

BT Group reporting methodology

We report annually on our approach to managing our material social and environmental issues. This 'BT Group plc Manifesto Report 2022' covers the year 1 April 2021 to 31 March 2022, in line with our financial reporting. Our previous 'Digital Impact and Sustainability Report' covered the financial year to 31 March 2021.

Unless we state otherwise, the report covers BT's wholly owned and joint operations and subsidiaries. References to 'BT Group', 'BT', 'the group', 'the company', 'we' or 'our' are to BT Group plc (which includes the activities of British Telecommunications plc) and its subsidiaries, customer facing units, corporate units, or any of them as the context may require.

Reporting on our ambitions and measures

Inclusive – digital skills

25 million ambition: – we aim to reach 25m people, with help to improve their digital skills, by the end of March 2026.

Because we help people improve their digital skills through various interventions, including physical and virtual events, online learning resources and inspiring video content, the methodology to measure these varies depending on the format of the learning.

Methodologies include measuring attendance numbers, video views, and for larger campaigns which may, for example, include television advertising, we carry out dedicated independent research on a national representative sample of people, to understand how many people's digital knowledge or confidence was improved because of the campaign.

Where possible, we count the number of unique people we reach with help (e.g., event attendees, website users, video views, etc.). Where it is not possible to count unique people for a particular activity, we may calculate an average duplication rate based on a sample of data (or from a comparable activity) and use this as a proxy.

It is not generally possible to accurately measure if a person has been helped by more than one of our activities, as we don't typically require registration or capture personal data, as this presents a barrier to entry. The number of people we reach with help may therefore have an element of duplication.

Social contribution

Our social contributions include, but are not limited to:

- investment in infrastructure, activities and partnerships that support our ambitions, including the people costs.
- donations, sponsorships, matched funding, and the value of in-kind support given to charities, not-for-profits, and social enterprises.
- payments made to organisations who run projects with us and on our behalf that are aligned with our ambitions.
- time volunteered by our people for good causes during working hours. We calculate the value of volunteering time to our communities by multiplying the hourly salary of the volunteer by the number of hours volunteered. We then apply a multiplier to take account of other pay-related costs (e.g., pension and other benefits).

Sustainable

Net zero absolute GHG emissions: We've brought forward our ambition to reduce our absolute scope 1 and 2 greenhouse gas (GHG) emissions to zero by 31 March 2031, from our 2016/17 base year. This year, we've also set a scope 3 target, to be net zero in our supply chain and customer emissions by 31 March 2041.

Our progress is reported in our Manifesto Report, and in the "Manifesto Report targets and progress" and "Environmental data" sections of the ESG Addendum.

GHG intensity: Our carbon emissions intensity ambition is that, by 31 March 2031, we'll reduce our GHG scope 1 & 2 emissions by 87% compared with 2016/17. This is measured in tonnes of CO₂ equivalent (CO₂e) per unit of gross value added; where value added = EBITDA adjusted (before specific items) + colleague costs (£ millions). This ambition was approved by the Science Based Target Initiative (SBTI) in 2017 as being BT's share of the reductions needed to limit global warming to no more than 1.5°C.

EBITDA: This is calculated using the mandated IFRS 16 new International Financial Reporting Standard (previously IAS 17).

Supply chain emissions: We have committed to reducing our Scope 3 supply chain GHG emissions (categories 1-8) by 42% by 31 March 2031 from a 2016/17 base line. As with our GHG intensity target, this is SBTi approved.

GHG emissions: To calculate and report on our end-to-end CO₂e emissions, we:

- report GHG covered by the Kyoto Protocol, using the World Resources Institute Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition), and the GHGP Corporate Value Chain (Scope 3) Standard.

- use conversion factors:
 - **in the UK:** as published annually by the Department for Business, Energy and Industrial Strategy (BEIS).
 - **for other countries:** specific national or contract factors where appropriate, or else based on World CO₂e emission factors from electricity generation and fuel combustion, developed by the International Energy Agency (IEA)®, OECD/IEA 2018 (Note: any calculations undertaken by BT plc do not necessarily reflect the views of the IEA).

We report our emissions in relation to direct and indirect GHG emissions:

Tenants: exclude emissions from energy charged to our tenants.

Scope 1: direct emissions (such as from combustion in owned or controlled boilers and vehicles).

Scope 2: indirect emissions associated with electricity (including electric vehicles), heating/cooling, or steam for our own consumption, which we report – in line with the GHG scope 2 guidelines – using both the market-based and location-based methods (in the environmental data tables on our website).

Scope 3: all other indirect emissions.

SECR: In compliance with 2019/20 UK government mandatory Streamlined Energy and Carbon Reporting (SECR) requirements, our Scope 2 includes all sites and countries where we consume electricity, updated back to 2016/17.

Where our actual consumption is unknown, mainly in landlord-controlled sites;

- in non-UK countries we estimate consumption based on a combination of buildings, Full Time Equivalent (FTE) colleagues and selective OPEX spend categories
- in the UK it is based mainly on average building type consumption or 3rd party supplier statements where available.

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Emission factors: Our CO₂e emission declarations are affected by any annual variations in carbon intensity factors, such as the electricity grid average. Where this is deemed as of significant material impact, we will make specific reference within our published data tables.

Renewable electricity declaration: Our renewable electricity consumption is supported by GHG Scope 2 compliant renewable energy attribute certificates (REAC's), including directly purchased renewables certified with bundled certification, Power Purchase agreements (PPA's), or otherwise through unbundled certificates.

Our global operations are now run from 100% renewably sourced electricity where markets allow – for precluded markets, in support of promoting renewable supply, we purchase renewable certificates prioritised as; if in an interconnected market or country to our operation, Or if in an adjacent market or country.

We generate our own electricity from standby and temporary generators along with a few permanent ones to cover mobile masts – although this comes under GHG Scope 1, we purchase unbundled renewable electricity certificates to cover these amounts.

Our colleague measures: Diversity data covers our global workforce for gender-related indicators, unless stated otherwise. Disability and ethnicity data is voluntarily self-declared and is UK only. We split out reporting on Openreach diversity information, due to their significantly different colleague demographics, more typical of an engineering business. More can be seen on our diversity and inclusion approach, targets, and progress in our Diversity and Inclusion Report 2022.

Materiality methodology

Since 2006 through to 2021, we've conducted an annual materiality review at the end of each calendar year. Going forward, we'll conduct a full materiality review every two years. The review assesses the trends and issues identified by our stakeholders. We draw on multiple sources of qualitative and quantitative information that have been gathered throughout the preceding 12 months. This is to determine the relevance and significance of issues identified through stakeholder engagement, such as day-to-day interactions, online discussion forums, focus groups, social media and input from senior BT management representing key stakeholder groups, who participate in wider industry collaborations.

These sources of information include:

- interactions with multiple organisations we work with that represent different stakeholder groups and issues
- analysis of content from blogs, social media and TV, radio and online news gives us a broad understanding of the issues that are important to a wide group of stakeholders.
- targeted primary or secondary research to help fill gaps in our understanding, such as online surveys of consumer perceptions or interviews with subject matter experts; and
- reviews of peer companies' sustainability reports to help us check that we've a comprehensive list of the relevant issues for our sector and challenge us to further improve our reporting.

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

- is there wider societal interest in this issue? This is quantified through evidence of mentions online and offline.
- are our key stakeholders consistently expressing an interest in this issue? This is quantified by evidence from each of our key stakeholder groups: customers, colleagues, suppliers, investors, governments and regulators.
- to what extent is BT already managing this issue through policy, principles, and procedures?
- how closely do these issues align with our principal risks?
- what potential financial impact might this issue have on BT over the next three years?

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

We've aligned our reporting coverage to that of Accountability's AA1000AS V3. We ensure that the principle of 'impact' is considered and fully embedded in our Manifesto-related programmes and reporting under Responsible, Inclusive, Sustainable themes, through the following:

- Oversight of our digital impact and sustainability strategy is overseen by the *Digital Impact & Sustainability Committee* (DISC), a Board sub-committee.
- the DISC monitors the impact of those programmes, through regular reporting and updates (board papers, reporting of progress against targets/KPIs, review of our Manifesto reporting).

- all material sustainability-related topics (as described in the ESG Addendum) are covered to some extent within our reporting. The majority of material topics have specific targets that are measured, monitored, and reported on, which demonstrate their impact. Some topics may not have specific targets, but their progress and impact are tracked under our wider digital impact and sustainability programmes.

Restating past data

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

All restatements of previous estimates or corrections of environmental data are recorded in the environmental data tables located within our ESG Addendum on our website at bt.com/manifestoreport.

Aligning with standards and guidelines

- This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.
- We've also assessed the report content and our performance based on the ISO 26000 Guidance on social responsibility.
- We've also reported against the Sustainability Accounting Standard Board (SASB) Telecommunications Standard – see our ESG Addendum.
- We've been a signatory to the United Nations Global Compact (UNGC) since 2000. We reaffirmed our support of its ten principles this year. Our UNGC Communication on Progress can be found in our ESG Addendum at bt.com/manifestoreport.
- We're also a signatory to the Climate Disclosure Standards Board (CDSB) fiduciary duty and climate change disclosure. Our CDSB index shows how we've integrated
- the CDSB reporting framework across both this report and our Annual Report 2022.

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- We report under the Task Force on Climate Related Financial Disclosures (TCFD) framework within our Annual Report, at bt.com/annualreport (pages 66–68).

Assuring our report

Our report is externally assured by Lloyd's Register (LRQA) against the AA1000ASv3 standard. The AA1000 principles of inclusivity, materiality, responsiveness, reliability, and impact were reviewed by LRQA across the report. The assurance process helps us review and benchmark our performance, as well as providing valuable feedback on where we can improve. The observations section of this year's LRQA Assurance Statement identifies specific areas that we'll focus on next year.

Prior to publication, our report is reviewed and approved by our *Disclosure Committee*.

Contact information

We hope you enjoy reading our report and welcome feedback. Please contact us via our Twitter account [@BTGroup](https://twitter.com/BTGroup).

Stewart Cowling
Editor