

# Being transparent and accountable.

**Simon Lowth**  
Chief Financial Officer



Our investors have always expected transparent communication about our financial performance. We're also seeing this expectation growing in relation to our environmental, social and governance aspects, and we welcome this shift. Transparent reporting is a crucial factor in understanding business success, and we're committed to leading the way by openly sharing our progress and challenges with all our stakeholders.

Investors, customers and governments are increasingly looking to the environmental, social and governance (ESG) credentials of businesses to inform their choices. We're meeting the challenge through our increased focus on transparent reporting and strong governance. Listening to all of our stakeholders keeps us focused on what matters and accountable for our actions.

## External recognition

### CDP

We kept our place in the A list (top 3% of 9,500 global reporters) and the Supplier Engagement Leaderboard (top 7% for supplier engagement on climate change)

### Clean200

Listed as a company that's leading the way with solutions for the transition to a clean energy future, for the second year

### Corporate Knights Global 100

Most sustainable telecoms company in the world and 35th most sustainable company overall

### EcoAct

2nd in the UK FTSE 100 and 4th globally

### EcoVadis

Gold rating for the 8th year in a row

### FTSE4Good

Confirmed member of the Russell FTSE4Good index

### ISS-ESG

Prime rating for ESG

### MSCI

AA rating for ESG investment risk and opportunities

### Sustainalytics

Top quartile of global telecoms companies and low ESG risk score

### Tortoise Responsibility 100

2nd in the UK FTSE 100 and best telecoms company

### Vigeo Eiris

Top quartile amongst European telcos

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## Engaging with stakeholders

By engaging closely with stakeholders, we are better able to understand their evolving expectations, inform our strategy, and share our plans and progress.

Our [Annual Report](#) outlines how we engage with each stakeholder group, what they expect of us and the outcomes of this engagement. We're seeing increased interest across the board in our ESG activities and performance.

Dialogue is a natural part of how we support our customers and work with colleagues. We reach out for specific feedback through customer surveys and our Your Say colleague survey (see box).

We meet regularly with investors and analysts, and this year held a briefing for them specifically on our digital impact and sustainability strategy (see box).

We also have regular interactions with government, regulators and our suppliers. Our focus on bridging the digital divide to tackle economic inequality, addressing online harms, and tackling climate change, supports the UK government's ambitions (see [page 6](#)). And we've played an essential role in getting the nation through the Covid-19 crisis (see [page 7](#)). With the introduction of new social value criteria for public procurement, this also means we're well placed to win government work. Working closely with our suppliers, we're better able to manage risks and identify opportunities to positively contribute in areas such as climate change.

Partnerships with NGOs play a central role in our programmes, such as SFT ([page 10](#)). We also participate in wider debates and partnerships to seek a broader perspective on global issues, and to contribute our influence, expertise and experience to drive positive sustainable change. Examples, mentioned throughout this report, include [futuredotnow](#) (see [page 10](#)), Tech Against Trafficking (see [page 22](#)) and with The Climate Group, on the UK Electric Fleet Coalition (see [page 25](#)).

For deeper dives on specific topics, we work with partners to find out what our stakeholders think. For example, this year we worked with Demos to survey members of the public about their views on responsible tech and online harms (see [page 23](#)). We also conducted surveys to understand public perspectives on topics related to building better digital lives, particularly in the context of the Covid-19 pandemic.

### Listening to our colleagues

We ask colleagues for their views on what it's like to work at BT through our Your Say survey. In January 2021, around 85% of our colleagues responded to the survey (the same response rate as last year).

Engagement remains strong at 80% (up from 79% last year). Understandably, in a turbulent year we saw overall wellbeing (satisfaction with life) decline slightly to 69% (from 71% last year). However, 83% feel positive about the way BT has supported them through the pandemic and 80% feel BT is a place where they can thrive.

We're using the results to help us learn and improve.

## Engaging investors on ESG

In November 2020, we hosted a virtual business briefing for investors and analysts, focusing on the three pillars of our DI&S strategy and sharing our efforts to help more vulnerable customers and support our workforce.

The event was led by our chairman, Consumer CEO, HR director, corporate affairs director and director of digital impact & sustainability. Two non-executive Board directors, including the chair of the *Digital Impact & Sustainability Committee*, also contributed.

Around 50 people attended, including several key investors. The recording of the event has since had over 250 views and the slide presentation has been downloaded more than 350 times. This briefing is part of our ongoing programme to engage with investors and analysts on our ESG objectives and performance.

**Digital Impact & Sustainability business briefing**

4 November 2020

**Businesses are at different stages of sustainability leadership**

- 1 Focus on philanthropy and mitigating risk
- 2 Enhance and build reputation
- 3 Integration into strategy and business objectives
- 4 Drive major impact through catalytic partnerships

BT

6 Digital Impact & Sustainability business briefing

## Identifying our priorities

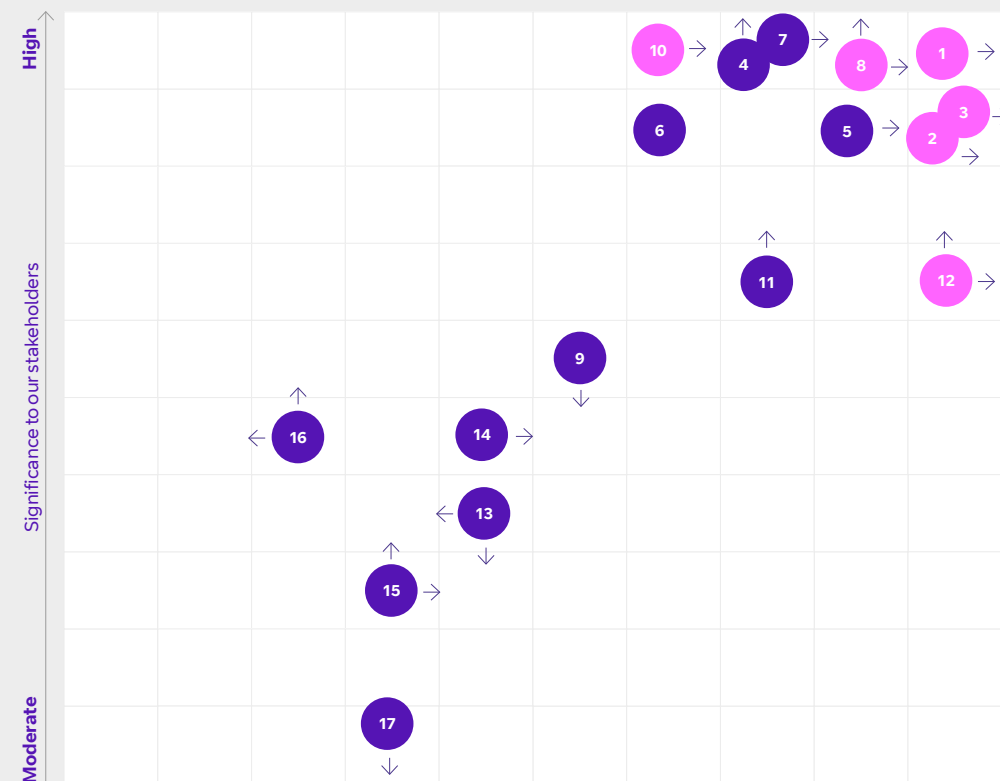
Each year, we refresh our assessment of the sustainability issues that are most material to our business and our stakeholders. We assure our approach against AccountAbility's internationally recognised AA1000ASv3 accounting standard.

We gathered qualitative and quantitative data for this assessment throughout the year. Sources include social media listening, interviews with senior BT colleagues who represent key stakeholder groups and participate in wider industry collaborations, as well as a range of surveys, reports and studies.

We look at which issues matter most to each of our key stakeholder groups, comprising of our colleagues, customers, investors, suppliers, government and regulatory bodies. We also consider the impact of each issue on our business based on potential risks and opportunities. We use the results to inform our strategy and reporting for the year ahead.

Our analysis this year showed that our most material issues remain broadly consistent with those reported last year. Customer experience, data/cyber security, network investment, and diversity and inclusion (see [Annual Report 2021](#) for more details on these topics) remain priorities for our stakeholders, together with topics related to the three key pillars of our DI&S strategy – digital lives, responsible tech and human rights, and climate change. The Covid-19 pandemic has seen both economic impact and health, safety and wellbeing rise in significance for stakeholders and the business. Stakeholder interest in business ethics has also increased.

### Materiality analysis 2021



Moderate

Impact on our business

High

- 1 Customer experience ★
- 2 Data/cyber security ★
- 3 Network investment ★
- 4 Business ethics ★
- 5 Climate change ★
- 6 Responsible tech & human rights ★
- 7 Digital lives
- 8 Economic impact ★
- 9 Sustainable consumption
- 10 Diversity and inclusion
- 11 Energy

- 12 Health, safety & wellbeing
- 13 Communities & charity
- 14 Air pollution
- 15 Reporting transparency
- 16 EMF/health concerns
- 17 Emergency/disaster response

#### Movement since last year

- ↑ More significance
- ↓ Less significance
- More impact
- ← Less impact

Policy

Topics covered in DI&amp;S report

Target/KPI

Topics covered in [Annual Report](#)

★ Principal risk

## Governing digital impact and sustainability

Strong governance structures help us put our DI&S strategy into action.

Our Board-level *Digital Impact & Sustainability Committee* (DISC) oversees the strategy and tracks progress towards our ambitions. The DISC is made up of independent non-executive directors and the chairman. Leena Nair, the chair of the DISC, reports to the Board on the committee's activities. The HR director, corporate affairs director, and director of digital impact & sustainability also attend all meetings as invitees. The company secretary or her appointed delegate attends and acts as secretary to the committee.

### DISC meeting attendance

Members (as at 31 March 2021)	Meetings	
	Eligible to attend	Attended
Leena Nair (chair)	4	4
Jan du Plessis	4	4
Isabel Hudson	4	4
Mike Inglis	4	4
Sara Weller <sup>1</sup>	3	2

<sup>1</sup> Joined the committee on 16 July 2020. Sara did not attend one meeting due to a previous commitment which was declared prior to her joining the Board.

The DISC met four times this year (see table of attendance). All meetings were held virtually in light of Covid-19 restrictions. The committee reviewed and discussed:

- progress on our Skills for Tomorrow programme
- the introduction of our responsible tech strategy and principles
- progress on our climate strategy, carbon reduction commitments, climate risks and opportunities, our efforts to address the TCFD recommendations, and programmes and activities in place to manage risk within our supply chain
- our approach to understanding stakeholders' priorities and identifying our material issues, and how this is reflected in strategy, external disclosures and stakeholder engagement.

### Accountability

We believe that single-point accountability supports good governance. Our chief executive Philip Jansen takes strategic decisions, exercising delegated authority from the Board. Our *Executive Committee* (ExCo) assists the chief executive to:

- develop group strategy and budget for Board approval
- execute the strategy once the Board approves it
- give assurance to the Board on overall performance and how we're managing risks.

Additionally, the ExCo creates and communicates our vision, and sets the tone for our organisation, culture and colleagues. The director of digital impact & sustainability met with the ExCo during the year to discuss our approach to responsible tech as a key element of our DI&S strategy. Decisions about human rights and stakeholder risks are now delegated by our chief executive to our corporate affairs director.

In April 2020, we integrated sustainability into everyday business decisions by adding DI&S goals relating to our digital skills ambition and carbon emissions reduction into our suite of group KPIs. Performance on these goals forms part of our reward approach for all eligible colleagues, contributing 10% of the overall bonus (see our [Annual Report](#)).

For more information on governance, see our [Annual Report](#) or our [website](#).

### Managing risk

We take a consistent approach to addressing the risks and uncertainties affecting our business. This year, we designed and launched a new risk management framework to support our journey to be the world's most trusted connector of people, devices and machines. The framework strengthens our foundations and helps leaders make the right choices by supporting a risk-smart culture. See our [Annual Report](#) for more information, including how ESG risks in areas such as climate change and human rights are picked up under the risk framework.

We are committed to fully implementing the TCFD recommendations on climate-related financial disclosures – this is our second disclosure. They are an important step towards enabling a net zero carbon economy and for managing the future impacts of climate change on our business.

See our report [Appendix](#) for our TCFD disclosure, which is also published in our [Annual Report](#) alongside the risk section.



## Acting with integrity

We ask anyone working for, with or on behalf of BT to share our purpose and values – and make the right decisions every day.

### Setting clear expectations

Our ethics code – The BT Way ([bt.com/ethics](https://bt.com/ethics)) – guides how we do things. We require all colleagues to complete annual training on the code and 97.4%<sup>1</sup> did so this year.

We don't tolerate any form of bribery or corruption, and colleagues must report any conflicts of interest. Our [anti-bribery and corruption standard](#) and annual ethics training reinforce these messages. Colleagues working in higher risk environments or roles go through extra training on anti-corruption every other year – 23,738 colleagues completed this during the year.

This year, we added new courses for colleagues in contact centres and retail stores, and for Openreach engineers. They take people through a range of scenarios that they might face in their everyday work and ask them to consider "Is it OK?"

We're developing a new course for executives based on the risks they're most likely to face. And we're preparing our managers for specific training courses by asking them questions on key themes. This year, we asked over 26,500 managers to respond to challenging questions about reporting homophobia, more than 4,500 about conflicts of interest and nearly 21,000 about registering gifts.

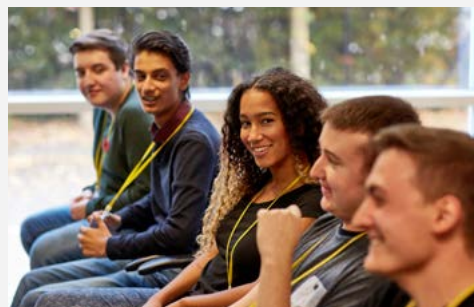
We ask colleagues how we're doing on ethical issues through our annual Your Say survey. This year, 93% agreed that we do business ethically (the same as last year), 86% agreed they felt able to speak up (the same as last year) and 84% agreed they felt comfortable raising risks in BT (compared with 85% last year).

**86%**  
of our colleagues agreed they felt able to speak up

**93%**  
agreed that we do business ethically

### Doing the right thing, right now

Our global ethics day this year focused on how to behave ethically and comply with our ethics code throughout the challenges of the Covid-19 pandemic. The theme was how to do the right thing, right now. Topics included using social media and calling out wrongdoing in a virtual environment.



### Acting on improper behaviour

We want to make sure that anyone with an ethical concern feels comfortable and safe to raise it with us.

Colleagues can report issues or ask questions through our Tell Us intranet page. Our independently run [Speak Up](#) helpline is there for colleagues, contractors, agency workers and suppliers anywhere in the world. Anyone can use the helpline to report concerns confidentially and, where local laws allow, anonymously.

We've added more detail to our Speak Up guidance this year. It now includes types of concerns people can raise and explains how we get to the root cause of any issues. We review every concern raised and investigate further whenever we're given enough detail to do so. Follow-up actions can include coaching or training, disciplinary procedures, or improvements to our policies or practices.

People raised 491 concerns this year, 17% less than last year. The number of reports fell during the first UK lockdown, but rose again later in the year. The Covid-19 pandemic caused a delay to some investigations that needed site visits.

We took further action on 35% of the cases we closed. The rest were unsubstantiated, duplications, follow-ups to existing cases, or redirected to more appropriate reporting channels. This year, we disciplined 178 colleagues as a result of ethical misconduct and 76 left BT.

### Addressing compliance issues

We don't always get things right. When we get things wrong, we're committed to being open about it and learning from our mistakes.

In December 2020, Ofcom found that BT Group failed to provide information to telecommunications company eir related to Fibre on Demand on an equivalence of inputs basis, compared with BT. This related to the bidding process for a public sector fibre contract in Northern Ireland in 2018. We cooperated with and accepted Ofcom's findings, settling with them to pay a fine of £6.3m. We have already put measures in place to prevent this happening again. Ofcom recognised that these errors weren't deliberate and that we took a number of steps to comply with the regulatory obligations. Ofcom did not find any impact on the outcome of the tender process.

In July 2020, the Openreach Commitments Monitoring Office (CMO) investigated a complaint from an alternative network provider, alleging that Openreach had not responded to a request for pricing for a fibre product. The CMO found that Openreach did not provide a written pricing quotation due to a combination of process weaknesses, misunderstanding and miscommunication, and not as a result of deliberate intent. In September 2020, the Openreach Board Audit, Risk & Compliance Committee decided there had been a serious breach of the Commitments in relation to equal treatment for all customers, and agreed remedial actions which Openreach are now implementing to minimise the potential for a similar issue to arise in the future.

<sup>1</sup> Excludes those on maternity, paternity, long-term sick leave or with other extenuating circumstances.

## Paying our taxes

We're committed to managing our tax affairs responsibly, ethically and with integrity – including paying our fair share. We believe we must contribute fairly through the tax system to the economies and societies where we operate.

We describe our approach in our [tax strategy](#). This year, we paid £229m in corporation tax and the One Hundred Group 2020 Total Tax Contribution Survey ranked us the fifth highest contributor in the UK.

Read more about our tax strategy in our [Annual Report](#).



## Disclosing policies and performance

We strive to meet growing expectations for transparency on sustainability topics.

This report describes our approach and performance on the key pillars of our DI&S strategy. More information on these and other material topics is available in the other reports, disclosures, indexes and policies listed below.

### Reports and disclosures

- [Annual Report](#)
- [Digital Impact and Sustainability Report Appendix](#)
- [Gender Pay Gap Report](#)
- [Modern Slavery Statement \(including conflict minerals reporting\)](#)
- [Privacy and Free Expression Report](#)
- [Tax strategy](#)
- [Colleague data sheet](#)
- [Environmental data sheet](#)

Additionally, in early summer 2021 we plan to publish our Diversity and Inclusion Report, which will include our first voluntary reporting of our ethnicity pay gap.

### Frameworks and standards

We report in line with a range of recognised external frameworks and standards:

- Global Reporting Initiative: Core option
- UN Global Goals
- ISO 26000 standard
- Climate Disclosure Standards Board framework
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- UN Global Compact

Relevant disclosures are referenced in our DI&S Report [Appendix](#).

### Policies

Our ethics code – The BT Way – guides how we do things at BT. Accompanying policies and standards ([bt.com/ourpolicies](https://www.bt.com/ourpolicies)) cover topics such as:

- anti-bribery and corruption
- gifts and hospitality
- human rights
- health, safety and wellbeing
- environment
- plastics
- privacy
- shared value
- vulnerability

We also extend our [expectations](#) through policies and standards for suppliers.

## Independent assurance

Our digital impact and sustainability reporting is independently assured to AccountAbility's AA1000ASv3 accounting standard. Read the independent assurance statement for this report.

[Read more in our Appendix.](#)