future reports.

There are a number of different ways to read our sustainability report:

On the left hand side of each page

The navigation on each section allows you to see further related content



This icon, at the top left hand of each section, will take you back to the report home page to navigate to other sections

On the right hand side of each page



Use the United Nations Global Compact index to read our progress towards the 10 Global Compact principles



Use the Global Reporting Initiative (GRI) to find our responses to the indicators and disclosures of the G3 sustainability reporting guidelines



Use The Way We Work Index to find our performance against our business principles, aspirations and commitments



We have provided an index against ISO26000 - Guidance on social responsibility.



See our case studies



Our Key performance indicators



Our Targets

Other features

Build your own PDF report based on your areas of interest, and bookmark pages for future reference. You must register on this site to use these functions. We will not share your details with any third party

Use the search function to find specific words or phrases

Find information using the alphabetical index.

We also produce a short, printed sustainability review that focuses on the most significant and relevant areas for our business and stakeholders. Download the review in PDF format [here](#).

Our performance indicators

There are more than 60 detailed performance indicators in this sustainability report, and we have robust systems in place for gathering these data from across our business. Our equality and diversity data are based on 'self-declaration' – the number of people who tell us they are from a minority group or category. In some countries it is illegal to ask for or collect this data. We make it clear when data is country specific.

Restatements of information

In 2011 we made two restatements to data published in our Key Performance Indicators (KPI):

- CO₂ equivalent emissions have been restated for this year and previous years to reflect changes in emissions factors published by government and other non-material corrections
- Following a review of waste reporting systems we have restated our waste costs for 2009 and 2010.

Indicators

We report on 12 key performance indicators (KPIs), which provide an overview of our performance against the most significant and relevant (material) sustainability issues for customers, employees, suppliers, society, the environment and our business integrity. As well as a number of performance indicators

We established our KPIs in 2003. Our Board Committee for Sustainable and Responsible Business and our Leadership Advisory Panel review them annually and modifies them as necessary.

Developing our KPIs

During 2011, we reviewed our KPIs to consider:

- Whether they still reflect the most material issues
- Whether they reflect each element of our CR strategy equally
- Whether each measure is sufficiently clear and robust to assure stakeholders that the issue is well managed.

From 31st March 2011, we will report the following KPIs that we no longer consider to be the most material measures of our performance as performance indicators. These are well established measures within our business and we will continue to report on them in the relevant sections of our sustainability report. They are:

- Our workforce diversity measure
- Our lost time injury rate (LTI)
- Waste to landfill
- Our measure of our supplier relationships.

We aim to develop new KPIs in the following areas, which more closely reflect our strategic priorities, in 2012:

- Developing environmentally sound products and services
- Helping customers live and work more sustainably

- Improving communications across society
- The impact of our volunteering activities.

Assurance



We used the Global Reporting Initiative's (GRI) G3 Sustainability Reporting Guidelines and Pilot Telecommunications Sector Supplement when preparing this report. We assess that the report meets application level A+ and have provided a GRI Index with links to our coverage of each indicator.

We also applied [AccountAbility](#)'s three Principles of inclusivity, materiality and responsiveness.

- **Inclusivity:** The participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
- **Materiality:** Determining the relevance and significance of an issue to an organisation and its stakeholders.
- **Responsiveness:** An organisation's response to stakeholder issues that affect its sustainability performance and is realised through decisions, actions and performance, as well as communication with stakeholders.

Lloyd's Register Quality Assurance Limited (LRQA) is contracted by BT to assure this report against the AA1000 AS (2008) and the GRI guidelines. LRQA's [statement](#) explains the assurance process and provides their conclusions.

BT's external Leadership Panel also provides a [statement](#) on the progress we have made toward becoming a more sustainable and responsible business in 2011 financial year.

BT Leadership Panel – annual statement

The Panel's remit

Our purpose is to encourage innovation and leadership on sustainable development and corporate responsibility (CR) in BT by providing independent guidance and expert advice on BT's activities, including:

- Advising on key areas of CR and sustainable development strategy and performance, including future objectives, targets, performance measures, policy, stakeholder relationships, governance and external communications;
- Making sure BT doesn't dodge difficult or uncomfortable issues;
- Bringing independent scrutiny to bear on BT's understanding of critical societal issues; and
- Advising on new or significantly altered social and environmental report content.

In this statement, prepared for inclusion in BT's 2011 Sustainability Report, we comment on the level of progress made during the 2010–2011 financial year by BT on sustainable development and CR. The statement covers all areas of CR strategy and performance, and includes our consideration of the main challenges ahead.

We met four times during 2011, including the use of Telepresence allowing our members in Paris and Oslo to reduce their travel. We have appreciated more contact with BT's Committee for Sustainable and Responsible Business (CSRB). At each Panel meeting, we have the opportunity to review the decisions and activities discussed at the CSRB, and the CSRB is updated on the discussions following Panel meetings. Jonathon Porritt has attended a CSRB meeting this year, and the Panel welcomed Dame Ellen MacArthur to our debate on KPI development.

Panel meetings are conducted with frankness, constructive criticism and fresh thinking. Divergent views around the table reflect the varied backgrounds and experience of the Panel members.

Sustainability Leadership

We have been concerned in Panel meetings about the current level of BT's sustainability ambition. We are witnessing increasingly intense competition for sustainability leadership from many companies both within and outside the sector. We are pleased that BT has decided to build on its strong leadership credentials, and has been explicit about the ambition to continue to be a sector leader – although not “the sector leader” – as reflected in the decision to establish a new high-level Strategic Priority (“to be a responsible and sustainable business leader”). This will ensure greater senior-level buy-in across all the Lines of Business.

New Business

The Panel continues to be interested in the way in which sustainability impacts on BT's business practices, and we've seen a distinct pick up in terms of the innovation agenda over the last year or so. We are encouraged by BT's various initiatives to take a lead on smart Grids and meters. A good example of this is BT's SmartReach consortium with Arqiva and Detica in responding to the Government's requirements for Smart Meters to be installed in 28 million homes and small businesses in Great Britain by 2020.

Supply chain influence

BT was one of the first companies in the UK to develop a proactive sustainable procurement strategy, and this has enabled it to help reduce energy consumption through key consumer products such as BT Vision's set-top boxes and Home Hubs (wireless routers). BT's new Climate Change Procurement Standards is leading-edge, and encourages low-carbon innovation amongst its suppliers. The Standard encourages energy efficiency, reduction of carbon emissions during manufacture, delivery, use and disposal of products and services supplied to BT.

CR Risks

As part of our annual review of BT's CR risk register we discussed the calls on BT and the sector to 'block and filter internet traffic'. We understand why BT has adopted the position that it is not the responsibility of BT as an Internet Service Provider to decide what is or is not legal or to decide what customers should or shouldn't access online. However, a number of us remain uncomfortable about this “non-judgemental” position. We acknowledge that BT makes an exception on the serious issue of child sexual abuse, using the Internet Watch Foundation's independent assessment to prevent users inadvertently accessing material. BT Retail provides all its broadband customers with help and advice to stay safe on the internet.

We raised our concerns about this year's safety performance, which followed under-achievement last year. However we note that over the past 10 years BT's safety performance measured through lost time injury rate has improved significantly and remains in the top quartile of benchmarked companies.

Climate change

We were pleased to see BT's analysis of the ICT sector's energy/ carbon footprint '[Are ICT emissions running ahead of expectations?](#)' In last year's report, we challenged BT about whether the potential CO₂ reduction benefits from the sector's customer solutions is materialising, and also whether this reduction will outweigh the inevitable growth in the footprint of the ICT sector itself. We commented that “the entire ICT industry must also wrestle with the scope for web-enabled technologies in increasing emissions of CO₂”. BT's analysis confirmed our view that the sector's footprint is increasing – however, by no more and in some cases less than forecast in the GeSI SMART 2020 report. Assuming that the data on which this assessment is based are accurate, this is encouraging. We are also pleased that BT has continued to drive reductions in its own energy use.

Performance Measurement

We have spent some time helping review the 12 CR Key Performance Indicators, which BT has been reporting on for a number of years. A comprehensive review has been carried out, and we have recommended that BT continues to report on the existing set this year to ensure full transparency, whilst developing KPIs for areas that are of more material significance to today's stakeholders and which represent the breadth of BT's sustainability programme.

We raised our concerns about this year's safety performance, which followed under-achievement last year. However we note that over the past 10 years BT's safety performance measured through lost time injury rate has improved significantly and remains in the top quartile of benchmarked companies.

Sustainability Reporting

The Panel provides input to BT's reporting process. We comment on content and approach, and are active participants in the company's materiality determination process. We recognise that BT has taken steps to ensure that this agenda is properly reflected within the company's Annual Report and Accounts, although the tone remains very dry and somewhat lacking in the “passion” to which BT aspires. We believe BT should take further steps towards

fully integrated reporting.

Challenges for the future

We believe BT needs to be even more alert as to what its principal competitors are doing in terms of their own corporate responsibility and sustainable development challenges. BT was miles ahead of those competitors when the agenda was not particularly pressing, but now that it's become fundamental to business success, it would be highly problematic if BT was not constantly seeking to raise its own game.

On renewable energy, for instance, its declared intentions have always been impressive, but it now needs to deliver on its wind power projects tackling the barriers relating to planning approval that have caused delay.

We think it would also be helpful for BT to bring back its "hot topics" process. This allowed BT to dig down into some of the more controversial and challenging issues confronting the company, and to assess how best to respond to them.

This statement covers our work as a Panel up to the on-line publication of the report in May 2011. Previous statements of the Panel are available in the archive [insert hyperlink] section of this site.

Jonathon Porritt, Mark Goyder, Elisabeth Lavelle, Jørgen Randers, Nick Robins

The Panel members

Advisory Panel members act in a personal capacity – the organisational affiliations below are listed for identification purposes only.

Jonathon Porritt chairs the Panel. He is one of the UK's leading environmentalists, founded [Forum for the Future](#) in 1996, together with fellow Founder Directors Sara Parkin and Paul Ekins. He is closely involved in the Forum's Business Programme, in addition to involvement in a wide range of other Forum activities. He is a former Chair of the [UK Sustainable Development Commission](#), a non-executive Director of Wessex Water and Willmott Dixon, and is Co-Director of The Prince of Wales's Business and Sustainability Programme.

Mark Goyder is Founder director of [Tomorrow's Company](#) a business think-tank which was established in 1996 following the RSA's Inquiry, "Tomorrow's Company; the role of business in a changing world". He is the author of Living Tomorrow's Company in which he sets out the philosophy behind Tomorrow's Company and is a regular contributor to newspapers such as the Financial Times and the Times. He was a member of the DTI Working Party on Materiality for the Operating and Financial Review.

Elisabeth Lavelle is one of Europe's leading experts on corporate, social and environmental responsibility. She created the leading French sustainability strategies consultancy and think-tank, Utopies, in 1993, working for an extensive range of corporate clients in France and abroad. Elisabeth Lavelle was given several awards for her work and vision, including the Synapsis Prize for the Best French Business Book in 2002 and the HEC au Féminin Prize in 2007. She was also included in L'Express Magazine's list of "100 French people who will shape 2003", as well as in L'Usine Nouvelle's magazine list of "50 visionaries who are changing industry" in 2006. She is also the author of several books, including the French bestseller "L'entreprise verte - le développement durable change l'entreprise pour changer le monde" in 2002.

Jorgen Randers is professor of policy analysis at the Norwegian School of Management. He currently chairs the Norwegian Government Commission on Climate Gas Reduction He is non-executive director of a number of corporate boards. He was formerly Deputy Director General of WWF International (World Wide Fund for Nature) in Switzerland (1994-1999). He is co author of many books, including "The Limits to Growth" (1972) and "Limits to Growth - The 30 Year Update" (2004).

Nick Robins is Head of the Climate Change Centre of Excellence at HSBC in London. Prior to joining HSBC in October 2007, Nick was Head of SRI Funds at Henderson Global Investors, designing the strategy for its Industries of the Future portfolio fund and launching the world's first carbon audit of an investment fund. Nick has extensive experience of the financial, business and policy dimensions of corporate responsibility and sustainable development, working for the Business Council for Sustainable Development, the European Commission and the International Institute for Environment and Development. He is author of numerous reports and articles, including a recent history of the East India Company, The Corporation that Changed the World – How the East India Company Shaped the Modern Multinational (2006) as well as co-editor of Sustainable Investing – The Financial Challenge of the 21st Century (2008).

Assurance Statement

This statement in pdf format can be downloaded [here](#).



Terms of Engagement

Lloyd's Register Quality Assurance Limited (LRQA) was commissioned by BT Group plc (BT) to assure both its 'Better Future: 2011 Sustainability Report' printed report and its web-based 'Sustainability Report 2011' (the Reports) for the financial year ending 31 March 2011.

The assurance engagement was undertaken against:

- AA1000 Assurance Standard 2008 (AA1000AS), where the scope was a Type 2 engagement at a high level of assurance.
- Global Reporting Initiative Sustainability Reporting Guidelines (G3), 2006
- Telecommunications Sector Supplement, July 2003.

Note: The scope of the assurance did not extend to data and information accessed through links that take the reader out of these Reports. Where BT presented data and information from a second party, LRQA corroborated only that data and information was transcribed accurately or the correct reference was provided.

The objectives of the assurance engagement were to:

- review adherence to the AA1000AS Accountability Principles of Inclusivity, Materiality and Responsiveness and evaluate the reliability of the specified sustainability performance information
- Validate BT's self-declaration for GRI G3's application level A+.

Both of the Reports have been prepared and approved by BT, who was also responsible for the collection and presentation of information within them. LRQA's responsibility was to carry out an assurance engagement on these Reports, in accordance with our contract with BT. LRQA does not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any third party may place on these Reports is entirely at its own risk.

Our Approach

To form our conclusions, the assurance was undertaken as a sampling exercise and covered the following activities:

- Reviewing BT's stakeholder engagement process and information collected from the various stakeholder forums
- Evaluating BT's material issues against our own independent analysis of stakeholder issues
- Carrying out a benchmarking exercise of high-level material issues by reviewing sustainability reports written by BT's peers
- Understanding how BT determine, respond and report on their material issues. This included participating in the February 2011 BT Leadership Panel meeting to observe the discussions on material issues, Corporate Responsibility (CR) Strategy, Key Performance Indicators, CR Risk Register, the contents of these Reports and confirming approval of the BT Leadership Panel statement
- Observing discussions on environmental and sustainability performance at the January 2011 BT Sustainability Leadership Team meeting
- Interviewing senior management to understand BT's reporting processes and use of sustainability performance data within their business decision-making processes
- Interviewing key personnel to understand BT's processes for setting performance indicators and for monitoring progress made during the reporting period. With the exception of selected telephone interviews with personnel in UK offices, our work was limited to activities at BT's headquarters. We did not visit any international locations.
- Obtaining sufficient evidence, that we consider necessary for us, to give a high level of assurance. This involved verifying BT's data and information management systems, processes and conducting some detailed sampling of source data.

- Validating BT's self-declaration, in 'about this report', for GRI G3's application level A+.
- We also use BT's Internal Audit Division (IAD)'s {link to Independence of BT's Internal Audit Division - page 4} to review the validity of data and information reported in Customers, Products and Services, Our People, Supply Chain and Economic Impact.

Our Conclusions and Findings

Based on LRQA's approach, BT has met the conditions for adherence to the AA1000 Accountability Principles and GRI Guidelines, specifically.

Inclusivity

BT has effective processes in place to identify stakeholder groups and actively encourage them to participate in the determination of material sustainability issues.

Materiality

The process for determining materiality is robust, dynamic and the evaluation criteria are aligned with both business and stakeholder needs. BT uses the results of its materiality evaluation and feedback from peer reviews to present information on the most relevant and significant sustainability issues in the Reports.

Responsiveness

BT has developed a comprehensive and balanced business response, in the form of strategies, plans and actions, for addressing their material sustainability issues.

Reliability of specified sustainability performance information

The information presented within the Reports is fairly and accurately stated.

Global Reporting Initiative

We found nothing that would cause us to contradict our conclusion that BT's web-based Sustainability Report 2011 has met the conditions for both GRI's A+ application level and the Telecommunications Sector Supplement.

LRQA's recommended improvements.

Following our recommendation in 2010, BT improved the collection and checking of non-UK environmental data. BT should continue to develop its systems and processes for collecting, checking and reporting sustainability data. In particular BT should:

- Establish more formal reporting guidelines to ensure data and information is presented for verification in a more consistent and timely manner.
- Further improve document control on data spreadsheets and models to prevent the unintended use of obsolete documents.

The above is an excerpt from the observations reported back to the management of BT Group plc for continual improvement. However, these do not affect our conclusions on the Reports.




Signed 26th May 2011

Name S M Fletcher G Farmer

On behalf of Lloyd's Register Quality Assurance Ltd.,

This document is subject to the provisions below:

This document is valid for one year from the date of verification. This Assurance Statement is only valid when published with the Report to which it refers.

Lloyd's Register Quality Assurance Limited has not been involved in the preparation of any material included in the 'Better Future: 2011 Sustainability Report' printed report and the web-based 'Sustainability Report 2011' of BT Group and does not accept or assume any responsibility for any other purpose or to any other person or organization. Any reliance any such third party may place on the Reports is entirely at its own risk.

Lloyd's Register Quality Assurance Limited, its affiliates and subsidiaries and their respective officers, employees or agents are, individually and collectively, referred to in this clause as the 'Lloyd's Register Group'. The Lloyd's Register Group assumes no responsibility and shall not be liable to any person for any loss, damage or expense caused by reliance on the information or advice in this document or howsoever provided, unless that person has

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Because of the inherent limitations in any internal control it is possible that fraud, error, or non-compliance with laws and regulations may occur and not be detected. Further, the verification was not designed to detect all weakness or errors in internal controls so far as they relate to the requirements set out above as the verification has not been performed continuously throughout the period and the verification carried out on the relevant internal controls were on a test basis. Any projection of the evaluation of control to future periods is subject to the risk that the processes may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate. The English version of this statement is the only valid version. The Lloyd's Register Group assumes no responsibility for versions translated into other languages.

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LRQA's Competence and Independence

LRQA ensures the selection of appropriately qualified individuals based on a rigorous appraisal of their qualifications and experience. The team conducting the assurance of BT's Reports was multi-disciplinary and has been involved in assurance assessments from the outset of external verification of non-financial performance reports.

LRQA's internal systems have been designed to manage and review assurance and certification assessments. This involves a review by senior management of the outcome derived from the process applied to the assurance of corporate reports.

Independence of LRQA from BT

LRQA is BT's ISO9001, ISO14001, ISO27001 and ISO20000 certification body. We also provide BT with a range of training services primarily related to Management Systems.

The assurance and certification assessments, together with the training are the only work undertaken by LRQA for BT.

Conflict of interest

LRQA is part of the Lloyd's Register Group. Lloyd's Register Group recognises that potential conflicts of interest may exist which could impact on its independent verification activities. Lloyd's Register Group is committed to identifying and managing such conflicts so that they do not adversely impact its independence and impartiality.

In order to protect this integrity, neither LRQA nor any other Lloyd's Register Group company will provide services which create a conflict and compromise the independence and impartiality of third party certification and assurance. The Lloyd's Register Group will never verify its own solutions to a customer's problem.

Independence of BT's Internal Audit Division

IAD is an independent, objective, review function for the BT Group. It is designed to add value and improve and provide assurance over operations. The Director of IAD retains the right to report to the Board Audit Committee instances where the department's independence or objectivity is impaired by the activity or behaviour of audit clients.

Contact us

Thank you for reading what we have to say.

Your views on our Sustainability Report are important because they help us improve. Let us know what you think of our report and whether you found what you wanted at crreporting@bt.com. Your feedback will be forwarded to one of our corporate responsibility and sustainability specialists.

Other enquiries

Please take care to use the right contact details, as this helps us to direct your comment, query or complaint to the correct department, follow it up and keep you informed.

If your feedback does not relate to corporate responsibility and sustainability, please go to the [BT contact](#) information page to find the right details.

Environmental queries

If you have feedback or questions (not complaints) relating to BT and the environment, please contact us:

By telephone:

Freephone in the UK: 0800 731 2403

International callers: +44 800 731 2403

By e-mail:

bt.environment@bt.com

By post:

BT Group plc
BT Centre,
81 Newgate Street,
London

EC1A 7AJ

Tell us something about our network

The [Openreach](#) infrastructure consists of 140 million kilometres of cabling (enough to encircle the world 3,500 times), 3.5 million telephone poles and 88,000 green cabinets (the ones many people have at the end of their road).

We want to know immediately if you think that any part of our network (outside the boundary of your property) has the potential to be a danger to the general public, if you notice that it has been damaged, or to report unsafe or messy Openreach worksites. We'd like you to call us on 0800 0232023 if you spot any of the following so we can attend to it quickly:

- Damaged underground cables (typically caused by mechanical diggers in built-up areas)
- Loose cables or cables dangling from telephone poles
- Damaged green cabinets and/or open doors on them
- Damaged telephone poles (e.g. poles leaning at awkward angles, or poles that have been completely smashed to the ground)
- Loose, cracked or missing manhole covers

About this report

Our sustainability reporting is well established. We produced our first environmental report in 1992, and our first social report shortly after. In 2001, we combined these to produce our first corporate responsibility report, and this has evolved over a decade into a comprehensive annual sustainability report.

We produce this report to provide honest and transparent information about our progress towards becoming a more responsible and sustainable business. We believe that doing so helps enhance our reputation and motivate our people. Our sustainability report is also an important resource for responding to the questions about sustainability in tenders for customer contracts, and for explaining our approach and expectations to our suppliers.

We use a materiality analysis to assess which issues are important to our business and stakeholders and decide what to include in the report. This is explained in the [materiality](#) section.

Scope of report

This report covers all relevant and significant social, economic and environmental issues identified in our materiality process, for the financial year ending 31st March 2011 (2011), unless stated otherwise. Our previous report covered the year to 31st March 2010.

The report and data within it cover all BT's wholly-owned activities in the UK and internationally, unless otherwise stated. In 2011, our UK operations accounted for approximately 78% of turnover and around 77,000 (82%) of employees.

Standards and guidelines

We applied the Global Reporting Initiative (GRI) guidelines and telecommunications sector supplement to level A+ in producing this report. The GRI icon to the right of the screen identifies relevant content, and links to the GRI Index for full details.

BT has signed the Global Compact, which commits businesses to applying 10 principles relating to bribery and corruption, human rights, labour and the environment. This sustainability report communicates our progress against these 10 principles. See the Global Compact Index for more details.

Our report is externally assured against the AA1000 AccountAbility Assurance Standard 2008. This requires our report to reflect the interests and concerns of stakeholders, both in its content and in demonstrating our response to these issues. See the [assurance](#) section for full details.

Our approach to carbon reporting

We have reported our carbon emissions since 1992 and this year have followed the Climate Disclosure Standards Board (CDSB) framework which builds on the World Resource Institute / World Business Council for Sustainable Development Greenhouse Gas Protocol (GHGP). We also report our emissions for the Carbon Disclosure Project, EU Emissions Trading Scheme and will be reporting under the UK Government's CRC Energy Efficiency Scheme (formerly known as the Carbon Reduction Commitment).

For full transparency, our carbon accounts this year show our gross footprint based on the 'grid average' carbon content of purchased electricity and our net footprint which takes account of the carbon savings associated with the purchase of low carbon electricity.

At the core of our approach are the following principles:-

- To report consistently internationally
- To provide as true a picture of our emissions as possible
- To handle all emissions (or lack of them) in a similar way
- To use our reporting to drive behaviour that helps to deliver a low carbon economy.

You can download our 2011 Carbon emissions statement [here](#).

Greenhouse gases

All greenhouse gas (GHG) emissions figures are in thousands of tonnes of carbon dioxide equivalents (CO₂e) and include all six greenhouse gases covered by the Kyoto Protocol – carbon dioxide (CO₂), methane (CH₄), Nitrous oxide (N₂O), Perfluorocarbons (PFCs), hydrofluorocarbons (HFCs), and sulphur hexafluoride (SF₆) emissions, plus other greenhouse gases not covered under the Kyoto protocol.

Organisational boundary

Both the CDSB and GHGP allow a company to define the organisational boundaries for carbon reporting according to definitions of 'equity share', 'financial control' or 'operational control'. The CDSB and UK Government guidance both recommend use of the 'financial control' approach.

Taking the financial control approach would omit most of our buildings which would not be a proper reflection of our business. Therefore, to give the most representative footprint for BT we take a hybrid approach. In essence we report on the emissions associated with energy that we buy or generate worldwide. Where the energy is provided by landlords as part of a full service contract we have not included these emissions. We take a consistent approach where we are the landlord. We do not report on countries that have never reached 250MWh per annum electricity use, nor where we do not have a controlling interest in any Joint Ventures or partnerships.

Operational boundary

Direct emissions under **scope 1** which we include in our reporting are:

- Fuel used in back up generators
- Fuel used in the commercial (liveried) fleet
- Fuel used in company cars when driven on BT business
- Loss of refrigeration gases covered under the Kyoto protocol
- Fuel used to heat BT premises

Indirect emissions under **scope 2** which we include in our reporting are:

- All purchased electricity
- Electricity purchased at grid average carbon intensity
- Electricity purchased at low carbon intensity
- Renewable electricity purchased at zero carbon intensity

Note: This includes electricity used by suppliers on BT premises (for example catering) but excludes tenant electricity where separate metering is in place (for example where we bill Communication Providers for Local Loop Unbundling).

Other indirect emissions under **scope 3** which we include are:

- Employee business travel (rail, air and car hire)
- Non-Kyoto refrigerant gases (e.g. CFCs)
- A proxy for home workers carbon footprint

Scope 3 emissions that we currently do not report on are:

- Extraction and production of purchased materials and fuels
- Transport-related activities
- Transportation of purchased materials or goods
- Transportation of purchased fuels
- Employees commuting to and from work
- Transportation of sold products
- Transportation of waste
- Electricity-related activities not included in scope 2

- Extraction, production, and transportation of fuels consumed in the generation of electricity (either purchased or own generated)
- Purchase of electricity that is sold to an end user (appropriate to utility companies)
- Generation of electricity that is consumed in a T&D system (reported by end-user)
- Leased assets
- Franchises
- Outsourced activities
- Waste disposal
- Disposal of waste generated in operations
- Disposal of waste generated in the production of purchased materials and fuels
- Disposal of sold products at the end of their life

Geographic scope

CO₂e emissions that fall within the organisational and operational boundaries have been reported for all worldwide operations.

Conversion factors

For our UK reporting we use conversion factors published by Department for Environment Food and Rural Affairs annually. As electricity fuel mix and associated carbon intensity differs from one country to another we use the Greenhouse Gas Protocol or International Energy Agency (IEA) conversion factors unless specific national or contract factors exist.

For our homeworker emissions in the UK we have derived the impact using the non-taxable allowance (tax-free payments that BT homeworkers claim from the company) permitted by UK tax authorities and applied that to average home gas/ electricity mix.

Thank you

for reading what we have to say – now we want to listen to you. Email us at yourviews@bt.com and tell us what you think of this review and sustainability at BT.

If you'd like more details about our corporate responsibility and sustainability activities and performance please visit our website where you can:

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