

C0. Introduction

C0.1

(C0.1) Give a general description and introduction to your organization.

BT's purpose is to use the power of communications to make a better world. It is one of the world's leading providers of communications services and solutions, serving customers in 180 countries. Its principal activities include the provision of networked IT services globally; local, national and international telecommunications services to its customers for use at home, at work and on the move; broadband, TV and internet products and services; and converged fixed-mobile products and services. BT consists of four customer-facing units: Consumer, Enterprise, Global and Openreach.

For the year ended 31 March 2019, BT Group's reported revenue was £23,428m with reported profit before taxation of £2,666m.

British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York.

For more information, visit www.btplc.com

C0.2

(C0.2) State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years	Select the number of past reporting years you will be providing emissions data for
Row 1	April 1 2018	March 31 2019	No	<Not Applicable>

C0.3

(C0.3) Select the countries/regions for which you will be supplying data.

Argentina
Australia Belgium
Brazil
Chile
China, Hong Kong Special Administrative Region
Colombia
France
Germany
Hungary
India
Ireland
Italy
Japan
Luxembourg Netherlands
Singapore
Spain
United Kingdom of Great Britain and Northern Ireland
United States of America
Venezuela (Bolivarian Republic of)

C0.4

(C0.4) Select the currency used for all financial information disclosed throughout your response.

GBP

C0.5

(C0.5) Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your consolidation approach to your Scope 1 and Scope 2 greenhouse gas inventory. Financial control

C1. Governance

C1.1

(C1.1) Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a

(C1.1a) Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Chief Executive Officer (CEO)	The Board controls the business but delegates day to day responsibility to executive management. In support of this focus certain matters are reserved for the Board to approve or monitor. In keepin with the principle of single-point accountability, decisions are taken by our chief executive who exercises delegated authority from the Board. Our chief executive has ultimate responsibility for the company's environmental policy and performance, which includes climate-related issues. Our chief executive announced our pledge to become a net-zero-carbon business by 2045 in October 2018. The Executive Committee (ExCo) - provides input and recommendations to support the chief executive (or his delegate) in exercising their authority delegated by the Board to run the business of the group day to day.
Board-level committee	Our Digital Impact & Sustainability Committee (DISC), a Board committee, oversees our digital impact and sustainability strategy and progress towards our ambitions. The DISC consists of nonexecutive directors. The chair of the DISC reports to the BT Group plc Board after each meeting. With input and recommendations from management, the committee agrees the global digital impact and sustainability strategy for the company. It monitors the execution of the digital impact and sustainability strategy and the company's progress on its long-term digital impact and sustainability goals and targets, including those related to climate change and the environment.

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C1.1b

(C1.1b) Provide further details on the board’s oversight of climate-related issues.

Frequency with which climaterelated issues are a scheduled agenda item	Governance mechanisms into which climaterelated issues are integrated	Please explain
Scheduled – all meetings	Reviewing and guiding strategy Reviewing and guiding major plans of action Monitoring implementation and performance of objectives Monitoring and overseeing progress against goals and targets for addressing climaterelated issues	Our Digital Impact & Sustainability Committee (DISC) oversees our digital impact and sustainability strategy and progress towards our ambitions. The DISC consists of nonexecutive directors and meets at least three times per year. The chair of the DISC reports to the BT Group plc Board after each meeting, on all matters within its duties and responsibilities. The committee makes whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. This year, the committee reviewed and endorsed our digital impact and sustainability strategy, including our new target to be a net zero carbon emissions business by 2045. It received regular updates and progress on our climate change strategy and carbon reduction targets.

C1.2

(C1.2) Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Chief Executive Officer (CEO)	Both assessing and managing climate-related risks and opportunities	Half-yearly
Other committee, please specify (The Executive Committee)	Both assessing and managing climate-related risks and opportunities	Half-yearly

C1.2a

(C1.2a) Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climaterelated issues are monitored (do not include the names of individuals).

In keeping with the principle of single-point accountability, decisions are taken by our chief executive who exercises delegated authority from the Board. Our chief executive has ultimate responsibility for the company's environmental policy and performance, including climate-related issues. The Executive Committee (ExCo) is our executive management team and provides input and recommendations to support the chief executive in exercising their authority delegated by the Board to run the business of the group day-to-day. It meets weekly and is chaired by the chief executive. Our corporate affairs director is a member of this committee.

The ExCo assists the chief executive in:

- developing the group strategy and budget for the Board’s approval
- executing the strategic plan once agreed by the Board
- providing assurance to the Board in relation to overall performance and risk management.

And, for matters not reserved to the Board, advise the chief executive on the implementation and operation of Group-wide policies on: Environmental compliance, Corporate Responsibility and Enterprise Risk Management (ERM).

This year the chief executive, in consultation with the ExCo, approved our new target to be a net zero carbon emissions business by 2045 and the programmes to deliver our strategic priorities; energy savings and use of renewable energy, decarbonising our buildings and converting our fleet to low ultra-low emission vehicles. Climate-related issues are reported to the ExCo as required.

This year, we’ve simplified the way we manage environmental risk across our business. We set up an environmental management governance group (EMGG) to oversee this globally. The EMGG meets quarterly to co-ordinate and prioritise environmental management issues across the Group, and reports to the ExCo. The EMGG is chaired by our chief technology and information officer in their role as ExCo sponsor for environmental risk. He leads the unit responsible for designing, building and operating BT’s core and mobile networks, platforms and IT systems in the UK and globally. This unit is responsible for energy efficiency programmes that impact positively on our carbon emissions. Our chief digital impact & sustainability officer leads the team responsible for identifying and engaging senior leadership on long term climate change risks and opportunities, and our director of environmental services, whose team are responsible for our Environmental Management System (EMS) and energy management programme, are members of this group.

Chaired by the director of environmental services, our Environmental Management Compliance Steering group meets monthly to oversee management of our most significant environmental risks, including climate-related risks, and reports to the EMGG quarterly. Its members are senior managers with responsibility for managing environmental risks and delivering performance improvements under our ISO14001 certificated Environmental Management System. Each is expert in their field and responsible for different ‘aspects’ of our management system such as, energy and GHG emissions, product stewardship, emissions to air, waste and natural environment.

Our Digital Impact & Sustainability Committee (DISC), monitors the execution of our digital impact and sustainability strategy and the company’s progress on its long-term digital impact and sustainability goals and targets, including those related to climate change and the environment. The committee;

- oversees the key programmes, policies and partners required to implement our digital impact and sustainability strategy, and
- acts as a sounding board for management, providing advice and direction on corporate responsibility and sustainability risks to the company's operations and reputation.

The committee chair reports to the Board on its proceedings after each meeting, on all matters within its duties and responsibilities and makes recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed. This year, the committee reviewed and approved our digital impact and sustainability strategy, including endorsing our new target to be a net zero carbon emissions business by 2045. It received regular updates and progress on our climate change strategy and carbon reduction targets.

Our chief digital impact & sustainability officer and their team are responsible for developing programmes, and managing and reporting to the ExCo and DISC on progress against our climate change strategy and carbon emissions reduction targets. Our priorities are; energy savings and use of renewable energy, decarbonising our buildings and converting our fleet to low ultra-low emission vehicles.

Full details of our committee roles and responsibilities can be found at <https://www.btplc.com/Thegroup/Ourcompany/Theboard/Boardcommittees/index.html>

C1.3

(C1.3) Do you provide incentives for the management of climate-related issues, including the attainment of targets?

Yes

C1.3a

(C1.3a) Provide further details on the incentives provided for the management of climate-related issues (do not include the names of individuals).

Who is entitled to benefit from these incentives?

Chief Executive Officer (CEO)

Types of incentives

Monetary reward

Activity incentivized

Behavior change related indicator

Comment

Executive directors (Chief executive and CFO) are eligible for an annual bonus. Part of the annual bonus depends on an assessment of each senior executive's personal contribution, which typically includes the environmental, health and safety, social and governance agenda.

Who is entitled to benefit from these incentives?

Chief Financial Officer (CFO)

Types of incentives

Monetary reward

Activity incentivized

Behavior change related indicator

Comment

Executive directors (Chief executive and CFO) are eligible for an annual bonus. Part of the annual bonus depends on an assessment of each senior executive's personal contribution, which typically includes the environmental, health and safety, social and governance agenda.

Who is entitled to benefit from these incentives?

Chief Procurement Officer (CPO)

Types of incentives

Monetary reward

Activity incentivized

Environmental criteria included in purchases

Comment

As part of the BT Procurement balanced scorecard all people employed within our corporate unit are measured (and incentivised) against its balance scorecard - sourcing within an environmentally sustainable, responsible and ethical framework.

Who is entitled to benefit from these incentives?

Executive officer

Types of incentives

Monetary reward

Activity incentivized Efficiency

project

Comment

The CEOs of our organisational units are incentivised against our digital impact and sustainability objectives, these include emissions reduction/abatement and efficiency indicators. This in turn impacts the organisational unit managers objectives, which vary depending on the level of influence of their business activities compared to Group performance.

Who is entitled to benefit from these incentives?

Buyers/purchasers

Types of incentives

Monetary reward

Activity incentivized

Environmental criteria included in purchases

Comment

As part of the BT Procurement balanced scorecard all people employed within our corporate unit are measured (and incentivised) against its balance scorecard - sourcing within an environmentally sustainable, responsible and ethical framework.

Who is entitled to benefit from these incentives?

Energy manager

Types of incentives

Monetary reward

Activity incentivized

Energy reduction project

Comment

Our director of energy and environment in our Technology unit carries personal objectives on direct energy reduction, carbon minimization and environmental risk globally in BT. For energy managers, personal annual objectives are linked to incentivised performance indicators. Personal objectives cover a number of areas relating to our climate change activities and the role of the individual within the organisation. Specific examples related to energy include energy managers sharing an absolute energy reduction target and related emissions.

Who is entitled to benefit from these incentives?

Environment/Sustainability manager

Types of incentives

Monetary reward

Activity incentivized Efficiency

project

Comment

For roles involved in delivering carbon emission and energy reductions in organisational units across the company, personal annual objectives are linked to incentivised performance indicators. Personal objectives cover a number of areas relating to our climate change activities and the role of the individual within the organisation. Examples include, objectives set relating to climate change include developing energy reduction business cases and project delivery to support delivery of the BT wide energy and CO2e reduction targets and to improve fleet fuel efficiency.

Who is entitled to benefit from these incentives?

Facilities manager

Types of incentives

Recognition (non-monetary)

Activity incentivized

Behavior change related indicator

Comment

Within BT, Facilities Services are responsible for day to day energy (and wider environmental) management activities related to our buildings. Facilities managers identifying areas of wasted energy/potential reduction activities are recognised for their suggestions and actions.

Who is entitled to benefit from these incentives?

All employees

Types of incentives

Recognition (non-monetary)

Activity incentivized

Behavior change related indicator

Comment

People around the business, are encouraged to innovate and are recognized through our New Ideas Scheme. This attracts ideas to improve the environment and reduce energy and carbon emissions, alongside customer service and efficiency improvements. The scheme provides rewards for successfully implemented ideas, including the top prize of £30,000. The Green Driver competition is an Openreach initiative aimed at changing our commercial vehicle drivers driving behaviours to help reduce our carbon emissions. We use the element of competition through the recording of driver miles per gallon via a series of driving tests in a commercial vehicle. The number of entries has grown from ~450 in 2015 to over 700 in 2018.

Who is entitled to benefit from these incentives?

Chief Sustainability Officer (CSO)

Types of incentives

Monetary reward

Activity incentivized Efficiency project

Comment

Our chief digital impact & sustainability officer (BT's CSO equivalent) scorecard is based on the mobilisation & delivery of our Digital Impact and Sustainability activities which include delivery of our ambitions focused on addressing climate change (e.g. our 2030 science-based target).

C2. Risks and opportunities

C2.1

(C2.1) Describe what your organization considers to be short-, medium- and long-term horizons.

	From (years)	To (years)	Comment
Short-term	0	3	The majority of our smaller investments are assessed over a 0-3 year period. Our Enterprise Risk Management process uses a three year horizon.
Medium-term	3	7	Our medium term financial planning process uses a 5 year horizon, and capex is assessed over the life of the asset. For example investments in new vehicles are usually assessed over 7 years
Long-term	7	20	Investment in strategic assets like our networks are planned over longer periods, sometimes up to 20 years. Our long-term climate targets currently extend to 2045.

C2.2

(C2.2) Select the option that best describes how your organization's processes for identifying, assessing, and managing climate-related issues are integrated into your overall risk management.

Integrated into multi-disciplinary company-wide risk identification, assessment, and management processes

C2.2a

(C2.2a) Select the options that best describe your organization's frequency and time horizon for identifying and assessing climate-related risks.

	Frequency of monitoring	How far into the future are risks considered?	Comment
Row 1	Six-monthly or more frequently	>6 years	Risk/opportunity management is reported at various levels across the Group. See our Annual Report (www.bt.com/annualreport), page 44, for our Enterprise Risk Management (ERM) framework which includes; • Customer-facing and Technology units audit & risk committees, • Group Risk Panel, • Executive Committee (ExCo) • Audit & Risk Committee and • The Board. Additionally our Board-level Digital Impact & Sustainability Committee (DISC) oversees our digital impact and sustainability strategy and tracks progress towards our ambitions; the Committee chair reports to the Board on all material matters following each meeting. Investment in strategic assets like our networks is planned over longer periods, sometimes up to 20 years.

C2.2b

(C2.2b) Provide further details on your organization's process(es) for identifying and assessing climate-related risks.

We have defined a detailed risk management framework and process that has been embedded at all levels of the organisation, which we rely on for the robust identification and assessment, bottom-up and top-down, of all risks perceived to be material to our ability to deliver our objectives. BT has made very clear carbon, environmental and service commitments to our stakeholders (we recognise, for example, that our products and services play an important role in helping our customers reduce their carbon emissions), therefore the identification of any risks to the delivery of these objectives is fully integrated into the process.

At a Group level, this process culminates in bi-annual review by the Board for effectiveness and to inform our strategic review and business planning processes.

Key features are:

- Group, Customer Facing Unit (CFU), Technology unit and corporate functions unit leadership defining their risk attitude in relation to the major risks that may affect their business, against which assessed risk severities are reviewed to ensure alignment and acceptability.
- Where a risk perceived as material is identified within Group, Customer Facing Unit (CFU), Technology unit and corporate functions, clear accountability for ownership is allocated to a single individual; accountability groups or accountability being spread across multiple people is strongly discouraged, to ensure that a single point of accountability for quantification - and subsequent management exists - in all cases.

- The appointed risk owner will pull together relevant stakeholders from across the end-to-end value chain, which may include representatives from outside their organisational unit. An assessment of environmental risks and opportunities is often conducted by subject matter experts. This stakeholder group will generally work together to quantify the reasonably foreseeable worst case impact that could occur across a three year horizon and subsequently evaluate the likelihood of an event giving rise to that impact occurring within the next 12 months. For Group level risks this quantification is undertaken on both a gross and net risk basis and on a net risk basis in the organisational unit.

We assess current and future risk exposures over the short term (applying a four-tier scale i.e. Red, Orange, Yellow and Green) and prioritise based on the criteria below:

- Assessed gross and net impact and likelihood.
- Whether management are comfortable with the current level of the risk or their confidence in their ability to manage each risk down to an acceptable level, within an acceptable timeframe.
- The potential for 'shocks' outside management's control that could change the landscape.

Although not limited to a review of the identification and assessment process stages of our risk management cycle, assurance over the process to challenge its effectiveness includes:

- Senior executives comprising the Group Risk Panel (GRP) collectively review, every three months, those risks identified as material at a Group level, which are captured in the Group Risk Register, for completeness given any changes in their management and/or the potential emergence of new risks that may not yet have been identified and captured.
- Group level risks are subsequently reviewed quarterly by the ExCo for input and challenge before final review and approval by the Board every six months.
- Group and CFU risk registers are reviewed by an audit & risk committee (ARC) comprising independent members each quarter, with leadership being challenged as to the effectiveness of their risk management process and the completeness of their identified risks.
- BT's internal auditors assess the quality of risk management and internal control - the Board Audit & Risk Committee considers the effectiveness of our control procedures and reports conclusions to the Board.

Investment in strategic assets like our networks is planned over longer periods, sometimes up to 20 years. Our long-term climate targets currently extend to 2045.

C2.2c

(C2.2c) Which of the following risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, always included	Our Environmental Management Governance Group (EMGG) meets quarterly to oversee management of our most significant environmental risks, including climate-related risks. This group reports to our Executive Committee (ExCo). We use a third party system to monitor current (and proposed) environmental regulations across our markets. Our Environmental Management Compliance Steering group, which meets each month, considers how these regulations may impact on BT and reports to the EMGG. For example the pending change to mandatory GHG reporting in the UK (Streamlined environmental and carbon reporting) will impact on our reporting from this financial year.
Emerging regulation	Relevant, always included	The 2015 Paris Agreement on climate change, the United Nations Sustainable Development Goals (SDGs), the October 2018 Intergovernmental Panel on Climate Change (IPCC) Special Report, and many other policy measures urge accelerated climate action by all actors in the global economy – including business and financial institutions. Our Digital Impact and Sustainability team (within our Corporate Affairs unit) are monitoring proposals and developments in new regulation supporting a 1.5oC threshold. For example; We expect increased costs for carbon emissions associated with energy consumption and are monitoring the development of low emission zones regulations in the UK.
Technology	Relevant, always included	Competition and technology change is one of our principal risks, monitored by the Group Risk Panel, ExCo and the Board. Our business depends on technology to develop and deliver the low carbon products and services our customers require. There is a risk that our strategy and business model could be disrupted by technology change should we not stay at the forefront of a rapidly changing world. Our product design and procurement teams are working with our suppliers to develop products with lower eco footprints. The checklist used as part of the design process includes climate-related considerations such as energy use and end of life disassembly for repair or reuse. For example; this year, ADVA, one of our key suppliers for networking equipment won our Game Changing Challenge. Its eco-optimised approach means products are designed to be recycled and reused at the end of their life, with increased energy efficiency.
Legal	Not relevant, explanation provided	Risks of climate-related litigation claims are deemed low, if not negligible. As part of the communications sector we are not considered as a large carbon-emitting company, nor industry. In the UK, 100% of the electricity we directly purchase now comes from renewable sources. The use of our low carbon products and services helps our customers to reduce their own carbon footprint. Our ISO14001 certificated environmental management system (EMS) is an integrated management tool that reduces risk. We had no significant fines or non-monetary sanctions, for non-compliance with laws and regulations concerning the environment in 2018/19.
Market	Relevant, always included	We use around 1% of the UK's electricity to run our business, and are sensitive to wholesale price variations. The price of carbon is a key input into the wholesale price of electricity. Our Technology unit is responsible for energy use across the Group - energy efficiency reduces our environmental impact and plays a part in overall cost transformation. In order to deliver cost certainty as part of our budget planning process, strategies are in place that aim to lock in prices over the long-term through hedging and renewable backed Power Purchase Agreements (PPA). We are actively exploring options to increase these to help reduce the risks from increased electricity and carbon emissions costs.
Reputation	Relevant, always included	Corporate action and performance in tackling climate change is of increasing focus to stakeholders, and we risk reputational damage and loss of business should we not continue to deliver our climate impact ambitions.
Acute physical	Relevant, always included	Extreme weather can challenge our IT and network estate. This year we had to keep our network operating through the joint hottest UK summer on record, lightning storms and heavy rain. Service interruption is one of our principal risks, any major interruptions could result in lost productivity, increased costs, loss of revenue or legal or contractual penalties. It could also result in customers leaving BT. There is a risk we are unable to prevent and respond to incidents caused by natural perils such as flooding, network and system faults, and malicious acts that threaten our network. Appropriate risks are considered by our CFUs and corporate units in respect of all programmes within BT, this includes environmental and security risks, as required.
Chronic physical	Relevant, always included	We monitor longer term climatic predictions, particularly flood and heat, as both of these have impacts on the availability of our network. We know that rises in temperature, both inside our exchanges and more generally as they affect our network (e.g. street cabinets) can impact availability. We use the Environmental Agency hosted Targeted Flood Warning Service in England & Wales, for Scotland the SEPA provide a feed and we receive manual notifications for Northern Ireland. All of our assets are registered on this, providing us with 15 minute updates on flood risk.
Upstream	Relevant, always included	Supply chain risks are considered at Group level and are one of our principal risks. Global markets expose us to global risks, including different standards in labour, environmental and climate change practices, increasing regulation and geopolitical events. We are committed to reducing our end-to-end carbon emissions. Upstream emissions (mainly supply chain) account for ~68% of our end-to-end emissions. There is a risk that we could fail to meet our ambitions if we do not also help our suppliers to reduce their emissions. Doing that will also minimise the impact of any cost increases from carbon emissions regulations.
Downstream	Relevant, always included	Concerns around climate change impacts are increasingly mainstream, across a number of stakeholder groups. For example; in 2017/18 customers (particularly multi-national corporations) representing ~7% of BT Group revenue validated our credentials through the annual CDP supply chain questionnaire. Our downstream emissions – those generated by our products and service when used, and disposed of, by our customers make up 24% of our end-to-end emissions. We're taking steps to reduce this impact and also enabling customers to reduce their own carbon emissions. For example; Our low carbon products and services helped customers save 11.7 million tonnes of CO2e this year. That's equivalent to 2.6 times our end-to-end emissions. By 2020, we aim to increase this to three times our end-to-end emissions. That means for every tonne of CO2e emitted – in our operations, supply chain and from our products being used – we'll help customers save three tonnes of carbon.

C2.2d

(C2.2d) Describe your process(es) for managing climate-related risks and opportunities.

The external landscape presents both risks and opportunities to BT. We focus our efforts on predicting and reducing risks while aiming to take advantage of any opportunities that may arise.

Our digital impact and sustainability team (within our Corporate Affairs unit) aims to stay in tune with market opportunities and changing customer and societal expectations. The unit engages with partners who we believe will be most influential in shaping the climate change agenda, including those within the communications sector. We are a member of several groups that bring businesses together to deal with sustainability challenges, providing valuable insights. The unit also undertakes an annual materiality review to understand the social and environmental issues that are important to our stakeholders. We use these insights help to make decisions about our climate action strategy and long-term opportunities. The team engages senior leadership on these long term climate-related risks and opportunities. It provides updates on significant findings to the ExCo for consideration (and action, where required) and the DISC for review and endorsement.

Climate-related risks and opportunities are managed within our ERM at CFU or corporate unit level, as the impact of physical climate-related issues are more material for our CFUs with physical assets, whereas transitional issues often present opportunities to our CFUs.

The CFU or corporate unit responsible for delivering mitigation activity will generally provide a by-exception update each month to the risk owner/their leadership team. This provides an opportunity to escalate potential issues that may affect the management of a particular risk in a timely manner. The progress in relation to the management of each risk is also reviewed in detail each quarter. All relevant information relating to the control of each risk and any further mitigation activity that is required (e.g. detail of the activity, person responsible for its operation or delivery, etc.) is captured in the relevant Group or organisational unit risk register.

Management of two of our principal climate-related risks; extreme weather as a factor of service interruption, and climate change as a factor of supply chain risks are overseen by the Group Risk Panel. The Group Risk Panel supports the Board and the ExCo. Every three months it reviews the Group Risk Register, which describes our most significant risks and how they are being managed, considers new or emerging risks, and recommends ways to tackle them. It also oversees the work of the group risk management function.

For example;

Service interruption is one of BT's principal risks, monitored within our ERM by the Group Risk Panel, the ExCo and Board. Extreme weather (a physical risk) can bring challenges to our IT and network estate. Our Technology unit is responsible for managing long-term risks to our infrastructure, and our business continuity team is part of this unit. Technology, with the agreement of the ExCo has continued with our programme to provide permanent flood protection for our critical assets that are most at risk. We spent £2.7m in 2018/19 on permanent flood defences, on top of the running costs for our Emergency Response Team (approximately £5m) and in 2019/20 we plan to spend a further £3m on additional permanent flood prevention works.

Supply chain risk is one of our principal risks monitored within our ERM by the Group Risk Panel, the ExCo and Board. Around two-thirds of BT's carbon emissions come from our suppliers, so if we can reduce our suppliers' carbon emissions we can make a significant difference to the environment. This will also mitigate the risk of cost increasing from carbon emissions regulations and help to underpin our own carbon reduction targets. Supply chain risk is managed within our procurement unit. Building on a pioneering contract change we made last year, this year we have introduced carbon-saving clauses into the contracts of other strategic suppliers as their contracts came up for renewal. This supports our science-based target to cut the carbon emissions from our supply chain by 29% (from 2016/17 levels) by 2030.

C2.3

(C2.3) Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a

(C2.3a) Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier Risk

1

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Physical risk

Primary climate-related risk driver

Acute: Increased severity of extreme weather events such as cyclones and floods

Type of financial impact

Increased capital costs (e.g., damage to facilities)

Company- specific description

BT's equipment and network are exposed to these risks, including our 173m km network, 5,600 telephone exchanges, 105,000 street cabinets and 4.8m telegraph poles and junction boxes. Water ingress and high winds can disrupt our infrastructure and may disrupt our ability to deliver our services. We are critical national infrastructure provider, our communications network supports Government, the emergency services, civil authorities, businesses and communities across the UK, and as a result we plan and invest heavily in resilience to protect services. We consider our company to be exposed to physical risks in all countries we operate in as a result of climate change as the associated extreme weather conditions (gales, floods, electrical storms) can lead to rising operational costs and risk to our reputation due to network disruption, damaged equipment, customer complaints, employee injuries and absences etc. While our business is predominantly focused in the UK, we have network segments across the globe which are exposed to different climatic conditions. We look at the risk to the various buildings that support the network, most of which we don't own

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

Medium-low

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

5000000

Potential financial impact figure – maximum (currency)

22000000

Explanation of financial impact figure

Extreme weather can challenge our IT and network estate. In 2018/19 we had to keep our network operating through the joint hottest UK summer on record, lightning storms and heavy rain. The significant impact of these issues often arises not from a single incident but from the aggregation of many incidents. For example in 2015/16 our customer service was impacted by 11 separate winter storms over a five-month period in the UK. The storms resulted in record levels of flooding. Operating costs in Openreach grew 4% (£22m) in the last quarter of 2015/16, mainly reflecting more repair work to rectify the impact of flooding. This is an extreme example as most events affect a much narrower geographic area, and we've also made significant investments to improve network resilience, hence our range of £5m to £22m.

Management method

Our infrastructure is designed and built with disaster recovery at the core. Major network sites have been chosen to be sited away from flood plains and we invest in making our network and infrastructure more resilient to flooding and extreme winds. We spent £2.7m in 2018/19 on permanent flood defences, on top of the running costs for our Emergency Response Team (approximately £5m) and in 2019/20 we will spend a further £3m on additional permanent flood prevention works. As a critical national infrastructure provider we work closely with stakeholders (Government, utilities and other communications providers) to ensure that we factor in the risks of river and coastal flooding (for example) from extreme weather over the next ten years. We proactively monitor weather conditions, providing daily updates across the business when extremes events are anticipated. Our mobile, geographically dispersed, emergency response facilities help us manage incidents if they do occur.

Cost of management

8000000

Comment**Identifier Risk**

2

Where in the value chain does the risk driver occur?

Direct operations

Risk type

Transition risk

Primary climate-related risk driver

Policy and legal: Increased pricing of GHG emissions

Type of financial impact

Increased operating costs (e.g., higher compliance costs, increased insurance premiums)

Company- specific description

We use around 1% of the UK's electricity and are investing in ways to reduce the amount of energy we use to power our networks and business and are sensitive to wholesale price variations. In 2018/19 we spent £387m in Great Britain on energy and water and CLL (climate change levy or levies), any increase in energy or GHG levies cost has an adverse impact on our ability to transform our costs. The price of carbon is a key input into the wholesale price of electricity. In order to deliver cost certainty in our budgeting, we have strategies in place that aim to lock in prices over the long-term through hedging and renewable backed Power Purchase Agreements (PPA). For example; In 2018/19, we sourced 14.5% of our electricity supply via PPA and are actively exploring increasing this percentage via private-wire PPA, in order to reduce our exposure to increased electricity and carbon costs. To help reduce our GHG emissions we're aiming to purchase 100% renewable electricity for all our operations around the world – where markets allow - by 2020.

Time horizon

Long-term

Likelihood Likely**Magnitude of impact** Low**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

Potential financial impact figure (currency)

3870000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

In 2018/19 we spent £387m in Great Britain on energy and water and CCL (climate change levy or levies). We have assumed a 1% increase to these costs relating to increase pricing as focus on GHG emissions grows. We continue to target energy savings as part of our strategy to transform our operating model, reduce GHG emissions and to reduce the impact of these charges on our plans to transform our operating model.

Management method

Our exposure to energy costs is a driver for our energy savings programme investments. The price of carbon is a key input into the wholesale price of electricity. In order to deliver cost certainty in our budgeting and planning processes, we have strategies in place that aim to lock in electricity prices over the long-term through hedging and renewable backed Power Purchase Agreements (PPA). In 2018/19, we sourced 14.5% (392 GWh) of our electricity supply via PPA from wind and solar power within the UK and are actively exploring options to increase our private-wire PPA contracts. This will help to reduce our exposure to increased electricity and carbon costs over the long term. Our director of energy and environment in our Technology unit carries personal objectives on direct energy reduction, reducing carbon emissions, increasing energy price stability and global management of environmental risk in BT. We have a dedicated team who work full time on programmes to reduce energy consumption. We continue to monitor any additional carbon-related taxes and duties across all our operations. There is minimal additional management cost (<£50,000), activities to improve our resilience to wholesale energy costs are 'business as usual'.

Cost of management

50000

Comment

Identifier Risk

3

Where in the value chain does the risk driver occur?

Customer

Risk type

Transition risk

Primary climate-related risk driver

Market: Changing customer behavior

Type of financial impact

Reduced demand for goods and/or services due to shift in consumer preferences

Company- specific description

Concerns around climate change impacts are becoming mainstream, including with our customers. In 2017/18 ~7% of BT Group revenue was attributed to customers (particularly multi-national corporations) who requested that we complete the CDP supply chain questionnaire. Our annual materiality review confirms that customers are becoming more aware of climate-related issues and that they are looking for their suppliers to play their part in enabling a low carbon future. We also see an increasing trend in the investment community (e.g. indexes/ratings) and in the customer base, through bids and more regular engagement, to strongly evidence our environmental strategy, performance and targets. We risk losing market share or failing to maximise the opportunities in this new low carbon economy if we do not demonstrate a leading response to changing customer demands. We see big potential for our products and services to save our customers' energy, fuel, materials and emissions. Our carbonsaving products and services include products like broadband, teleconferencing, cloud networking and Internet of Things (IoT) solutions. These products and services brought in £5.5bn – 23.4% of our total revenue in 2018/19. Our ambition is to help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business (3:1) by 2020. To do this we need to reduce our operational and supply chain emissions whilst increasing the carbon abatement our customers are able to realise by using our products and services.

Time horizon

Long-term

Likelihood Unlikely**Magnitude of impact** Low**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

8200000

Potential financial impact figure – maximum (currency)

16400000

Explanation of financial impact figure

In 2017/18 ~7% of BT Group revenue was attributed to customers (particularly Multi-National Corporations) who validate BT's credentials through the CDP supply chain questionnaire. Failure to maintain a strong position on climate/environment potentially puts some of this at risk - and at a time when this interest is growing. We have assumed a range of between 0.5% and 1% potential loss of revenue.

Management method

Our Board-level Digital Impact and Sustainability Committee oversees our digital impact and sustainability strategy and tracks progress towards our ambitions. This year, it endorsed our ambition to become a net zero carbon emissions business by 2045. Our goals are aligned with efforts to cap the global temperature rise to 1.5°C. To reach net zero, we're focusing on reducing our emissions in areas we directly control – using renewable electricity, and reducing our energy needs and emissions from our vehicle fleet. We've already cut our scope 1 and 2 emissions by 80% since 1996. We're partnering with our suppliers to target a 29% reduction in emissions from our supply chain by 2030 (from 2016/17 levels). Since 2016/17, we've achieved a reduction of 7.3%. And we're helping our customers reduce their carbon footprint too. We helped them save 11.7m tonnes of CO2e this year. That's equivalent to 2.6 times our end-to-end emissions. This year, we launched an IoT-enabled vehicle monitoring system which collects fuel economy and carbon footprint data, helping customers reduce their environmental impact. And, our Final Mile service gives business customers access to 1,000 UK locations with secure IoT-enabled delivery boxes and lockers, reducing wasted travel time and emissions from fuel use. There is minimal additional cost to manage this risk (<£50,000). Environmental management and the development of products and services supporting a low carbon economy is 'business as usual'.

Cost of management

50000

Comment

C2.4**(C2.4) Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?**

Yes

C2.4a**(C2.4a) Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.****Identifier**

Opp1

Where in the value chain does the opportunity occur?

Customer

Opportunity type

Products and services

Primary climate-related opportunity driver

Development and/or expansion of low emission goods and services

Type of financial impact

Increased revenue through demand for lower emissions products and services

Company-specific description

We anticipate that international agreements, such as COP 21, to limit carbon emissions will increase the cost of carbon intense activities. We expect this will contribute to higher growth rates in the demand for BT's low-carbon products and services, i.e. those that help our customers reduce their carbon impact. Our products and services can also help people and businesses cut their carbon footprints. Products like our broadband and teleconferencing solutions can save people having to travel to work or meetings. Our cloud services mean companies don't need to run their own data servers and electronic alternatives like e-books and music downloads reduce the need for physical products. Across our low-carbon portfolio this year, we helped customers save 11.7 million tonnes of carbon emissions.

Time horizon

Long-term

Likelihood Likely**Magnitude of impact** Medium**Are you able to provide a potential financial impact figure?**

Yes, a single figure estimate

Potential financial impact figure (currency) 25000000**Potential financial impact figure – minimum (currency)**

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We generated £5.5bn this year from BT products and services that can help our customers to cut their carbon emissions. This represents 23.4% of BT's total revenue. Note: The list of our carbon-saving products and services is established and verified by the Carbon Trust; the associated revenue is based on total external sales, independently verified by Lloyd's Register. Our aim is to maintain or grow revenue from our low-carbon portfolio, we have assumed a 0.5% increase to calculate this opportunity for the coming year.

Strategy to realize opportunity

Our ambition is to enable our customers to reduce their carbon emissions by at least three times our own end-to-end carbon footprint by 2020. We use this ambition to drive innovation to accelerate new low-carbon propositions and to promote low-carbon technology to our customers. We don't manufacture products ourselves so work closely with our suppliers to develop and maintain our portfolio of low carbon products. For example, we encourage suppliers to come up with new ideas through our Game Changing Challenge competition. Our key suppliers compete to pitch ideas to a panel of our senior leaders who look for innovative environmental projects. ADVA won in 2018. Its eco-optimised approach means products are designed to be recycled and reused at the end of their life, and they plan to use artificial intelligence to improve energy efficiency through predictive maintenance, and to reduce emissions from producing and transporting the equipment. We also promote the environmental benefits of our products to customers. This year, our Global team developed case studies for a number of key products which explain the potential opportunities to abate carbon emissions, through their use, for some of our largest customers. These will be rolled out across several accounts in the year ahead. There is minimal additional cost to manage this opportunity. The development of products and services is 'business as usual'. Other costs are mainly related to our people's time.

Cost to realize opportunity 50000**Comment****Identifier**

Opp2

Where in the value chain does the opportunity occur?

Direct operations

Opportunity type

Resource efficiency

Primary climate-related opportunity driver

Other

Type of financial impact

Reduced operating costs (e.g., through efficiency gains and cost reductions)

Company-specific description

We use around 1% of the UK's electricity to run our business. We spent £387m on energy and water in the UK in 2018/19. We target energy savings as part of our strategy to transform our operating model. We invested a further £45.6m into energy management projects this year, as part of our long-standing energy management programme, which helped us save 63.7 GWh of energy, a reduction of 2.2% from the previous year. These investments also increase our ability to bid for and win large public and private commercial tenders where sustainability criteria have been included in the adjudication process.

Time horizon

Medium-term

Likelihood Likely**Magnitude of impact** Low**Are you able to provide a potential financial impact figure?**

Yes, an estimated range

Potential financial impact figure (currency)

<Not Applicable>

Potential financial impact figure – minimum (currency)

25000000

Potential financial impact figure – maximum (currency)

30000000

Explanation of financial impact figure

In 2018/19 we spent £387m in Great Britain on energy and water. We invested a further £45.6m into energy management projects that helped us save 63.7 GWh of energy, a reduction of 2.2% from the previous year. We have a long standing energy management programme as part of our strategy to transform our operating model. We've saved over £298m through our energy efficiency programme since 2009/10. Based on these results we expect to save between £25m and £30m per annum as a result of our investments, over the medium term.

Strategy to realize opportunity

We have a long standing energy efficiency programme as part of our strategy to transform our operating model. In 2018/19 we invested £45.6m (2017/18: £15.7m, 2016/17: £13.1m) resulting in a reduction in energy use of 63.7 GWh, a reduction of 2.2% from the previous year. We have used the 2018/19 investment to illustrate our costs to realise the opportunity - this includes £30m investment in the replacement of cooling systems (part of a 3 year programme). This year's energy savings projects included; buildings energy efficiency, mothballing or closing buildings, power efficient rectifiers, switching off redundant equipment and using energy efficient cooling solutions. More than 2,500 old systems were switched to energy efficient cooling solutions this year, and we're committed to switching more over the next two years. As part of our strategy to decarbonise our network we're working to increase the amount of renewable electricity we purchase. Worldwide, we increased the amount of electricity purchased from renewable sources to 87% (from 80% last year) and we're working to increase this to 100%, where markets allow. In the UK, 100% of the electricity we purchase directly is now from renewable sources.

Cost to realize opportunity 45600000

Comment

Identifier

Opp3

Where in the value chain does the opportunity occur?

Supply Chain

Opportunity type

Energy source

Primary climate-related opportunity driver

Use of lower-emission sources of energy

Type of financial impact

Reduced exposure to future fossil fuel price increases

Company-specific description

In 2013 we set out our ambition to help customers reduce their carbon emissions by three times our own end-to-end carbon impact by 2020. Upstream emissions (mainly supply chain) are the most significant proportion (68%) of our total value chain (end-to-end) emissions, compared to our own operational emissions at 8% and customer use of our equipment (downstream) at 24%. We want suppliers to join us in cutting emissions by switching to renewable electricity and through energy efficiency. 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). Supporting this target we set ourselves a target to get 125 of our top suppliers to use renewable energy by 2020 and we've already exceeded it with 139 suppliers using renewable energy this year. We expect suppliers to become more cost-efficient and resilient to energy price shocks as a result of this change, which will likely deliver indirect benefit to BT as they become more competitive in delivering their products and services to BT, which could deliver savings. The introduction of carbon-saving clauses in some of our supplier contracts is also expected to contribute in a similar way.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact Low

Are you able to provide a potential financial impact figure?

Yes, a single figure estimate

Potential financial impact figure (currency)

8300000

Potential financial impact figure – minimum (currency)

<Not Applicable>

Potential financial impact figure – maximum (currency)

<Not Applicable>

Explanation of financial impact figure

We have had the financial savings to our suppliers independently calculated using the International Performance Measurement and Verification Protocol (IPMVP) methodology. The IPMVP defines standard terms and suggests best practise for quantifying the results of energy efficiency investments and increase investment in energy efficiency, demand management and renewable energy projects.

Strategy to realize opportunity

We aim to have 125 of our top suppliers purchase and/or use renewable energy by 2020. Together with our main energy provider, we're encouraging our suppliers to switch to renewable energy. 139 of our top suppliers now purchase and/or use renewable energy, and we aim to increase the number each year. We're introducing climate clauses into our contracts with key suppliers. This means some suppliers are now contractually required to demonstrate carbon savings over the duration of their contract. Our approach won Supply Chain Project of the Year at the Business Green Leaders Awards 2018. Our climate change procurement standard is mandatory in all our supplier contracts. The standard sets out expectations and requirements from suppliers on reducing greenhouse gas emissions. There is minimal additional management cost (<£25,000), activities to improve supply chain performance are 'business as usual', carbon emissions performance is one part of this.

Cost to realize opportunity 25000

Comment

(C2.5) Describe where and how the identified risks and opportunities have impacted your business.

	Impact	Description
Products and services	Impacted	In 2013 we set out our ambition to help customers reduce their carbon emissions, mitigating their climate-related impacts, by three times our own end-to-end carbon impact by 2020. Customers using our products represented 24% of our end-to-end emissions in 2018/19. Our products and services helped customers avoid at least 11.7 million tonnes of CO2 equivalent (CO2e) emissions in the year – 2.6 times our own end-to-end emissions. We generated £5.5bn this year from BT products and services that can cut carbon. This represents 23.4% of BT's total revenue. Our aim is to maintain or grow revenue from our low-carbon portfolio.
Supply chain and/or value chain facilities, or product lines	Impacted for some suppliers, facilities, or product lines	In 2013 we set out our ambition to help customers reduce their carbon emissions by three times our own end-to-end carbon impact by 2020. Upstream emissions (mainly supply chain) represented ~68% of our end-to-end emissions in 2018/19. 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). Our climate change procurement standard is mandatory in all our supplier contracts. Building on the contract change we made with one of our strategic suppliers last year, we are introducing carbon-saving clauses into the contracts of other strategic suppliers as their contracts come up for renewal. We spent around £13.4bn with suppliers in 2018/19, 67% of our spend is with our top 100 suppliers, and we have a program in place to encourage our suppliers to report through CDP.
Adaptation and mitigation activities	Impacted	In 2008 we became one of the first companies to adopt a science-based target, aiming to reduce our carbon intensity by 80% and to inspire others to do the same. Having met this target in 2016, in 2017 we set a new 2030 target that will help us do our bit to try to limit global warming to 1.5°C. In October 2018, we pledged to become a net zero carbon emissions business by 2045 We continue to invest in our network, exchanges, training and emergency response plans to improve our operational resilience – key to delivering customer service. Severe weather causing fluvial and pluvial flooding, excess wind, snow, ice and electrical storms can disrupt our operations, so we have developed an industry leading flood risk management approach. We've built on our mobile flood defence and response capabilities during the year and provided permanent flood protection for those critical assets most at risk. We are now in the first year, of a two year programme, to extend this protection to those critical assets at a medium level of flood risk. In 2015/16 our customer service was impacted by 11 separate winter storms over a five-month period in the UK. The storms resulted in record levels of flooding. Operating costs in Openreach (Openreach looks after the 'last mile' of the UK communications network) grew 4% (£22m) in the last quarter of 2015/16, mainly reflecting more repair work to rectify the impact of flooding.
Investment in R&D	Impacted	The team at our dedicated centre of excellence is exploring IoT solutions for customers in sectors like retail, logistics and transport. We see opportunities in both optimising our own operations, but also in developing compelling propositions for our B2B customers. With the combination of devices, networks and analytics providing new insights, this can lead to cost savings, improved efficiencies, and the opportunity to reduce energy/carbon. Our flexible and scalable approach means use-cases could be applicable to supply chains, buildings, vehicles, or even entire communities. This year, we launched an IoT-enabled vehicle monitoring system for customers after trialling it in Openreach's fleet. Called Auto Mate, the system collects fuel economy and carbon footprint data so customers can spot ways to reduce the environmental impact of their fleet. Our Final Mile service gives business customers access to over 1,000 UK locations with secure IoT enabled delivery boxes and lockers. Customers use the network of lockers to give their engineers the right spare parts to get their job done, reducing wasted travel time and emissions from fuel use. Our own engineers are using the lockers to reduce their travel time. We've also been trying out IoT solutions at 22 of our own buildings in the UK. Realtime energy monitoring makes heating, cooling and lighting systems more efficient.
Operations	Impacted	We continue to invest in our network and exchanges to improve our operational resilience – key to delivering customer service. Severe weather causing fluvial and pluvial flooding, excess wind, snow, ice and electrical storms can disrupt our operations in affected areas. In 2017/18, Openreach invested more than £30m to boost resilience and stop network faults rising like they have in the past. This included weatherproofing our networks leading to 3.7% fewer network faults in the year. We continue to invest in energy efficiency, this year, we invested £45.6m into energy savings projects that helped us save 63.7 GWh of energy – a reduction of 2.2% from last year. We are developing plans to introduce electric and other ultra-low emission vehicles into our fleet.
Other, please specify	Please select	

C2.6

(C2.6) Describe where and how the identified risks and opportunities have been factored into your financial planning process.

	Relevance	Description
Revenues	Impacted	Greater connectivity and new devices will lead to new possibilities for technology convergence. Applications like smart homes and connected cities are no longer ideas beyond the horizon – they are here and are already part of many major economies. As an example, people can already adjust their central heating remotely using Internet of Things (IoT) technology. Our carbon saving products and services brought in £5.5bn – 23.4% of our total revenue in 2018/19. We're looking for ways to generate new revenue streams for our business through the development of our low carbon products and services portfolio.
Operating costs	Impacted	We use around 1% of the UK's electricity and are investing in ways to reduce the amount of energy we use to power our networks and our business and are sensitive to wholesale price variations. In 2018/19 we spent £387m in Great Britain on energy and water and CLL (climate change levy or levies), any increase in energy or GHG levies cost has an adverse effect on our ability to transform our costs. The price of carbon is a key input into the wholesale price of electricity. In order to deliver cost certainty in our budgeting, we have strategies in place that aim to lock in prices over the long-term through hedging and renewable backed Power Purchase Agreements (PPA). For example, in 2018/19, we sourced 14.5% of our electricity supply via PPA and we are actively exploring options to increase this and reduce our exposure to increased electricity and carbon costs.
Capital expenditures / capital allocation	Impacted	We continue to upgrade our telecommunications networks to make them more efficient, more resilient and to carry ever greater quantities of data securely and reliably. These investments will reduce our susceptibility to climate-related severe weather events and will underpin a wide range of digital solutions that will play a part in the low carbon economy. We spent £2.7m in 2018/19 on permanent flood defences, and in 2019/20 we will spend another £3m on further permanent flood prevention works.
Acquisitions and divestments	Not yet impacted	Risk is factored in to our due diligence processes and we have not yet seen any impact from climate-related risks. We continue to monitor this.
Access to capital	Not yet impacted	We monitor our ability to access to natural, human, social, manufactured and financial capital, and have not seen climate-related issues impacting on this. By taking a leadership position on climate change we believe we are maintaining our access to all types of capital.
Assets	Impacted	With around 29,000 vehicles, we've one of the largest commercial vehicle fleets in the UK. We recognise the climate-related impacts this causes and the external drivers to decarbonise vehicles, for example through the UK Government's Clean Air Strategy and plans to ban all new petrol and diesel cars and vans from 2040. Cutting emissions from our fleet supports our target to reduce the carbon emissions intensity of our operations by 87% by 2030. We're developing plans to switch from diesel and petrol to electric and alternative fuels, and have a dedicated working group looking at the best ways to add more.
Liabilities	Not impacted	There were no climate-related liabilities or guarantees at 31 March 2019.
Other	Please select	

C3. Business Strategy

C3.1

(C3.1) Are climate-related issues integrated into your business strategy? Yes

C3.1a

(C3.1a) Does your organization use climate-related scenario analysis to inform your business strategy? No, but we anticipate doing so in the next two years

C3.1c

(C3.1c) Explain how climate-related issues are integrated into your business objectives and strategy.

Our purpose is: To use the power of communications to make a better world

Our goal is: To drive sustainable growth in value

Our strategy is to lead in converged connectivity and services, capitalising on new business opportunities and delivering industry-leading operational efficiency. This is to support our goal of delivering sustainable growth in value.

Creating experiences for our customers that truly differentiate us from our competitors is at the centre of our strategic framework. Everything we do with respect to building the best converged network, and becoming a simpler, leaner and more agile business, needs to ultimately support our strategy and to deliver great customer experience.

We recognise climate change as one of the world's biggest challenges, which poses both risks and opportunities to BT. Our low carbon products and services can help people and businesses cut their emissions and create opportunities to deliver growth in value as our range of carbon savings products continues to grow. We're focussed on cutting our energy use, cost and emissions – increasing our operational efficiency. We continue to invest in resilient networks as part of our long-term approach to address climate-related risks and to deliver great customer experience. This clearly also directly supports our move to become a simpler, leaner and more agile organisation – and one that is well positioned to deliver industry leading efficiency, directly supporting our strategy.

Our most substantive decision this year was to pledge (in October 2018) to become a net zero carbon emissions business by 2045. This extends beyond our existing target, approved by the Science Based Targets Initiative, to reduce the carbon emissions intensity of our operations by 87% by 2030. Our goals are aligned with efforts to cap the global temperature rise to 1.5°C.

To reach net zero, we're focusing on reducing our emissions in areas we directly control – using renewable electricity, and reducing our energy needs and emissions from our fleet and buildings estate.

Our actions relating to climate-related issues supports our business objectives and strategy:

Delivery of products and services which enable customers to reduce their carbon emissions – Our ambition is to help customers reduce their carbon emissions by at least three times our end to end carbon impact by 2020. This target provides us with a focus on growing products and services contributing to the low carbon economy and sustainable growth in value.

We know from engaging with our customers (particularly larger customers and local government) that tackling their own, as well as their supply chain, GHG emissions is of increasing importance. Through our products and services, we're aiming to support our customers own goals to reduce carbon emissions.

Reducing our own emissions and costs – In October 2018, we pledged to become a net zero carbon emissions business by 2045. This extends beyond our existing target, approved by the Science Based Targets Initiative, to reduce the carbon emissions intensity of our operations by 87% by 2030. Our goals are aligned with efforts to cap global temperature rise to 1.5°C. To do this, we're targeting 100% renewable electricity by 2020 (where markets allow). We're investigating how to decarbonise our buildings. And we're looking at how we can convert our fleet to ultra-low emission vehicles – transforming our operational efficiency.

This year we invested £45.6m in energy management projects, a substantive decision. This has helped us cut consumption by 63.7GWh, a 2.2% reduction since last year, such investments have saved us £298m since 2009/10.

We are a founding member of RE100 and we're aiming to purchase 100% renewable electricity (where markets allow) by 2020. And we're encouraging our suppliers, our customers and our employees to do so too. Worldwide, we sourced 87% of our electricity from renewable sources (100% in the UK now comes from renewable sources) this year. This all directly contributes to our strategy and aim to deliver industry-leading efficiency.

Mitigating and reducing the impact of physical climate-related issues - In order to deliver great customer experience across all our markets, we need to minimise any short term disruptions to the services we offer. This helps drive value for both customers and our business. By becoming more resilient, we see less faults which enables a better customer experience and also supports our efficiency aims through lower operational costs. We continue to invest in leading and resilient networks as part of our longterm approach to address climate-related risks. In 2018/19 our substantive network investment was £2,083m, up 21%.

As a critical national infrastructure provider in the UK we are working with key stakeholders (government and utility providers) to minimise the impacts of severe weather events on the UK economy. We're adapting so we're prepared to manage these risks. We need to be ready to protect our equipment and infrastructure from more unpredictable and extreme weather like heatwaves, storms and floods. This includes defending telephone exchanges from floods, sealing street cabinets against rising floodwaters and setting up satellite connections when land-based telecoms are down. We've mapped our UK sites that are at most risk of flooding. This year, we continued to invest in improved flood protection measures at high risk sites to support the recommendations of the UK Government's National Flood Resilience Review.

C3.1g

(C3.1g) Why does your organization not use climate-related scenario analysis to inform your business strategy?

We have focussed on introducing ambitious long-term targets including our net zero goal. We now intend to carry out climate-related scenario analysis in the next 12 months

C4. Targets and performance

C4.1

(C4.1) Did you have an emissions target that was active in the reporting year? Both absolute and intensity targets

C4.1a

(C4.1a) Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Abs 1

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

Targeted % reduction from base year

100

Base year

2018

Start year 2019

Base year emissions covered by target (metric tons CO2e)

377073

Target year 2045

Is this a science-based target?

Yes, we consider this a science-based target, but this target has not been approved as science-based by the Science-Based Targets initiative

% of target achieved 21

Target status

New

Please explain

Our ambition is to become a net zero carbon emissions business by 2045. We are still developing our plans to deliver this target and currently have included 100% of our 'gross' scope 1 and 2 emissions. Delivering against this ambition is dependent on external factors including the availability of suitable low carbon vehicles and electric vehicle charging infrastructure, and of viable options to heat our buildings. As our investigations and plans develop we will be in a better position to ascertain whether some form of carbon offsetting will be required to achieve net zero.

Target reference number

Abs 2

Scope

Scope 3 (upstream)

% emissions in Scope

100

Targeted % reduction from base year

29

Base year

2017

Start year 2017

Base year emissions covered by target (metric tons CO2e)

3303578

Target year 2030

Is this a science-based target?

Yes, this target has been approved as science-based by the Science-Based Targets initiative

% of target achieved

25.06

Target status Underway

Please explain

Our target is to reduce the carbon emissions associated with our supply chain (GHGP Corporate Value Chain (Scope 3) Accounting and Reporting Standard categories 1 through 8) by 29% by 2030 from 31 Mar 2017 outturn.

C4.1b

(C4.1b) Provide details of your emissions intensity target(s) and progress made against those target(s).

Target reference number

Int 1

Scope

Scope 1 +2 (market-based)

% emissions in Scope

100

Targeted % reduction from base year

87

Metric

Metric tons CO2e per USD(\$ value-added*

Base year

2017

Start year 2017

Normalized base year emissions covered by target (metric tons CO2e) 31

Target year 2030

Is this a science-based target?

Yes, this target has been approved as science-based by the Science Based Targets initiative

% of target achieved

29.59

Target status Underway

Please explain

Our target is to reduce our carbon emissions intensity by 87% on 2016/17 levels by 2030. This is in line with current international policy and climate science, being BT's share of the global emissions reductions needed to limit global warming to 1.5oC. Carbon emissions intensity means Scope 1 and 2 greenhouse gas emissions, as defined in the World Business Council for Sustainable Development's Greenhouse Gas Protocol, expressed as carbon dioxide equivalent (CO2e) per unit of value added (EBITDA + employee costs). This absolute target has been calculated assuming 2.02% annual GDP growth rate, plus 2.18% annual inflation rate

% change anticipated in absolute Scope 1+2 emissions -76

% change anticipated in absolute Scope 3 emissions 0

C4.2

(C4.2) Provide details of other key climate-related targets not already reported in question C4.1/a/b.

Target

Renewable electricity consumption

KPI – Metric numerator

Percentage of electricity purchased that is from renewable sources - for our operations worldwide

KPI – Metric denominator (intensity targets only)**Base year**

2015

Start year 2015

Target year 2020

KPI in baseline year 94

KPI in target year 100

% achieved in reporting year 87

Target Status Underway

Please explain

In the UK, 100% of the electricity we purchase directly is now from renewable sources. By 2020, we're aiming to use 100% renewable electricity worldwide, where markets allow. We hit 87% this year (up from 80% last year). The remaining 13% is from transitioning accounts or purchased in countries where there's no renewable supply, the energy can't be certified as renewable by an internationally recognised scheme, or where our landlords buy non-renewable electricity in buildings we occupy.

Part of emissions target Int 1

Is this target part of an overarching initiative?

RE100

Target

Engagement with suppliers

KPI – Metric numerator

Number of suppliers purchasing or using electricity from renewable sources

KPI – Metric denominator (intensity targets only)**Base year**

2016

Start year 2017

Target year 2020

KPI in baseline year 89

KPI in target year 125

% achieved in reporting year 100

Target Status Underway

Please explain

We aim to have 125 of our top suppliers purchase and/ or use renewable energy by 2020. This year 139 of our top suppliers now purchase and/ or use renewable energy, exceeding our target. We will continue to increase this number year on year.

Part of emissions target Abs1

Is this target part of an overarching initiative? No, it's not part of an overarching initiative

No

Target

Engagement with suppliers

KPI – Metric numerator

Top suppliers reporting on climate change through the CDP process

KPI – Metric denominator (intensity targets only)**Base year**

2017

Start year 2017

Target year 2020

KPI in baseline year 180

KPI in target year 250

% achieved in reporting year 100

Target Status Underway

Please explain

We aim to engage 250 of our top suppliers by spend on climate change, through the CDP process. In 2018/19 292 suppliers, representing 51% of our total spend, completed the CDP supply chain questionnaire. We will continue to increase this number year on year.

Part of emissions target

Abs1 - Our target is to reduce our supply chain CO2e emissions by 29% compared to 2016/17 levels by 2030

Is this target part of an overarching initiative? No, it's not part of an overarching initiative

No

Target

Other, please specify (End-to-end)

KPI – Metric numerator

Our 3:1 ambition compares the carbon abatement effect of our products and services against our end-to-end carbon footprint, including all scope 1, 2 and 3 emissions

KPI – Metric denominator (intensity targets only)

Base year

2013

Start year 2013

Target year 2020

KPI in baseline year 1

KPI in target year 3

% achieved in reporting year 87

Target Status Underway

Please explain

We've included this target for completeness. We see potential for our products and services to save our customers' energy, fuel, materials and emissions. Investing in ICT could reduce the UK's carbon emissions by an estimated 24% in 2030. Our carbon-saving products and services include broadband, teleconferencing, cloud networking and Internet of Things (IoT) solutions. These helped customers save 11.7 million tonnes of CO2e this year. That's equivalent to 2.6 times our end-to-end emissions. In 2013 we set our goal that by 2020, we aim to increase this abatement to three times our end-to-end emissions. That means for every tonne of CO2e emitted – in our operations, supply chain and from our products being used – we'll help customers save three tonnes of carbon.

Part of emissions target

Is this target part of an overarching initiative? No, it's not part of an overarching initiative

C4.3

(C4.3) Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases. Yes

C4.3a

(C4.3a) Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	2	184000
To be implemented*	1	500
Implementation commenced*	6	789350
Implemented*	6	789350

Not to be implemented		
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C4.3b

(C4.3b) Provide details on the initiatives implemented in the reporting year in the table below.

Initiative type

Low-carbon energy purchase

Description of initiative

Other, please specify (Mix of quality renewables)

Estimated annual CO2e savings (metric tonnes CO2e)

63068

Scope

Scope 2 (market-based)

Voluntary/Mandatory Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

1350000

Investment required (unit currency – as specified in C0.4)

30000

Payback period 4 -

10 years

Estimated lifetime of the initiative

3-5 years

Comment

We have committed to procure 100% of electricity from renewable sources, as part of the We Mean Business coalition and RE100. We have converted ~200GWh of electricity purchased to renewable electricity this year as we renegotiate electricity contracts (after reduction activities). We have used our internal price of carbon in our business cases (at £6.75/MWh for electricity) to calculate this saving.

Initiative type

Fugitive emissions reductions

Description of initiative

Refrigerant leakage reduction

Estimated annual CO2e savings (metric tonnes CO2e)

2678

Scope

Scope 1

Voluntary/Mandatory Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

5364000

Investment required (unit currency – as specified in C0.4)

30000000

Payback period 4 -

10 years

Estimated lifetime of the initiative

3-5 years

Comment

Our programme to replace energy-intensive air conditioning with adiabatic cooling units in our UK estate continued this year. The change has reduced Scope 1 emissions associated with refrigerants by 2678 tonnes

Initiative type

Energy efficiency: Processes

Description of initiative

Other, please specify (Network equipment - Power system replacements)

Estimated annual CO2e savings (metric tonnes CO2e)

2209

Scope

Scope 2 (market-based)

Voluntary/Mandatory Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

6719000

Investment required (unit currency – as specified in C0.4)

10200000

Payback period 1-3
years

Estimated lifetime of the initiative Ongoing

Comment

One element of our energy efficiency programme - focussed on replacing power systems, alongside rationalisation and depowering underused equipment. This reduced our electricity demand by 7.8GWh. A reduction of ~2.2Kt (MBM) CO2e after the effects of increased purchases of renewable electricity.

Initiative type

Energy efficiency: Processes

Description of initiative

Other, please specify (Data centre equipment rationalisation)

Estimated annual CO2e savings (metric tonnes CO2e)

9048

Scope

Scope 2 (market-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2545000

Investment required (unit currency – as specified in C0.4)

0

Payback period 1-3

years

Estimated lifetime of the initiative Ongoing

Comment

One element of our energy efficiency programme - focussed on rationalising data centre equipment and depowering equipment no longer needed. This reduced our electricity demand by 32GWh. A reduction of ~9Kt (MBM) CO2e after the effects of increased purchases of renewable electricity.

Initiative type

Energy efficiency: Building services

Description of initiative

Other, please specify (Buildings: Energy efficient lighting building energy management system and building closure/ mothballing)

Estimated annual CO2e savings (metric tonnes CO2e)

4342

Scope

Scope 2 (market-based)

Voluntary/Mandatory Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

2282000

Investment required (unit currency – as specified in C0.4)

5400000

Payback period 1-3

years

Estimated lifetime of the initiative Ongoing

Comment

One element of our energy efficiency programme - focussed on site rationalisation and energy efficiency (lighting etc.). This reduced our electricity demand by 14.7GWh. A reduction of ~4Kt (MBM) CO2e after the effects of increased purchases of renewable electricity.

Initiative type

Other, please specify (Supply Chain emissions reduction)

Description of initiative

<Not Applicable>

Estimated annual CO2e savings (metric tonnes CO2e)

710000

Scope

Scope 3

Voluntary/Mandatory Voluntary

Annual monetary savings (unit currency – as specified in C0.4) 0

Investment required (unit currency – as specified in C0.4)

0

Payback period 4 -

10 years

Estimated lifetime of the initiative

11-15 years

Comment

We have set a target to reduce our supply chain CO2e emissions by 29% compared to 2016/17 levels by 2030. It is both cost and investment neutral. This year we've achieved a 7.3% (240KT) reduction from our base of 3,304KT and by 710,000 tonnes from last year.

C4.3c

(C4.3c) What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Dedicated budget for energy efficiency	This year, we invested a further £45.6m into energy management projects that helped us save 63.7 GWh of energy. Such investments have saved us £298m since 2009/10.

C4.5

(C4.5) Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

Yes

C4.5a

(C4.5a) Provide details of your products and/or services that you classify as low-carbon products or that enable a third party to avoid GHG emissions.

Level of aggregation

Group of products

Description of product/Group of products Productivity solutions

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year

23.4

Comment

These include; Field Force Automation which improves efficiency and productivity for organisations with staff who have to travel around to various appointments during their working day, such as sales teams, engineers or district nurses. Online services and automated scheduling mean they don't have to go to their base to get their call sheet in the morning and report in at the end of the day. It also means staff can be allocated to tasks near them to reduce travel. This lets workers do less mileage and fit more visits into their day. We engage the Carbon Trust annually to review, refine and endorse our abatement methodology, the assumptions and calculations we use. Their report is attached as further information.

Level of aggregation

Product

Description of product/Group of products

Connectivity (Broadband)

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year

23.4

Comment

With broadband, people can work from home or remotely, saving them time, fuel and emissions from travelling to and from an office every day. Broadband also enables a range of technologies that remove or replace the use of physical products (dematerialisation) and the need to travel to get these products and access services. Examples include use of online news replacing newspapers, music and movie streaming to replace CDs and DVDs, and online services such as banking, shopping and training. Superfast broadband makes it even easier for people to work from home and make the change from physical to virtual products and services. Broadband also supports ecommerce, reducing the need for physical shops and commercial space. We engage the Carbon Trust annually to review, refine and endorse our abatement methodology, the assumptions and calculations we use. Their report is attached as further information.

Level of aggregation

Group of products

Description of product/Group of products Flexible working solutions

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year
23.4

Comment

We offer a range of services, like secure remote access to an organisation's systems that let staff work flexibly. Desks can be shared as people aren't all in at once, reducing the need for office space and cutting the amount of energy required to power, heat and cool buildings. Flexible working also reduces commuting by giving people the option to work from home. This can result in significant savings overall, even after factoring in the additional energy employees use to power, light and heat their homes when they're working there. Many of our customers in the public and private sector have their own carbon reduction targets to meet – and they all want to cut costs and work more efficiently. By offering products and services that can help them do that, we're building our commercial relationships and opening up new revenue streams. We engage the Carbon Trust annually to review, refine and endorse our abatement methodology, the assumptions and calculations we use. Their report is attached as further information.

Level of aggregation

Group of products

Description of product/Group of products

Collaboration solutions, audio and video conferencing

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year
23.4

Comment

Our data centre and cloud services release organisations from the burden of having their own IT servers taking up space and using energy on their premises. Instead, we host their data. And because we host such vast quantities of data, we can make economies of scale to reduce energy used to power and cool our data centres. On top of that, we make them as efficient as possible, as well as powering them with renewable electricity in the UK and other countries around the world. Additionally, where customers chose to use third-party cloud-based services, we provide dedicated and secure connectivity solutions to these. We engage the Carbon Trust annually to review, refine and endorse our abatement methodology, the assumptions and calculations we use. Their report is attached as further information.

Level of aggregation

Group of products

Description of product/Group of products

Internet of Things (IoT)

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year
23.4

Comment

Our SIM-based connectivity is sold to customers which have use-cases that can help avoid emissions. These include: - Vehicle telematics - Smart metering (business and residential) - Usage Based (car) Insurance (UBI) - Street light management. We engage the Carbon Trust annually to review, refine and endorse our abatement methodology, the assumptions and calculations we use. Their report is attached as further information.

Level of aggregation

Product

Description of product/Group of products

Mobile handsets and SIM connectivity

Are these low-carbon product(s) or do they enable avoided emissions? Avoided emissions

Taxonomy, project or methodology used to classify product(s) as low-carbon or to calculate avoided emissions Evaluating the carbon-reducing impacts of ICT

% revenue from low carbon product(s) in the reporting year
23.4

Comment

A proportion of our customers use their mobile handsets for running 'sat-nav' applications, with real-time traffic information and mapping updates allow routes to be completed more efficiently, minimising fuel consumed. We engage the Carbon Trust annually to review, refine and endorse our abatement methodology, the assumptions and calculations we use. Their report is attached as further information.

C5. Emissions methodology

C5.1

(C5.1) Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

April 1 2016

Base year end

March 31 2017

Base year emissions (metric tons CO2e)

181903

Comment

Revised from 178,785 to 181,903 in 2019

Scope 2 (location-based)

Base year start

April 1 2016

Base year end

March 31 2017

Base year emissions (metric tons CO2e)

1270004

Comment

Revised from 1,233,388 in 2019

Scope 2 (market-based)

Base year start

April 1 2016

Base year end

March 31 2017

Base year emissions (metric tons CO2e)

221932

Comment

Revised from 184,394 to 221,932 in 2019 to include additional masts for EE radio access network (RAN)

C5.2

(C5.2) Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate Scope 1 and Scope 2 emissions.

The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)

C6. Emissions data

C6.1

(C6.1) What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e) 184363

Start date

April 1 2018

End date

March 31 2019

Comment

C6.2

(C6.2) Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We are reporting a Scope 2, market-based figure

Comment

C6.3

(C6.3) What were your organization's gross global Scope 2 emissions in metric tons CO₂e?

Reporting year

Scope 2, location-based

795642

Scope 2, market-based (if applicable)

114098

Start date

April 1 2018

End date

March 31 2019

Comment

C6.4

(C6.4) Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure? Yes

C6.4a

(C6.4a) Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

Emissions from energy provided by a landlord as part of a full service buildings contract

Relevance of Scope 1 emissions from this source Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable) Emissions are not relevant

Explain why this source is excluded

We exclude emissions from energy provided by a landlord as part of a full service buildings on a de-minimus basis (i.e. not material).

Source

Emissions from electricity charged to our tenants.

Relevance of Scope 1 emissions from this source No emissions from this source

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable) Emissions are not relevant

Explain why this source is excluded

We offer site sharing facilities to other Communications Providers in our exchanges. The electricity used by customer equipment located on our premises is metered and charged to customers as part of these contracts. We exclude emissions from electricity charged to our tenants.

Source

Emissions data from most countries where we've never reached 250MWh per year energy consumption.

Relevance of Scope 1 emissions from this source Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source
Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable) Emissions are not relevant

Explain why this source is excluded

We exclude emissions data from most countries where we've never reached 250MWh per year, on a de-minimus basis (i.e. not material).

C6.5

(C6.5) Account for your organization's Scope 3 emissions, disclosing and explaining any exclusions.**Purchased goods and services****Evaluation status**

Relevant, calculated

Metric tonnes CO2e

2100485

Emissions calculation methodology

BT has used Environmentally Extended Economic Input Output analysis based on BT spend data. This is captured in our model as the category boundary for extraction, production and transport of purchased goods and services acquired or purchased by the reporting company in the reported year. Where suppliers' scope 1 and 2 emissions intensities have been reported to the CDP, these have been used to refine the analysis. In addition, for suppliers who have carried out PBLCA on their products, these results have been substituted into the model where relevant.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

12

Explanation

Our model incorporates data on suppliers' carbon reductions using data reported through the CDP. We have included our full methodology statement as further information.

Emissions calculation methodology

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

460104

BT has used Environmentally Extended Economic Input Output analysis based on BT spend data. This is captured in our model as the category boundary for extraction, production and transport of capital goods acquired or purchased by the reporting company in the reported year. Where suppliers' scope 1 and 2 emissions intensities have been reported to the CDP, these have been used to refine the analysis. It should be noted that the Scope 3 emissions arising from the purchase of fleet capital goods, such as vans or lorries, are not currently reported within this category, but are included incrementally along with the fuel supply chain in the EEIO model. As these emissions do not readily fit within any one Scope 3 category and we are currently unable to separate out the fuel supply chain and the capital spend component, we are accounting these emissions under "Category 3 fuel and energy related activities". Also of note is that we are unable to separate out all service emissions from capital goods where services are included as part of the purchase spend for the capital equipment, e.g. some types of network equipment.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

12

Explanation

Our model incorporates data on suppliers' carbon reductions using data reported through the CDP. We have included our full methodology statement as further information.

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

222430

Emissions calculation methodology

Scope 3 emissions arising from fuel and energy are estimated by applying Scope 3 emissions factors to the fuel and energy consumption figures that are used for Scope 1 and 2 reporting. Following guidance from UK Department for Business, Energy & Industrial Strategy (BEIS), transmission losses which were included in Scope 2 are now included in Scope 3, Category 3. The Scope 3 emissions factors for electricity transmission and distribution losses are taken from BEIS, whilst the remainder are currently drawn from the Environmentally Extended Economic Input Output analysis model to cover the complete supply chain.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

108956

Emissions calculation methodology

EEIO analysis has been based on BT spend data. In instances where upstream transport and distribution services spend is defined, emissions were included in this category. However, not all upstream transport and distribution is captured as a separate service spend. In most cases upstream transport and distribution forms part of the purchase price of goods and is therefore included within the EEIO model for "category 1 purchased goods and services." It is currently not possible to separate out these emissions.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Waste generated in operations

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

17321

Emissions calculation methodology

This calculation is based on the quantities of waste by type generated provided by BT and Process Life Cycle Analysis (LCA) figures provided by the UK Department for Business, Energy & Industrial Strategy (BEIS) to model the waste treatment processes. EEIO is used to capture the upstream supply chain components of the waste treatment activities.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Business travel

Evaluation status

Emissions calculation methodology

Relevant, calculated

Metric tonnes CO2e

52389

This calculation is based on data from BT's expenses system and other travel data bases. We also add associated upstream emissions from, for example, the manufacture of cars, airplanes and trains. In order to do this, SWC used a hybrid approach based on data from BT's expenses system and EEIO for upstream components.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Employee commuting

Evaluation status

Relevant, calculated

Metric tonnes CO2e

50553

Emissions calculation methodology

This calculation is based on data from BT's expenses system and other travel data bases. We also add associated upstream emissions from, for example, the manufacture of cars, airplanes and trains. In order to do this, SWC used a hybrid approach based on data from BT's expenses system and EEIO for upstream components.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Upstream leased assets

Evaluation status

Relevant, calculated

Metric tonnes CO2e

51265

Emissions calculation methodology

Emissions associated with leased company cars are calculated using a hybrid approach. This is based on the mileage travelled, fuel used and EEIO model data for the upstream carbon associated with the fuel supply chain and the manufacture and maintenance of the vehicles. For BT leased property this has been calculated using EEIO analysis based on BT spend data.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Downstream transportation and distribution

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

An activity not applicable to BT. Product distribution is either included in the supplier contract or provided through postal services, e.g. Parcel Force. The associated carbon would be included in Category 1 "Purchased Goods and Services" figures where this is included as part of overall service or Category 4: "upstream transportation and distribution" where purchased as a separate service.

Processing of sold products

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Emissions calculation methodology

Explanation

An activity not applicable to BT. We do not perform intermediary manufacturing processing on any of our products.

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1046692

This calculation is based on power consumption, estimated life span and use profile for each type of equipment multiplied by the volumes of equipment sold over the current year. It includes both networking equipment and office equipment supplied to our business customers, as well as equipment supplied to our residential customers. BEIS's "UK electricity emissions factors" including the fuel supply chain and transmission losses are used to calculate emissions from power consumption.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

End of life treatment of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1602

Emissions calculation methodology

Waste material quantities by type for products sold in the UK provided by BT and Process Life Cycle Analysis (LCA) figures provided by the UK Department for Business, Energy & Industrial Strategy (BEIS) have been used to model the end of life waste treatment processes. The UK data has been extrapolated to cover end of life treatment of products sold outside the UK.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Explanation

We have included our full methodology statement as further information.

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

An activity not applicable to BT. A review by the Carbon Trust identified that only 1% of BT buildings fall under Scope 3, and therefore is deemed not significant enough to be relevant for inclusion our scope 3 inventory.

Franchises

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

An activity not applicable to BT. A study carried out by the Carbon Trust found that BT does not operate any franchises except for BT Local Business which is a franchise operation of 50 SMEs and which was considered to be too small to be included.

Investments

Evaluation status

Not relevant, explanation provided

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology
Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners

<Not Applicable>

Explanation

Where material, we include this in our Scope 1 and 2 reporting. A study carried out by the Carbon Trust found that 99% of BT's investments were accounted for under Scopes 1 and 2, and therefore is deemed not significant enough to be relevant for inclusion our scope 3 inventory.

Other (upstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

Explanation

Other (downstream)

Evaluation status

Please select

Metric tonnes CO2e

<Not Applicable>

Emissions calculation methodology

<Not Applicable>

Percentage of emissions calculated using data obtained from suppliers or value chain partners <Not Applicable>

Explanation

C6.7

(C6.7) Are carbon dioxide emissions from biologically sequestered carbon relevant to your organization? No

C6.10

(C6.10) Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

12.74

Metric numerator (Gross global combined Scope 1 and 2 emissions) 298461

Metric denominator unit

total revenue

Metric denominator: Unit total 23459

Scope 2 figure used

Market-based

% change from previous year

19.88

Direction of change Decreased

Reason for change

A combination of energy efficiency measures and an increase in the purchase of renewable electricity, whilst adjusted revenue (before specific items) has decreased slightly.

Intensity figure 23

Metric numerator (Gross global combined Scope 1 and 2 emissions) 298461

Metric denominator

Other, please specify (Carbon intensity (Scopes 1 & 2 Tonnes CO2e per £ million Value added))

Metric denominator: Unit total 12774

Scope 2 figure used

Market-based

% change from previous year

20.05

Direction of change Decreased

Reason for change

A combination of energy efficiency measures and an increase in the purchase of renewable electricity, whilst value-added has decreased slightly.

C7. Emissions breakdowns

C7.1

(C7.1) Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a

(C7.1a) Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
HFCs	2090	IPCC Fourth Assessment Report (AR4 - 100 year)
CO2	182274	IPCC Fourth Assessment Report (AR4 - 100 year)

C7.2

(C7.2) Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Australia	0
Argentina	17.82
Belgium	96.61
Brazil	47.78

China	0
France	0.89
Germany	121.04
China, Hong Kong Special Administrative Region	0
Hungary	0
India	363.07
Ireland	527.25
Italy	301.67
Japan	0
Luxembourg	0
Netherlands	13.39
Singapore	0
Spain	220.63
United Kingdom of Great Britain and Northern Ireland	182468.06
United States of America	185.26

C7.3

(C7.3) Indicate which gross global Scope 1 emissions breakdowns you are able to provide. By activity

C7.3c

(C7.3c) Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
Oil combustion - electricity generation	7216
Oil combustion - heating	2379
Gas combustion	35958
Refrigerant gases (HFC and SF6 only)	2090
Commercial vehicle fleet	123358
Company car fleet	13331
LPG combustion - electricity generation	31

C7.5

(C7.5) Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted in market-based approach (MWh)
Argentina	1968	1968	5222	0
Australia	354	354	465	0
Belgium	734	285	4238	2591
Brazil	1190	1190	9892	0
China	103	103	163	0
China, Hong Kong Special Administrative Region	182	182	289	0
France	390	22	7415	6992
Germany	20233	0	45063	45063
Hungary	402	402	1467	0
India	7819	7819	10703	0
Ireland	16379	0	39467	39467
Italy	28374	2981	85462	76483
Japan	66	66	122	0
Luxembourg	105	0	501	501

Netherlands	10898	19	23377	23337
Singapore	152	152	385	0
Spain	4436	604	17951	15507
United States of America	24055	23676	55300	873
United Kingdom of Great Britain and Northern Ireland	675564	72037	2386563	2132080
Colombia	2054	2054	9284	0
Venezuela (Bolivarian Republic of)	182	182	605	0

C7.6

(C7.6) Indicate which gross global Scope 2 emissions breakdowns you are able to provide. By activity

C7.6c

(C7.6c) Break down your total gross global Scope 2 emissions by business activity.

Activity	Scope 2, location-based emissions (metric tons CO2e)	Scope 2, market-based emissions (metric tons CO2e)
Network	604723	75398
Data Centres	133198	28658
Offices	52617	10042
Retail (shops)	5096	0

C7.9

(C7.9) How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year? Decreased

C7.9a

(C7.9a) Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined) and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption	63068	Decreased	21	We increased the electricity purchased from renewable sources by ~195GWh (after savings from reduction programmes) this year. This resulted in a reduction of Scope 2 emissions of ~63Kt. Our adjusted S1 and S2 emissions in the previous year was 298,461 tCO2e (63068/ 298461= -21%)
Other emissions reduction activities	18276	Decreased	6	Our energy reduction programme (£45.6m invested in 2018/19) has seen energy use reduce by 63.7 GWh, a reduction in CO2e of 15,599t (using market based method). Projects included; building energy efficiency, mothballing or closing buildings, power efficient rectifiers, switching off redundant equipment Other emissions reduction activities in the year included; adiabatic cooling programme (Scope 1 - 2678t) A decrease of 18,276t compared to adjusted 2017/18 scope 1&2 emissions (using market based method). (18276/298461 = 6% decrease)
Divestment	1447	Decreased	0.5	We sold a Group business (BT Cables) in September 2018. Based on average monthly use in the last 6 months of the year GHG S1 and S2 emissions reduced by 1447 Tonnes. Our adjusted S1 and S2 emissions in the previous year was 298461 tCO2e, (14478/ 298461 = -0.5%)
Acquisitions	0	No change		No material acquisitions
Mergers	0	No change		No mergers in the year
Change in output	7742	Increased	2.59	We increased the number of vehicles in our fleet this year. This resulted in an increase in S1 emissions of 7,742t. Our adjusted S1 and S2 emissions in the previous year was 298,461 tCO2e (7742/ 298461= 2.59%)
Change in methodology	2341	Decreased	0.78	Revisions as a result of actuals vs estimates resulting in a 2341t decrease in our reported scope 1&2 emissions, Our adjusted S1 and S2 emissions in the previous year was 298,461 tCO2e (2341/ 298461= -0.78%)
Change in boundary	4238	Increased	1.42	We have further integrated EE mast energy use within our boundary and have included an additional 2,070t (S1) CO2e. We have also added Argentina (S1+S2 = 1986t) and Venezuela (S2 = 182t) into our reporting. Our adjusted S1 and S2 emissions in the previous year was 298,461 tCO2e (4238/ 298461= 1.42%)
Change in physical operating conditions	5121	Decreased	1.7	This year we used less fuel oil and gas for heating (5.7GWh) with a reduction in scope 1 emissions of 6,187t CO2e. Our adjusted S1 and S2 emissions in the previous year was 298,461 tCO2e (5121/ 298461= -1.7%)
Unidentified		<Not Applicable >		
Other		<Not Applicable >		

n

C7.9b

(C7.9b) Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure? Market-based

C8. Energy

C8.1

(C8.1) What percentage of your total operational spend in the reporting year was on energy? More than 0% but less than or equal to 5%

C8.2

(C8.2) Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertakes this energy-related activity
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	No
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a

(C8.2a) Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	0	77127	77127
Consumption of purchased or acquired electricity	<Not Applicable>	2342872	361038	2703910
Consumption of purchased or acquired heat	<Not Applicable>	293	0	293
Consumption of purchased or acquired steam	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of purchased or acquired cooling	<Not Applicable>	<Not Applicable>	<Not Applicable>	<Not Applicable>
Consumption of self-generated non-fuel renewable energy	<Not Applicable>	22	<Not Applicable>	22
Total energy consumption	<Not Applicable>	2342872	438481	2781353

C8.2b

(C8.2b) Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	No
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c

(C8.2c) State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Diesel

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization 12653

MWh fuel consumed for self-generation of electricity 9717

MWh fuel consumed for self-generation of heat 2937

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization 64425

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat 64425

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

Fuels (excluding feedstocks)

Liquefied Petroleum Gas (LPG)

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization 48

MWh fuel consumed for self-generation of electricity 48

MWh fuel consumed for self-generation of heat 0

MWh fuel consumed for self-generation of steam

<Not Applicable>

MWh fuel consumed for self-generation of cooling

<Not Applicable>

MWh fuel consumed for self-cogeneration or self-trigeneration

<Not Applicable>

Comment

C8.2d

(C8.2d) List the average emission factors of the fuels reported in C8.2c.

Diesel

Emission factor

2.97049

Unit metric tons CO₂e per

liter

Emission factor source

UK Government GHG Conversion Factors for Company Reporting (2018)

Comment

Liquefied Petroleum Gas (LPG)

Emission factor

1.51906

Unit metric tons CO2e per liter

Emission factor source

UK Government GHG Conversion Factors for Company Reporting (2018)

Comment

Natural Gas

Emission factor

2.04652

Unit metric tons CO2e per m3

Emission factor source

UK Government GHG Conversion Factors for Company Reporting (2018)

Comment

C8.2e

(C8.2e) Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	9765	9765	22	22
Heat	67656	67656	0	0
Steam	0	0	0	0
Cooling	0	0	0	0

C8.2f

(C8.2f) Provide details on the electricity, heat, steam and/or cooling amounts that were accounted for at a low-carbon emission factor in the market-based Scope 2 figure reported in C6.3.

Basis for applying a low-carbon emission factor

Contract with suppliers or utilities (e.g. green tariff), supported by energy attribute certificates

Low-carbon technology type

Solar PV
Wind
Hydropower

Region of consumption of low-carbon electricity, heat, steam or cooling Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling 1949806

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Unspecified mix of renewables

Basis for applying a low-carbon emission factor

Power Purchase Agreement (PPA) with energy attribute certificates

Low-carbon technology type

Wind

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling

385387

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Four PPAs in the UK providing electricity from wind farms

Basis for applying a low-carbon emission factor

Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type

Solar PV

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling 6775

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

PPA with solar farm adjacent to our facilities at Adastral Park

Basis for applying a low-carbon emission factor

Power Purchase Agreement (PPA) with energy attribute certificates

Low-carbon technology type

Solar PV

Region of consumption of low-carbon electricity, heat, steam or cooling

North America

MWh consumed associated with low-carbon electricity, heat, steam or cooling 873

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Solar installation at our facilities in El Segundo,

Basis for applying a low-carbon emission factor

Off-grid energy consumption from an on-site installation or through a direct line to an off-site generator owned by another company

Low-carbon technology type

Solar PV

Region of consumption of low-carbon electricity, heat, steam or cooling

Europe

MWh consumed associated with low-carbon electricity, heat, steam or cooling 22

Emission factor (in units of metric tons CO2e per MWh)

0

Comment

Related to small solar array in the UK

C9. Additional metrics

C9.1

(C9.1) Provide any additional climate-related metrics relevant to your business.

Description

Energy usage

Metric value 2781

Metric numerator

GWh

Metric denominator (intensity metric only)

% change from previous year

2.2

Direction of change Decreased

Please explain

We have invested £45.6m in energy management projects that helped us save 63.7 GWh of energy this year. Such investments have saved us £298m since 2009/10.

C10. Verification

C10.1

(C10.1) Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	Third-party verification or assurance process in place

C10.1a

(C10.1a) Provide further details of the verification/assurance undertaken for your Scope 1 and/or Scope 2 emissions and attach the relevant statements.

Scope

Scope 1

Verification or assurance cycle in place

Annual process

Status in the current reporting year Complete

Type of verification or assurance

High assurance

Attach the statement

BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf

Page/ section reference

Page 1 - terms of engagement Verifying greenhouse gas emissions data related to BT's Carbon Disclosure Project submission including Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3).

Relevant standard A1000AS

Proportion of reported emissions verified (%)

100

Scope

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year Complete

Type of verification or assurance

High assurance

Attach the statement

BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf

Page/ section reference

Page 1 - terms of engagement Verifying greenhouse gas emissions data related to BT's Carbon Disclosure Project submission including Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3).

Relevant standard A1000AS

Proportion of reported emissions verified (%)

100

Scope

Scope 2 market-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year Complete

Type of verification or assurance

High assurance

Attach the statement

BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf

Page/ section reference

Page 1 - terms of engagement Verifying greenhouse gas emissions data related to BT's Carbon Disclosure Project submission including Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3).

Relevant standard A1000AS**Proportion of reported emissions verified (%)** 100**C10.1b****(C10.1b) Provide further details of the verification/assurance undertaken for your Scope 3 emissions and attach the relevant statements.****Scope**

Scope 3- all relevant categories

Verification or assurance cycle in place

Annual process

Status in the current reporting year Complete**Attach the statement**

BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf

Page/section reference

Page 1 - terms of engagement Verifying greenhouse gas emissions data related to BT's Carbon Disclosure Project submission including Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3).

Relevant standard

AA1000AS

C10.2**(C10.2) Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?**

Yes

C10.2a**(C10.2a) Which data points within your CDP disclosure have been verified, and which verification standards were used?**

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C4. Targets and performance	Year on year change in emissions (Scope 1 and 2)	AA1000AS	Lloyd's Register Quality Assurance Limited (LR) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Digital impact and sustainability report 2018/19' ("the report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS). BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf
C4. Targets and performance	Year on year change in emissions (Scope 3)	AA1000AS	Lloyd's Register Quality Assurance Limited (LR) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Digital impact and sustainability report 2018/19' ("the report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS). BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf
C4. Targets and performance	Year on year emissions intensity figure	AA1000AS	Lloyd's Register Quality Assurance Limited (LR) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Digital impact and sustainability report 2018/19' ("the report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS). BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf
C5. Emissions performance	Progress against emissions reduction target	AA1000AS	Lloyd's Register Quality Assurance Limited (LR) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Digital impact and sustainability report 2018/19' ("the report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS). BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf
C6. Emissions data	Year on year change in emissions (Scope 1 and 2)	AS1000AS	Lloyd's Register Quality Assurance Limited (LR) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Digital impact and sustainability report 2018/19' ("the report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS). BT_Digital_Impact_Sustainability_06_LRIndependentAssurance.pdf

C11. Carbon pricing**C11.1**

(C11.1) Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

Yes

C11.1a

(C11.1a) Select the carbon pricing regulation(s) which impacts your operations. EU ETS

C11.1b

(C11.1b) Complete the following table for each of the emissions trading systems in which you participate.

EU ETS

% of Scope 1 emissions covered by the ETS

0.4

Period start date

January 1 2018

Period end date

December 31 2018

Allowances allocated

351

Allowances purchased

0

Verified emissions in metric tons CO2e

744

Details of ownership

Facilities we own and operate

Comment

C11.1d

(C11.1d) What is your strategy for complying with the systems in which you participate or anticipate participating?

We have a very limited scope in the EU ETS. During 2018/19 we had 6 sites within the UK which fell under the scheme. These are in scope because of the size of the backup generators combined with heating boilers we operate, rather than our level of CO2 emissions. We therefore manage compliance with the EU ETS internally, working with our verification partner. Compliance with this scheme costs less than £50,000 p.a.

C11.2

(C11.2) Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3

(C11.3) Does your organization use an internal price on carbon? Yes

C11.3a

(C11.3a) Provide details of how your organization uses an internal price on carbon.

Objective for implementing an internal carbon price

Change internal behavior

Drive energy efficiency
Drive low-carbon investment
Identify and seize low-carbon opportunities

GHG Scope

Scope 1
Scope 2

Application

We use the cost of carbon when evaluating the viability of projects to become more efficient. The cost is directly linked to the cost of the cost of carbon in the Carbon Reporting Commitment (CRC) which is set by UK Government but changes each year. The price in 2017/18 was £17.70/tCO2 and we integrate this into our business case costs at £6.75/MWh for electricity and £3.25/MWh for natural gas. As the CRC came to an end on 1/4/19 we are revisiting how we account for the cost of carbon in the future.

Actual price(s) used (Currency /metric ton)

17.7

Variance of price(s) used

This is a uniform price applied across the whole business

Type of internal carbon price

Shadow price

Impact & implication

The inclusion of carbon pricing into our business cases helps to highlight the risks and opportunity for our investment to support our ambition to help customers reduce their carbon emissions by three times our own end-to-end carbon impact and our target to reduce our carbon emissions intensity by 87% by 2030 (per unit of gross value added) from 2016/17 levels. To deliver these ambitious objectives we recognise that we need to engage our people across our business processes.

C12. Engagement

C12.1

(C12.1) Do you engage with your value chain on climate-related issues?

Yes, our suppliers
Yes, our customers
Yes, other partners in the value chain

C12.1a

(C12.1a) Provide details of your climate-related supplier engagement strategy.

Type of engagement

Engagement & incentivization (changing supplier behavior)

Details of engagement

Run an engagement campaign to educate suppliers about climate change
Climate change performance is featured in supplier awards scheme
Other, please specify (Award scheme for innovation)

% of suppliers by number

1.8

% total procurement spend (direct and indirect)

51

% Scope 3 emissions as reported in C6.5

58

Rationale for the coverage of your engagement

Scope 3 Cat 1 and 2 represent 58% of BT's total scope 3 emissions. Understanding and influencing our suppliers' performance and behaviour is therefore a key focus area. The CDP reporting initiative supports our group-wide sustainability strategy. We have been disclosing our own climate-related performance to CDP since 2003 and have actively undertaken efforts to reduce our environmental impact and minimise risk in the supply chain. We have set a 2030 target to cut our supplier carbon emissions by 29% (from 2016/17 levels), to help us achieve this we have chosen to work with CDP and our top 250 suppliers to manage climate-related impacts in our supply chain through the CDP Supply Chain Program. We target suppliers based on spend and have a program in place to encourage as many of our top suppliers to report through CDP, and to increase their energy efficiency and their use of renewable energy. We're introducing climate clauses into our contracts with key suppliers. This means some suppliers are now contractually required to demonstrate carbon savings over the duration of their contract. We also encourage suppliers to come up with new ideas through our Game Changing Challenge competition. Our key suppliers compete to pitch ideas to a panel of our senior leaders who look for innovative environmental projects.

Impact of engagement, including measures of success

This year, emissions from our supply chain decreased by 2.3% to 3.1 million tonnes. Since 2016/17, we've achieved a reduction of 7.3% against our target to reduce supply chain emissions by 29% by 2030. We were proud to earn a place on the CDP Supplier Engagement Leaderboard for our efforts to manage climate change with our suppliers. In 2017/18, we asked 397 (from 281 previous year) suppliers to submit climate-related sustainability data to the CDP and 292 (74%) responded. These 292 suppliers accounted for 51% of BT's supplier spend in 2018/19. We use various metrics within the CDP supply chain analysis to track progress; including targets to cut emissions, use of renewable energy and engagement with their own suppliers on climate change. The results are encouraging - last year, 70% (from 61%) of our suppliers engage with their own suppliers on climate-related issues, showing a high level of maturity and ambition and

71% (from 72%) of these suppliers have set GHG emissions reduction targets. We use suppliers' scope 1 and 2 emissions data, as reported to CDP, to enhance our model and to refine our supply chain carbon emissions reporting. Together with our main energy provider, we're encouraging our suppliers to switch to renewable energy. Last year we set a target to have 125 of our top suppliers purchase and/ or use renewable energy by 2020. 139 of our top suppliers now purchase and/ or use renewable energy meeting our target a year early. We will continue to increase the number year on year for those that report to CDP and for those that use renewables. We will look to focus on suppliers that are already using some renewable energy to increase their use, using the deal with our main energy provider to drive up utilisation. ADVA is one of our key suppliers for networking equipment, and won our Game Changing Challenge competition in 2017/18. Its eco-optimised approach means products are designed to be recycled and reused at the end of their life. For the next major release, they plan to use artificial intelligence to improve energy efficiency through predictive maintenance. And the company also intends to reduce emissions from producing and transporting the equipment. Overall, this could save BT's supply chain 12,000 tonnes of CO2e and £6 million over a ten-year period of buying the equipment.

Comment

C12.1b

(C12.1b) Give details of your climate-related engagement strategy with your customers.

Type of engagement

Education/information sharing

Details of engagement

Share information about your products and relevant certification schemes (i.e. Energy STAR)

% of customers by number

100

% Scope 3 emissions as reported in C6.5

48

Please explain the rationale for selecting this group of customers and scope of engagement

Purchased goods and services represent 48% of BT's scope 3 emissions and we have a relationship with over 15m consumer homes in the UK through our BT and EE Brands. In 2017 we set our ambition to enable customers to reduce their carbon emissions by at least three times the end-to-end carbon impact of our business (3:1) by 2020. We've improved from 1:1.2 to 1:2.6 over this period by working to reduce the emissions from our supply chain, own operations and customer use/ end-of-life, whilst growing our portfolio of low carbon solutions. Our strategy is to inform and educate consumers on environmental issues and how our products and services can help them to avoid GHG emissions, this is embedded through the various consumer channels open to us; - New products have the appropriate regulatory environmental and disposal labelling as well and guidance on use of stand-by power on relevant products - We provide the ability for consumers to return unwanted or replacement products via a freepost system or in our EE shops - these are then repaired or recycled - The BT Phonebook is delivered to around 22m properties in the UK, it's printed on a mix of recycled/ PEFC paper and this year we have removed the plastic wrap. Users are encouraged to recycle when finished with as well as inviting them to read our Digital Impact and Sustainability website and reports on our performance - Business customers are engaged too, for example, our conferencing unit highlights travel reduction and reduced emissions as a benefit to potential customers - Through the CDP annual questionnaire we engage with business customers representing some 7% of Group revenue. We are able to highlight both our performance and the products and services within our low carbon portfolio - We use our annual reporting and social media accounts to highlight both our performance and how our product and services help.

Impact of engagement, including measures of success

We don't track the impacts of much of this engagement directly - it's part of us being seen as a sustainable and responsible business, enhancing our Net Promoter Scores (NPS). Where we engage with B2B customers through the CDP supply chain program, we measure both the number of customers and the revenue streams that they represent. Through our leadership score we highlight to our customers our leadership on climate action.

C12.1c

(C12.1c) Give details of your climate-related engagement strategy with other partners in the value chain.

Our people - To deliver our plans to reduce our climate-related impacts, we need our people to engage and get behind it. This year, we asked our people to get drastic on plastic. Over 4,500 of them joined our plastic pact, making personal pledges to reduce their plastic use at home and at work. A pop-up booth across our sites tested people's knowledge of plastic waste and handed out prizes like reusable cups.

We ask people to share their views on how we're doing as an employer through a survey (You Say) twice a year. In our latest Your Say survey, 75% (up from 73%) of respondents said they that BT's work to help society and the environment makes me proud to work here.

Members of our executive team speak directly to employees through round tables, town hall debates, site visits and webchats. People around the business, are encouraged to innovate and are recognized through our New Ideas Scheme, which provides rewards for successfully implemented ideas, including the top prize of £30,000.

We launched our partnership in June 2017 with the renewable energy company, Good Energy, to offer a discounted renewable energy tariff to our people to encourage them to switch to renewable electricity.

Sustainability experts and opinion leaders - Our strategy is to engage with partners who we believe will be most helpful in influencing our climate change agenda, including those within the communications services sector.

We are a member of several groups that bring businesses together to deal with sustainability challenges. These include the Aldersgate Group, the We Mean Business coalition, The Climate Group, CBI, the World Economic Forum, the World Business Council for Sustainable Development, International Chamber of Commerce, techUK and ICER (the Industry Council for Electronic Equipment Recycling). Membership of these groups helps give us a broader view on climate-related (and other) issues, helps us challenge our thinking and provides our people with learning and development opportunities.

Only through collaboration can we tackle the challenges of climate change. We've always open sourced what we do in this area and we will continue to do so.

We regularly publish blogs and videos, for example through We Mean Business or Aldersgate Group, to share our story with others, hoping it will inspire them to take climate action.

By working with others, we are sending demand signals to the market for innovation and increased provision of low carbon alternatives. Collaboration has enabled us to make progress faster and scale ambition. We work with partners such as RE100 and EV100 because they address areas where we have a key demand for new innovative solutions.

UK public – we undertake regular surveys to understand their views, this feeds into our annual materiality review at the end of each calendar year to assess the trends and issues identified by our stakeholders. These results shape our strategy and annual reporting, including related to climate change.

Climate change, renewable energy and energy efficiency remain material stakeholder issues and we report on our progress through both our Annual and Digital Impact and Sustainability reports.

C12.3

(C12.3) Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

- Direct engagement with policy makers
- Trade associations
- Funding research organizations Other

C12.3a

(C12.3a) On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
Other, please specify (Climate action)	Support	BT has spoken at several events this year including with policy makers. In October 2018 BT hosted an event for Green GB week and BEIS Secretary of State the Rt Hon Greg Clark MP attended. Our Chief Executive highlighted BT's ambitious new target to be a net zero emissions business by 2045. He called specifically for partnerships around innovation in electric vehicles and building heating technologies and urged that, "the public and private sectors must work together to enable clean growth and to realise the opportunities this presents". In December 2018 BT spoke at an event alongside Rt Hon Claire Perry MP, Minister of State for Energy and Clean Growth at the UK pavilion during COP24 in an event celebrating UK climate action.	Legislation that recognises the need for the UK to become a Net Zero economy. For example; support from policy makers to transition vehicles to low emission vehicles, such as electric charging infrastructure. And innovations needed to decarbonise buildings heating systems.
Other, please specify (Climate action)	Support	BT's Group Head of Environmental Sustainability chairs the UNFCCC Momentum for Change advisory panel. This initiative is spearheaded by the UN Climate Change secretariat to shine a light on the enormous groundswell of activities underway across the globe that are moving the world toward a highly resilient, low-carbon future.	Legislation supporting the implementation of the Paris Agreement.

C12.3b

(C12.3b) Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c

(C12.3c) Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association CBI

Is your position on climate change consistent with theirs? Consistent

Please explain the trade association's position

The CBI energy and climate change board brings together a group of business leaders committed to tackling the UK's triple challenges of energy security, affordability and decarbonisation. As well as showing ambition and leadership on these issues within the business community, its members aim to work with the government to set the right conditions to attract investment in low-carbon solutions and drive consumer demand for sustainable products.

How have you influenced, or are you attempting to influence their position?

BT's chief digital impact & sustainability officer, is a member of the CBI Energy and Climate Change Board. We are also represented on the CBI Energy and Climate Change working group - which supports the board. We influence the group by being an active working group and board member.

Trade association techUK

Is your position on climate change consistent with theirs? Consistent

Please explain the trade association's position techUK represents the companies and technologies that are defining today the world that we will live in tomorrow. More than 900 companies are members of techUK. Collectively they employ approximately 700,000 people, about half of all tech sector jobs in the UK. Senior officials from Whitehall and key stakeholders engage with techUK members at the Council on developing issues and the Council guides techUK's responses, be it through thought leadership pieces and campaigns or by facilitating the exchange of best practice and supporting regulatory compliance.

How have you influenced, or are you attempting to influence their position?

Our Director of Policy and Public Affairs as a member of the board. We participate in techUK's Environment Strategy Council, which provides strategic direction for techUK activities relating climate change and sustainability. The group engages with policy makers on the role of technology in driving the transition to the low carbon economy and on how ICT can bring about emissions reductions and resource efficiency. We influence the group: by being an active participant in meetings, by contributing to position papers and briefings, with BT examples, and by amplifying the messages of the group.

Trade association

We Mean Business coalition/ RE100/ EV100

Is your position on climate change consistent with theirs? Consistent

Please explain the trade association's position

We Mean Business is a global non-profit coalition working with the world's most influential businesses to take action on climate change. Together we catalyse business leadership to drive policy ambition and accelerate the transition to a low-carbon economy.

How have you influenced, or are you attempting to influence their position?

Our Group Head of Environmental Sustainability sits on the corporate advisory group. We are a founding member of RE100 and an active contributor to RE100 and We Mean Business, speaking regularly at events, contributing blogs and interviews. We are also a member of EV100.

C12.3d

(C12.3d) Do you publicly disclose a list of all research organizations that you fund? Yes

C12.3e

(C12.3e) Provide details of the other engagement activities that you undertake.

We regularly talk to people with an interest in our business to explain our approach, and to understand what they expect of us and how well they think we are doing. This takes place during our regular dealings with different stakeholders, through online discussion forums, phone conversations, meetings, focus groups, social media and regular dialogue with expert membership groups

We are a member of several groups that bring businesses together to deal with sustainability challenges. These include the Aldersgate Group, the We Mean Business coalition, CBI, the World Economic Forum, the World Business Council for Sustainable Development, the Environment Strategy Council of industry association techUK and ICER (the Industry Council for Electronic Equipment Recycling).

We participated in the COP24 global climate talks in Katowice in 2018 sharing our climate action journey, what we have learned on the way and our plans for the future. We also participated in Climate Week NYC and Green GB Week.

In October 2018, we pledged to become a net zero emissions business by 2045. This extends beyond our existing target, approved by the Science Based Targets Initiative, to reduce the carbon emissions intensity of our operations by 87% by 2030. Our goals are aligned with efforts to cap global temperature rise to 1.5°C.

We are a founding member of RE100, a group of influential businesses committed to using 100% renewable electricity and helping to develop a low carbon economy. We're aiming to purchase 100% renewable electricity (where markets allow) by 2020. And we're encouraging our suppliers, our customers and our employees to do so too. 87% of the electricity we bought worldwide this year came from renewable sources, in the UK, 100% of the electricity we purchase directly is now from renewable sources.

We work closely with CDP and our supply chain to drive sustainability excellence among our suppliers. 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 3% of over 3,000 companies assessed.

C12.3f

(C12.3f) What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Our public affairs teams are responsible for maintaining our reputation with those engaged in public policy. They're also responsible for engaging policymakers on issues of key commercial, financial and regulatory importance, and for ensuring that our strategy is fully understood within the political arena.

Action on climate change is in the best short and long term interests of our business because it will mitigate risks through adaptation and resilience measures, reduce costs through efficiencies, and create growth from low carbon products and services.

Our environmental policy sets out our commitment on this. Our environmental management systems (EMS) in Belgium, Colombia, France, Germany, Ireland, Italy, the Netherlands, Spain and the UK are certificated to the ISO 14001:2015 standard, as well as in Brazil which was certificated for the first time this year.

This year, we've simplified the way we manage environmental risk across our business. We set up an environmental management governance group (EMGG) to oversee this globally. Chaired by our chief technology and information officer, it reports to the Executive Committee. An environmental management compliance steering board meets monthly to oversee management of our most significant environmental risks in the UK.

C12.4

(C12.4) Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports, in line with the CDSB framework (as amended to incorporate the TCFD recommendations)

Status

Complete

Attach the document

2019_Annual_Report_SmartPDF.pdf

Page/Section reference

Page 26 - The environment Page 32 - Our performance as a sustainable and responsible business

Content elements

Risks & opportunities
Emissions figures
Emission targets
Other metrics

Comment

Publication

In voluntary sustainability report

Status

Complete

Attach the document

BT_Digital_Impact_Sustainability_OurKeyNonFinancial.pdf
BT_Digital_Impact_Sustainability_Report_2018_19.pdf
BT_Digital_Impact_Sustainability_03_EnvironmentalManagement.pdf
2019_BT_environmental_data_and_emissions.xlsx
BT_Digital_Impact_Sustainability_02_Governance.pdf

Page/Section reference

Main document (BT Digital Impact and Sustainability Report 2018/19 - section Tackling climate change and environmental challenges Other documents (appendices) cover governance, management and performance

Content elements

Governance
Strategy
Risks & opportunities
Emissions figures Emission targets
Other metrics

Comment

Our public report and appendices are available at - <https://www.btplc.com/Digitalimpactandsustainability/Ourreport/index.htm>

C14. Signoff

C-FI

(C-FI) Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

RE100 spreadsheet associated.

Carbon Trust 3:1 annual statement, BT's supply chain methodology and Scope 3 emissions papers associated (C4.5a refers).

2019_BT_supply_chain_emissions.pdf

2019_BT_3to1_Methodology.pdf

2019_BT_scope3_carbon_emissions.pdf

BT RE100 Reporting Spreadsheet 2019 final.xlsx

C14.1

(C14.1) Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Chief Executive	Chief Executive Officer (CEO)