

Introduction from our Chairman and Chief Executive

Using the power of
communications to
make a better world.



People are using more data, in more places and on more devices than ever before. Ten years ago, there were just three connected devices in the average UK home. In five years' time, it could be as many as 50.

The UK aims to be a leading digital economy, but faces a major digital skills challenge that's costing an estimated £63bn a year.

BT's expertise and reach make us uniquely qualified to help tackle this. That's why we've put digital skills at the heart of our new strategy on digital impact and sustainability. It will help grow the pipeline of digital talent and, over the long-term, increase demand for our products and services.

We have set a goal to reach 10 million people in the UK with digital skills training by 2025, building on our work in primary schools.

Through our Barefoot Computing programme, we've already trained over 70,000 teachers over the past five years, enabling more than two million children to get a head start on computational thinking. And more young people than ever took part in our Work Ready programme, gaining hands-on tech skills and experience to help them as they enter the world of work.

And we're stepping up our efforts.

This year, we worked with Code First: Girls to train more women as software developers, and BT Sport partnered with Google Digital Garage to provide digital training for small businesses.

The UK is not alone in lacking digital skills and we aim to extend our impact in other key markets. In India, for example, we're working with the British Asian Trust to empower half a million adolescent girls through technology and education.

Building better digital lives is one of the biggest contributions we can make to society and to the UN Sustainable Development Goals, together with championing human and digital rights, and tackling climate change and environmental challenges.

We remain committed to upholding the principles of the UN Global Compact and are helping to drive the conversation on human rights issues like privacy and free expression. We're also exploring how technology can be used to combat human trafficking, and a new smartphone app we helped to develop is enabling the charity, Unseen, to extend the reach of the UK Modern Slavery Helpline.

The urgent need for action on climate change was underlined by the latest report from the Intergovernmental Panel on Climate Change this year. We responded by leading the industry with a new ambition to become a net zero carbon business by 2045. Decarbonising our energy use will help us achieve this and 87% of our electricity now comes from renewable sources.

Our digital impact and sustainability strategy is underpinned by strong foundations: keeping people safe and healthy, behaving ethically and developing diverse talent. It's no coincidence that these foundations focus on our people. Our people are our biggest strength, and will be key to enabling us to achieve our ambitions as we transform BT and use the power of communications to make a better world.

Jan du Plessis
Chairman

Philip Jansen
Chief Executive



“Business has an important role in delivering long-term value for stakeholders and society. BT's focus on digital skills will help to prepare people for an increasingly digital world, equip them for the jobs of the future, and support the UK's productivity.”

Jasmine Whitbread
Non-Executive Director and Chair of BT's
Digital Impact & Sustainability Committee

Using the power of communications to make a better world

Our new digital impact and sustainability strategy will help us achieve “win-wins” for communities and our business and contribute towards global goals.

We’ve updated our strategy to focus on the UK and global challenges that we can make the most meaningful contribution to through our technology, our reach and our people (see graphic).

The three main pillars of our strategy are supported by strong foundations:

- Keeping people safe and healthy
- Behaving ethically
- Developing diverse talent

Supporting our business model

Our business model is based on providing customers with communications and connectivity services, while delivering great experiences and maintaining long-term relationships.

The new digital impact and sustainability strategy will support this by helping us grow demand for our products and services, build and enhance our reputation, manage risks, develop talent, make BT the best place to work, and create long-term value for our business and the UK.



Our digital impact and sustainability strategy underpins our goal to deliver sustainable growth. Unless everyone is able to understand and make use of the technology that surrounds us, people risk being left behind. BT’s focus on digital skills aims to address this challenge. It will help people and businesses get the best out of technology and at the same time develop the pipeline of talented people we need to grow our business.”



Michael Sherman
BT’s Chief strategy & transformation director

Our purpose – we use the power of communications
to make a better world

Our strategic focus areas

Building better
digital lives

Championing
human and
digital rights

Tackling
climate change
and environmental
challenges

Our ambitions

Reach 10 million people in
the UK with digital skills
training by 2025

Keeping people safe and
secure online, whilst
protecting privacy and
freedom of expression

A sector-leading approach
to climate change, with
a target for net zero carbon
emissions by 2045

Supporting the UK’s ambitions

Giving everyone access to the
digital skills they need is a key
strand of the UK Government’s
Digital Strategy

The UK Government is
committed to tackling the crime
of modern slavery that affects an
estimated 40m people globally

The UK Government’s target
is to reduce emissions by 80%
by 2050 (from 1990 levels)

Contributing to the UN Global Goals



Target
4.3, 4.4



Target
5b



Target
9.1, 9c



Target
8.7



Target
10.2



Target
12.5, 12.7



Target
13a

Our priorities

We prioritise what matters most to our stakeholders and our business.

Every year, we listen to our stakeholders to understand their concerns and we map these against the opportunities we see to make a difference and the potential risks to our business. This materiality analysis includes looking at how we can contribute to global challenges, such as the UN Sustainable Development Goals.

Our most material issues remained largely unchanged this year, with cyber/data security continuing to top the list. In line with our new strategy, we've brought together the issues of digital skills, accessibility and online safety under the topic of digital lives, and combined privacy and data security with other issues grouped under human and digital rights. Both these wider topics are among our most material issues, together with climate change which is the third pillar of our strategy.

We address our most material issues in this report, with the exception of network investment, customer experience and economic impacts, which are covered in more detail in our [Annual Report](#).



See [Governance appendix](#) for more information on how we manage risk, listen to stakeholders and identify our material issues.

Investing in society

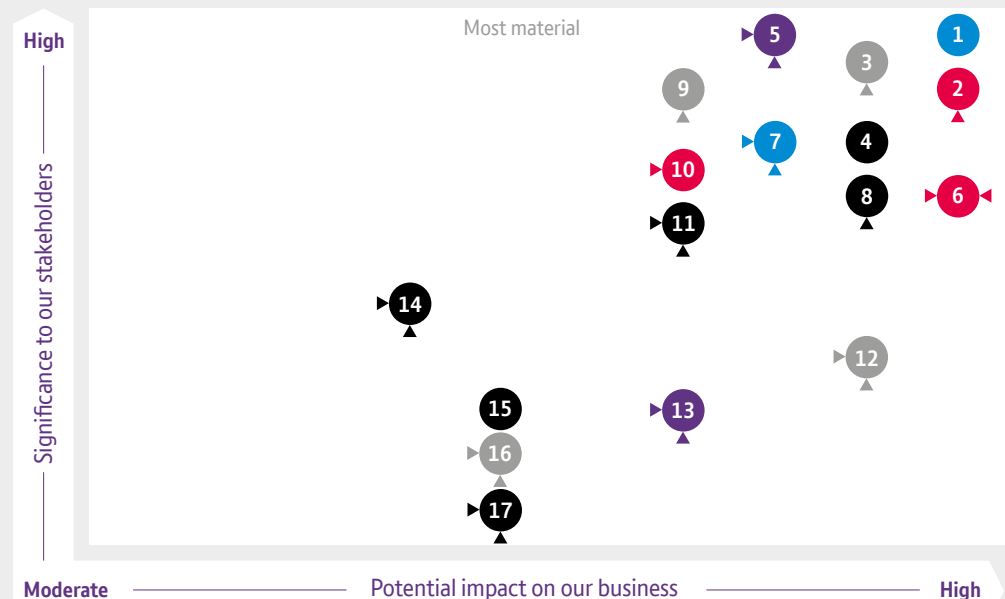
We invest in initiatives designed to accelerate progress towards our ambitions. This year, our investments through cash, time volunteered and other in-kind contributions totalled £28.7m. This is equivalent to 0.83% of the previous year's adjusted profit before tax, falling short of our target of 1%. Over the last five years, we have invested an average of 1.02% of adjusted profit before tax.

Going forward we will channel much of this investment into initiatives that support our strategy to build digital skills and we remain committed to our 1% target. This is one of the measures we use to track our performance as a responsible business.



See [Our purposeful business targets appendix](#).

Stakeholder materiality analysis



- | | |
|--|--|
| 1 Data/cyber security | 16 Electromagnetic Field (and radio frequency health concerns) |
| 2 Network investment and innovation | 17 Disaster response |
| 3 Business ethics (including reporting transparency) | Movement since 2018 |
| 4 Climate change | ► Greater impact |
| 5 Digital lives | ◄ Lower impact |
| 6 Customer experience | ▲ More significance |
| 7 Human/digital rights | ▼ Less significance |
| 8 Energy (efficiency/renewables) | For more details, see report chapter: |
| 9 Equality and diversity | ● Building better digital lives |
| 10 Economic impacts | ● Championing human and digital rights |
| 11 Sustainable consumption | ● Tackling climate change and environmental challenges |
| 12 Health, safety and wellbeing | ● Strong foundations |
| 13 Community and charity support | ● See Annual Report for further details |
| 14 Emergent tech | |
| 15 Air pollution | |

Our ambitions

We've refocused our ambitions to help us drive progress in the areas where we can make the biggest impact.

Over the past six years, our ambitions have evolved in response to changing priorities for our business and our stakeholders. This year, we reviewed them in light of our new strategy.


Our existing environmental targets support our focus on tackling climate change and we've added a new one to become a net zero carbon emissions business by 2045. But we found some of our social targets weren't closely enough aligned with our sharpened focus on digital skills – the area where we can deliver the greatest impact for the UK and for BT.

We've set a new target to reach 10m people in the UK with digital skills training by 2025. This supersedes our previous target – to help 10m people overcome social disadvantage through the benefits our products and services can bring – with a more focused and measurable programme. The new target builds on our ongoing investment at the primary school stage and our existing ambition to help 5m children to receive better teaching in computer skills by 2020, which will contribute to the new 2025 ambition.





As we realign our charity partnerships to focus on digital skills, we've taken the tough decision to close our fundraising platform, MyDonate, from June 2019 (see page 11). We'll keep reporting on progress on use our skills and technology to generate more than £1bn for good causes by 2020 but it will no longer be a business priority.

We'll continue to encourage our people to support charities through payroll giving and carry on their proud history of volunteering. But this year we took the decision to no longer focus purely on the proportion of our people who volunteer, which is why the volunteering participation rate dropped to 26% (see page 12). Instead we will refocus our volunteering efforts on digital skills.

Building better digital lives

| Our ambitions ¹ | 2018/19 performance | Status |
|--|---|--|
| Reach 10m people in the UK with digital skills training by 2025 | Not applicable (new goal) | New  |
| Help 5m children to receive better teaching in computer skills by 2020 | 2m children reached since 2014/15 | To be subsumed into above target in 2019/20 |

Tackling climate change and environmental challenges

| Our ambitions | 2018/19 performance | Status |
|--|--|--|
| Become a net zero carbon emissions ² business by 2045 | 298,461 tonnes CO ₂ e in 2018/19 | New  |
| Cut our carbon emissions intensity by 87% ³ by 2030, compared with 2016/17 levels | 25.7% reduction achieved since 2016/17 | Ongoing  |
| Enable customers to reduce their carbon emissions by at least three times the end-to-end carbon impact of our business by 2020 | 2.6:1 achieved during 2018/19 | Ongoing  |
| Buy 100% of our electricity worldwide from renewable sources by 2020, wherever markets allow | 87% bought from renewable sources in 2018/19 | Ongoing  |

¹ We report progress on our £1bn ambition on page 04.

² Measured for scopes 1 & 2 greenhouse gases

³ Measured for scopes 1 & 2 greenhouse gases, per unit of gross value added