

Our reporting methodology

We report annually on our approach to managing our material social and environmental issues. This report – ‘Delivering our Purpose – update on our progress in 2016/17’ – covers the year 1 April 2016 to 31 March 2017, in line with our financial reporting and includes EE for the first time. Our previous report covered the financial year to 31 March 2016. EE’s last Corporate Sustainability report, published prior to its acquisition by BT, covered the period to 31 Dec 2015.

Unless we state otherwise, the report covers all BT’s wholly owned operations and subsidiaries. References to ‘BT Group’, ‘BT’, ‘the group’, ‘the company’, ‘we’ or ‘our’ are to BT Group plc (which includes the activities of British Telecommunications plc) and its subsidiaries and lines of business, internal service units, or any of them as the context may require.

Reporting on our 2020 ambitions and foundation measures

Being responsible

We no longer collect or report data, on the percentage of procurement contracts where suppliers agree we work with them to improve sustainability impacts. However, we continue to engage our larger suppliers through the Better Future Supplier Forum, which tracks carbon abated and other sustainability impacts; and with our wider supplier base through our sustainability assessment tool.

We also changed the questions we asked and the scoring system we used in our employee survey. This means data on two of our foundation measures – our employee engagement index and our ethical performance – is not comparable with previous years.

Diversity data covers UK employees only. Disability and ethnicity data is voluntarily self-declared. All other employee data covers the whole of BT, except where specifically stated otherwise.

Connecting society

9/10 ambition: Our ambition is to give more than nine out of ten people in the UK access to fibre-based products and services by the end of the 2020/21 financial year. We base this on the number of premises passed by Openreach’s fibre broadband rollout, although this understates the total fibre rollout across the UK, as we do not include the reach provided by other communication providers.

10 million ambition: We’ve developed a methodology to help assess progress towards our ambition to help 10 million people overcome social disadvantage. We reported on this last year and we’re continuing to test and refine it. We aim to publish it next year.

5 million ambition: We measure progress towards our ambition to improve the teaching of computing and tech skills of five million children using the average class sizes in the UK as the multiplier for each teacher who uses our resources. The target date for this ambition is the end of the 2020/21 academic year. We previously reported progress annually based on each academic year, but we now report on the previous financial year.

Supporting our communities

£1bn ambition: We want to use our skills and technology to help generate more than £1bn for good causes by the end of the 2020/21 financial year. We’ve defined what will count towards this goal and we track progress each year. This includes:

- money raised using MyDonate for fundraising, telethons and appeals (including Gift Aid), through our contactless fundraising device, text to donate services and payroll giving, and by BT employees fundraising during working hours;

- time volunteered by our people for good causes during working hours. We calculate the value of volunteering time to our communities by multiplying the hourly salary of the volunteer by the number of hours volunteered. We then apply a multiplier to take account of other pay-related costs (eg pension and other benefits);
- membership fees, donations, sponsorships, matched funding and the value of in-kind support given to charities, not-for-profits and social enterprises;
- payments made to these organisations to run projects that are aligned with our ambition;
- funds raised by charities as a result of our financial support and the use of our technology, skills and assets, including money raised by BT-sponsored fundraising events and where BT assets such as the BT Tower in London are used in fundraising events; and
- investment in infrastructure, such as the set-up and running of MyDonate and its associated internal administration costs.

66% ambition: We want our people to play an active part in society and we aim to have 66% (two-thirds) of our people volunteering by the end of 2020. Employees can take up to three working days each year to do this and we record the working time they use for volunteering. But we also include any volunteering that our people do in their own time because we believe that both the individual and BT benefit from volunteering, irrespective of when this takes place.

Delivering environmental benefits

3:1 ambition: Our ambition is to help our customers reduce their carbon emissions by at least three times the end-to-end carbon impact of our business (3:1) by the end of 2020/21 financial year. We’ve been working with several expert organisations to calculate our end-to-end carbon emissions. Our 3:1 methodology is shared on our [website](#).

Carbon emissions: To calculate and report on our end-to-end CO₂ equivalent (CO₂e) carbon emissions, we:

- report greenhouse gases (GHGs) covered by the Kyoto Protocol, using the World Resources Institute Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition);
- use conversion factors:
 - in the UK:** as published annually by the Department for Environment, Food and Rural Affairs (Defra).
 - for other countries:** specific national or contract factors where appropriate, or else based on World CO₂e emission factors from electricity generation and fuel combustion, developed by the International Energy Agency (IEA), © OECD/IEA 2016 (Note: any calculations undertaken by BT plc do not necessarily reflect the views of the IEA);
- report our emissions in relation to indirect and direct GHG emissions:
 - Scope 1:** direct emissions (such as from combustion in owned or controlled boilers and vehicles).
 - Scope 2:** indirect emissions associated with electricity, 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 (in the environmental data tables on our [website](#)) location-based methods.
 - Scope 3:** all other indirect emissions, which we calculate using the GHGP Corporate Value Chain standard;
- exclude emissions from energy provided by a landlord as part of a full service buildings contract and emissions from energy charged to our tenants; and
- exclude emissions data from most countries where we’ve never reached 250MWh per year, and from joint ventures or partnerships where we do not have a controlling interest.

Our reporting methodology continued

Materiality methodology

Since 2006, we've conducted a materiality review each year to assess the trends and issues identified by our stakeholders. At the end of each calendar year, 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 by phone or in meetings, as well as through online discussion forums, focus groups, social media and participation in industry collaborations.

These sources of information include:

- interactions with multiple organisations we work with that represent different stakeholder groups and issues, such as the World Business Council on Sustainable Development and the World Economic Forum;
- analysis of content from blogs, social media and TV, radio and online news gives us a broad understanding of the issues that are important to a wide group of stakeholders;
- 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; and
- reviews of peer companies' sustainability reports to help us check that we've a comprehensive list of the relevant issues for our sector and challenge us to further improve our reporting.

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

- is there wider societal interest in this issue? This is quantified through evidence of mentions online and offline.
- are our key stakeholders consistently expressing an interest in this issue? This is quantified by evidence from each of our key stakeholder groups: customer, employees, suppliers, investors, governments/regulators.
- to what extent is BT already managing this issue through policy, principles and procedures?
- what financial impact is this issue expected to have on BT over the next three years?

The issues that emerge as the most material are mapped onto a matrix to help visualise their relevance to BT and their importance to our stakeholders. This mapping supports our strategic decision-making and directs our reporting.

Restating past data

Every year, we replace any estimates in the previous year's reporting with actual figures. This year's list comprises:

Connecting society: We previously reported the contribution made by broadband to our 10 million goal was 739,000 beneficiaries in 2015/16. We've revised this down to 523,000 beneficiaries, following a study we commissioned into the method used to calculate the proportion of new broadband lines delivered to people classified as socially disadvantaged.

Energy, carbon and water: All restatements of previous estimates related to energy, carbon and water data are recorded in the environmental data tables on our [website](#).

Key performance indicators: The employee costs figure shown in our report for 2015/16 has been restated from £4,369m to £4,639m.

Our reporting methodology: We have clarified the end date for each of our 2020 ambitions.

Aligning with standards and guidelines

This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.

We've also assessed the report content and our performance based on the ISO 26000 Guidance on social responsibility.

We've been a signatory to the United Nations Global Compact (UNGC) since 2000. We reaffirmed our support of its ten principles in 2016/17. Our UNGC index represents our Communication on Progress.

We're also a signatory to the Climate Disclosure Standards Board (CDSB) fiduciary duty and climate change disclosure. Our CDSB index shows how we've integrated the CDSB reporting framework across both this report and our Annual Report and Form 20-F (2017).

Assuring our report

Our report is externally assured by LRQA against the AA1000 Assurance Standard (2008). The AA1000 principles of inclusivity, materiality, responsiveness and reliability were all reviewed by LRQA across the whole report.

The assurance process helps us review and benchmark our performance, as well as providing valuable feedback on where we can improve next year. One area that LRQA highlighted this year, and that we'll look to improve during 2017/18 is:

- further consideration should be given to more consistently applying the rigorous data management processes that have been verified in previous years to those newer elements of the business, such as EE Ltd and MBNL Ltd.

Contact information

We welcome feedback on this report, on how we're delivering social and environmental benefits, and on our performance as a responsible and purposeful business. Please complete the [online feedback form](#) or contact us via our Twitter account [@BTGroup](#).