Delivering our Purpose –
2017/18 report summary

3. Protecting
the environment

We're contributing to global
efforts to protect the
environment through our
technology and influence, while
managing our own impacts.

**Progress against
our ambitions**

2.2:1
Our products and services help
our customers cut their carbon
emissions by more than double
the carbon impact of our business

6.8%
We've cut our carbon emissions
intensity by 6.8% since last year

Overview and highlights

We've played a leading role in efforts to combat climate change for over 25 years.

In 2008 we became one of the first companies to adopt a science-based target, aiming to radically reduce our carbon footprint and inspiring others to do the same. We achieved that carbon emissions intensity target in 2016, four years early, and now we're among the first to go a step further with a new 2030 target that will help us do our bit to try to limit global warming to 1.5°C[a].

But that's only part of the story. We're not just trying to reduce our own carbon footprint, we're helping our customers cut theirs too. That way, we can have a positive impact on the environment in the long run – and support the Government's goal to decarbonise the UK.

Our products and services helped customers avoid at least 11.3 million tonnes of CO_2 equivalent (CO_2e) emissions this year. That's already more than double our own end-to-end emissions and we want to increase it to triple our own emissions by 2020. We're exploring exciting solutions like the Internet of Things to help us do that.

Carbon-saving products and services aren't just good for the environment and our customers. They're good for business too, contributing £5.3bn to our revenue this year.

Of course, protecting the environment isn't just about tackling climate change – although that's where we can make the biggest difference. We've robust policies and systems in place to manage environmental risks and conserve natural resources, and we expect our suppliers to do so too.

a   From pre-industrial levels.

2017/18 highlights: Protecting the environment

Global warming cap
1.5°C
We've launched a new science-based target to reduce our carbon emissions intensity by 87% by 2030 (per unit of gross value added) from 2016/17 levels.

Supply chain target
Supplier emissions reductions
We've set a science-based target that, by 2030, we'll cut the carbon emissions from our supply chain by 29% (from 2016/17 levels). The contractual requirement to reduce carbon emissions with one of our strategic suppliers, Huawei, is starting to bear fruit.

Renewable sources
100% renewable electricity
81% of the electricity we bought this year came from renewable sources. After renegotiating many of EE's contracts, we expect to be much closer to our 100% goal next year.

Net positive landmark
2.2:1
Customer CO_2e emission savings, from using our products and services, were more than double the carbon footprint we generated end-to-end across our business' value chain this year.

External recognition

1st in sector
The 2017 Newsweek Green Rankings named us the leading green telecommunications company once again – and the eighth greenest company in the world overall.

CDP Global Climate A-list
We're among the top 5% of companies that report to CDP's climate change programme for investors. Our A rating in 2017 recognises our leadership in cutting emissions, mitigating climate risks and developing the low-carbon economy.

2nd
We achieved second place in Carbon Clear's ranking of FTSE 100 companies for our carbon measurement and reporting.

Top 2% for supplier engagement
We earned a place on the CDP Supplier Engagement Leaderboard for our efforts to manage climate change with our suppliers, putting us in the top 2% of the 3,300 companies assessed.
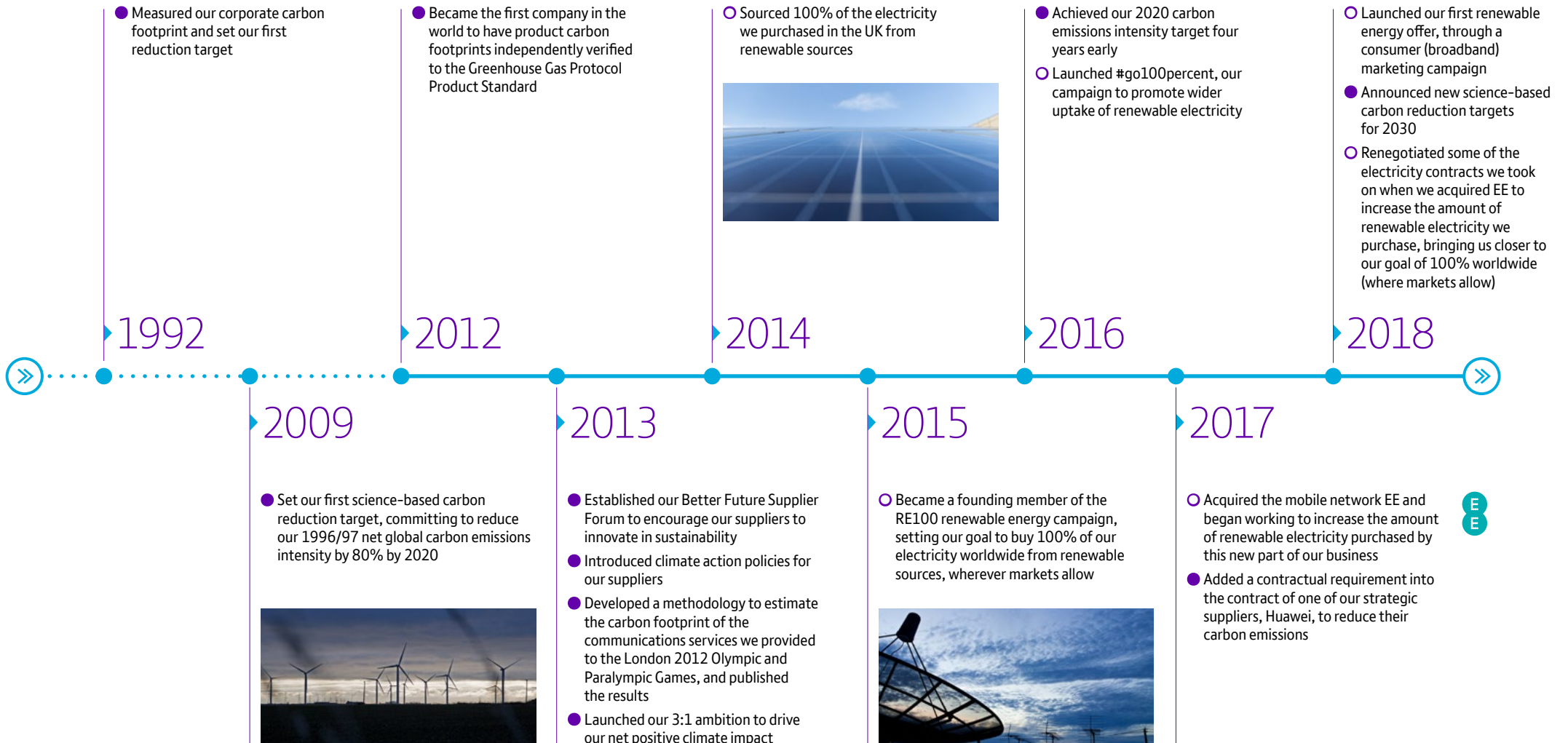
Tackling climate change continued

BT's carbon journey

1992
● Measured our corporate carbon footprint and set our first reduction target

2012
● Became the first company in the world to have product carbon footprints independently verified to the Greenhouse Gas Protocol Product Standard

2014
○ Sourced 100% of the electricity we purchased in the UK from renewable sources

2016
● Achieved our 2020 carbon emissions intensity target four years early
○ Launched #go100percent, our campaign to promote wider uptake of renewable electricity

2018
○ Launched our first renewable energy offer, through a consumer (broadband) marketing campaign
● Announced new science-based carbon reduction targets for 2030
○ Renegotiated some of the electricity contracts we took on when we acquired EE to increase the amount of renewable electricity we purchase, bringing us closer to our goal of 100% worldwide (where markets allow)

2009
● Set our first science-based carbon reduction target, committing to reduce our 1996/97 net global carbon emissions intensity by 80% by 2020

2013
● Established our Better Future Supplier Forum to encourage our suppliers to innovate in sustainability
● Introduced climate action policies for our suppliers
● Developed a methodology to estimate the carbon footprint of the communications services we provided to the London 2012 Olympic and Paralympic Games, and published the results
● Launched our 3:1 ambition to drive our net positive climate impact

2015
○ Became a founding member of the RE100 renewable energy campaign, setting our goal to buy 100% of our electricity worldwide from renewable sources, wherever markets allow

2017
○ Acquired the mobile network EE and began working to increase the amount of renewable electricity purchased by this new part of our business
● Added a contractual requirement into the contract of one of our strategic suppliers, Huawei, to reduce their carbon emissions

Working with our supply chain: good for us, for them, and for the environment

It's amazing what you can do when you partner with others to tackle big challenges.

Our suppliers are crucial to helping us achieve our new science-based target, that by 2030 we'll cut the carbon emissions from our supply chain by 29% (from 2016/17 levels).

Last year, we worked with one of our strategic technology suppliers, Huawei, to agree a climate clause in their latest contract with us. Huawei is now contractually required to demonstrate carbon savings over the duration of their contract.

Over five years, Huawei expects to save 131,000 tonnes of CO_2e, which is equivalent to 1.5 times the emissions that come from making the products we're buying from them.

Our agreement will help to drive improvements further down the supply chain as a lot of savings will come from Huawei's own suppliers investing in energy-saving technologies such as LED lighting and more efficient air conditioning.

These types of improvements translate into long-term savings – not just carbon savings for the environment, but cost savings for both Huawei and its suppliers.

"We were very pleased to work with BT on this carbon saving initiative. The results have been excellent, showing a positive return for both Huawei and our suppliers. We are now looking to implement these methodologies in our supply chain and looking forward to collaborating with BT on further sustainability initiatives."

Paul Thompson
Delivery and Service Director, Huawei

HUAWEI

"These savings are even better than we originally estimated."

Tony Roy
Senior Procurement Manager –
Head of Governance and Sustainability, BT