BT Group

BT Group Carbon Reduction Plan

We've been a leader on climate and sustainability action for over 30 years and set one of the world's first science-based targets in 2008. We've been 'A' rated on climate by CDP for the past eight years running.

In FY22, we accelerated our net zero plan by pledging to be a net zero emissions business by the end of March 2031 for our own operations, and by the end of March 2041 for our supply chain and customer emissions.

Our net zero plan, includes near and long-term science-based targets and time-bound KPIs which are in line with limiting global warming to 1.5 degrees.

Our targets and progress

Targets	**Progress FY24**
By 31 March 2031, to cut our carbon emissions intensity by 87%, compared to 2016/17 levels[1]	61% reduction
By 31 March 2031, we aim to transition the majority of our commercial fleet to zero emissions or electric vehicle (EVs) models	1,700+ vehicles added (4,100+ in total)
By 31 March 2031, to be a net zero carbon emissions business (Scopes 1 and 2)	164,743 tonnes of CO_2e
By 31 March 2031, to reduce our supply chain carbon emissions by 42%, compared to 2016/17 levels[2]	25% reduction
By 31 March 2041, to be net zero for our supply chain and customer carbon emissions[3] (Scope 3)	3,000,873 tonnes of CO_2e
By 31 March 2030, help customers avoid 60m tonnes of CO_2e by using our products and services	1,517,299 tonnes of CO_2e avoided in FY24 (3.777,844 tonnes of CO_2e cumulative since FY22)
By 31 March 2030, build towards a circular BT Group, and a circular tech and telco ecosystem by 31 March 2040	Progress reporting in our Annual Report (pages [41-42])

[1] Scopes 1 and 2 greenhouse gases per unit of gross value added.
[2] Supply chain emissions: Scope 3 - categories 1 to 8 (inclusive).
[3] Customer carbon emissions: Scope 3 - categories 11, 12 and 13.

BT Group's near-term (Scopes 1 and 2) science based target is aligned to a 1.5 degree pathway and was validated by the Science Based Targets Initiative (SBTi) in 2017. This target is to reduce the carbon emissions intensity of our operations by 87% by the end of March 2031.

Also validated by the SBTi in 2017, was our target to reduce our supply chain emissions (Scope 3 categories 1-8) by 29% by the end of March 2031. In June 2020, we increased our ambition and set a new near-term target to reduce our supply chain emissions by 42% by the end of March 2031. We have submitted our long-term net zero targets to the SBTi for validation.

Steps we're taking to decarbonise and reduce our operational and value chain emissions

Operational emissions (Scopes 1 & 2):

Fleet

BT Group and Openreach together operate one of the UK's largest commercial fleets. We have over 33,000 vehicles on the road (the majority of which are in Openreach) which keep homes and businesses connected. Nearly 80% of our operational emissions (Scopes 1 and 2) come from our fleet. We aim to transition the majority of our commercial fleet to electric or zero emissions models by 2031, where it's the best technical and economic solution, and will pursue other ultra-low emission solutions where electric vehicles (EVs) are not viable.

This year, we added more than 1,700 EVs to our commercial fleet and installed over 1,000 charging points at engineer's homes and depots. We now have over 4,100 EVs in our fleet in total. The availability of subsidies, and there being enough vehicles and charging points, are some of the barriers that we and other businesses face. BT Group and Openreach have continued to work with others to advocate, through collaborations such as the UK Electric Fleets Coalition, for policy measures to support the transition to electric vehicles.

Renewable electricity, energy efficiency and transforming our buildings estate

All of the electricity we purchase to power our buildings estate, shops and networks worldwide is certified as renewable[4] through our procurement of energy through sources including power purchase agreements (PPAs) and green tariffs and supported by renewable energy certificates (RECs). Where we don't control supply of electricity or where we cannot guarantee the origin of the electricity, we purchase additional RECs to cover this proportion of our consumption, e.g. landlord-controlled sites.

We regularly review our energy strategy and opportunities to accelerate the transition of the UK electricity grid towards net zero. Long-term PPAs play an important role in supporting that transition and form a key part of our plans. PPAs met around 24% of our UK electricity demand this year. We do have concerns that the REC scheme in the UK is no longer operating effectively with low market transparency, high volatility on pricing and limited evidence of how it is supporting the UK's transition to net zero. In the year ahead, we plan to provide feedback on the scheme and suggestions for improvement as part of the Government's Review of energy market arrangements.

[4] 99.9% of the global electricity BT Group purchased is certified as renewable. The remaining 0.1% is where renewable electricity is not available for purchase in the market.

Beyond our energy procurement approach, we're also reducing our electricity consumption by decarbonising our buildings and networks. In FY24, we cut our global energy consumption by a further 140 GWh compared to last year, a 4% reduction. Our workplace transformation programme is based on a move to fewer, more sustainable and efficient buildings.

Value chain emissions (Scope 3)

Supply chain

Around 75% of our end-to-end carbon emissions come from our supply chain. We're partnering with suppliers to curb their emissions and ours. All our suppliers must meet our requirements on climate and environmental management among other standards (groupextranet.bt.com/selling2bt).

We introduced a climate clause for some key suppliers which commits them to make measurable carbon savings during the life of their contract with us.

We track compliance through supplier assessments, and we encourage suppliers to join us in reporting climate-related data to CDP to enhance transparency and accountability. Today more than 300 of them are doing so.

We were one of the founding members of the 1.5°C Supply Chain Leaders - Exponential Roadmap Initiative with a number of companies including Ericsson, IKEA, Telia and Unilever. Together, we realise the importance of collaboration as a means of inspiring and driving climate action across global supply chains and we have also been working on the SME Climate Hub with The Exponential Roadmap Initiative.

To help small businesses across the UK to set net zero targets, we are encouraging companies to sign up to the SME climate commitment. This is supported by the Government's UK Business Climate Hub, an initiative designed to provide guidance on how small businesses can set net zero targets, measure their emissions and develop climate strategies.

Customer use of products

Our networks and products also have a big part to play in tackling climate change, with decarbonisation of the grid also playing an important role in reducing the emissions associated with the use of our products and services. We work closely with suppliers to improve the energy efficiency of our networks and products, and in 2021 we set a goal to help customers avoid 60 million tonnes of CO_2e by using our products and services (by the end of March 2030).

Future Carbon Reduction Initiatives

In the future we plan to implement further measures, including:

Operational emissions (Scopes 1 & 2):

- Continue to transition our commercial fleet towards electric or zero-emission vehicles
- Transforming our buildings estate and networks, by:
    - Consolidating many of our offices from old, inefficient buildings into new ones designed to minimise environmental impact through energy-saving features
    - Implementing cost-effective low-carbon heating solutions for our existing buildings
    - Investing in more efficient and resilient cooling systems
    - Removing legacy equipment from our exchanges and decommissioning legacy networks

- Sustain and support changes to ways of working, to reduce company travel and flights.
- Continued focus on reducing our energy usage, energy efficiency and support for renewables through long-term PPAs.

Value chain emissions (Scope 3)**:**

- Continue to engage with our suppliers on reducing their carbon footprints, for example:
    - Applying a 15% weighting to buying decisions based on sustainability and related criteria
    - Requiring suppliers with new contracts over £25m to set science-based net zero targets
    - Implementing sustainability contract clauses with key suppliers
    - Encouraging suppliers to disclose to CDP to aid reporting transparency and tracking
- Continue engaging with other organisation such as our own trade associations, 1.5°C Supply Chain Leaders, and the SME Climate Hub and CDP.

Low-carbon economy

- Helping customers avoid 60m tonnes of CO_2e by the end of March 2030, through using new technologies, e.g. FTTP, 4G/5G, cloud computing and IoT.
- Building towards a circular business by the end of March 2030 and a circular tech ecosystem by the end of March 2040, by:
    - Reshaping our products and packaging by using fewer and lower-impact materials, make devices last longer, and boost reuse and recycling by customers
    - Using materials more efficiently and recovering as much waste as we can from our network and estate
    - Collaborating with others to accelerate the transition to a circular tech sector.

Governance and assurance

We set out below the Board and subcommittees that review our climate-related plans and progress on a regular basis.

Board oversight on climate change:

The Board has overall responsibility for how we identify and manage climate-related risks. Climate change issues are managed and monitored by committees to assist the Board in executing its responsibilities.

The *Responsible Business Committee (RBC)* oversees our climate change strategy, programme and goals on behalf of the Board. It's chaired by non-executive director Sara Weller and made up of four independent non-executive directors. The *RBC* monitors progress on our long-term responsible business goals, including those on climate change. The chair reports to the Board on our climate-related activities, including net zero.

The *Board Audit & Risk Committee* monitors and assesses our risk management system (which includes climate risks) on the Board's behalf.

Management's roles and responsibilities

Our Chief Executive is ultimately responsible for our environmental policy and performance including climate-related issues.

The *Executive Committee (ExCo)* sets operational strategy on climate change and sustainability. It also monitors associated progress, performance and risks – supported by our Responsible Business team. Ahead of each *RBC* meeting, an update is shared with the *ExCo* which includes a dashboard that tracks the status of the BT Group sustainability targets, e.g. net zero.

Our *Group Health, Safety & Environment (GHSE)* subcommittee manages a range of risk and compliance issues (including climate change) on behalf of the *ExCo*.

In the UK, our most significant environmental risks are managed by the Environmental Management Compliance working group. It meets each month and reports to the *GHSE* every quarter. Its members are senior managers responsible for addressing environmental risks and improving performance under our ISO 14001-certificated environmental management system.

External reporting and assurance

Each year, we report progress on our climate and environmental targets in our Annual Report and Accounts (ARA). As part of the ARA, we report under the Task Force on Climate related Financial Disclosures (TCFD) framework and its recommendations relating to governance, strategy, risk management and metrics and targets. These disclosures are externally verified to a high level of assurance, using AccountAbility's AA1000AS v3 standard.

Alignment with financial planning

We include our investments in renewable electricity, transforming our buildings estate, energy efficiency and transitioning to a low carbon fleet in our Medium-Term Plan (MTP). Our MTP considers both capital expenditure (CAPEX) and operating costs (OPEX) over a rolling five-year timeframe. CAPEX is assessed over the asset lifetime.

Our TCFD climate scenario analysis considers short, medium, and long-term horizons that matches our investment timeframes. It also influences our strategy, targets and plans for responding to the bigger risks and transitional implications of climate change.

Stakeholder engagement

Our sustainability and corporate affairs strategy director meets regularly with stakeholders to discuss progress on our climate and environmental targets and plans, enabling shareholders, customers and other stakeholders to review our approach and provide feedback.

Going forwards, we will continue to report on our performance each year as part of the ARA and through this Carbon Reduction Plan.

Our emissions history by Scope

For years ending 31 March [1]

	FY17[2]	FY18	FY19	FY20	FY21	FY22	FY23	FY24
GHG emissions scope summaries								
Total Scope 1 CO_2e Tonnes	181,903	183,934	184,882	183,167	171,422	179,354	183,885	164,738
Annual % Change		1.12%	0.52%	-0.93%	-6.41%	4.63%	2.53%	-10.41%
Total Scope 2 NET[3] CO_2e Tonnes (MBM)	222,878	192,959	113,779	57,370	202	201	58	5
Annual % change		-13.42%	-41.03%	-49.58%	-99.65%	-0.13%	-71.05%	-92.11%
Total Scope 1 & 2 CO_2e Tonnes (MBM)	404,780	376,893	298,662	240,537	171,623	179,555	183,943	164,743
Annual % Change		-6.89%	-20.76%	-19.46%	-28.65%	4.62%	2.44%	-10.44%
Total Scope 3 CO_2e Tonnes	4,065,110	3,526,169	3,241,682	3,216,898	2,955,285	3,243,361	3,133,579	3,000,873
Annual % change		-13.26%	-8.07%	-0.76%	-8.13%	9.75%	-3.38%	-4.23%
	Target base year							
Science based target initiative (SBTI)								
Carbon intensity (Scopes 1 & 2 Tonnes CO_2e per £ million Value added)	32	29	23	18	13	14	14	12
Annual % change		-7.39%	-19.96%	-23.35%	-24.88%	5.37%	-1.02%	-11.42%
% change from target base year		-7.39%	-25.87%	-43.18%	-57.32%	-55.02%	-55.48%	-60.57%
Supply chain (GHG Protocol Catg 1-8) emissions (Tonnes CO_2e)	3,217,348	2,848,718	2,681,478	2,598,330	2,330,402	2,634,381	2,499,641	2,424,820
Annual % change		-11.46%	-5.87%	-3.10%	-10.31%	13.04%	-5.11%	-2.99%
% change from target base year		-11.46%	-16.66%	-19.24%	-27.57%	-18.12%	-22.31%	-24.63%
Supply chain spend (EEIO) emissions intensity (kg CO_2e/ £ GBP Spend)	0.199	0.185	0.186	0.179	0.169	0.193	0.163	0.157
Annual % change		-6.97%	0.70%	-4.12%	-5.20%	14.07%	-15.80%	-3.60%

Greenhouse Gas Protocol Corporate Value Chain Scope 3 accounting and reporting standard report

[1] We restate historical years' data to replace estimates with actual figures and/or when we think subsequent information is materially significant as determined during audit (typically variances greater than one percentage point at category level).
[2] Includes EE from 2017
[3] Excludes tenants/ 3rd parties' consumption

Definitions:

	Not applicable
Value added	EBITDA Adjusted (before specific items) + Employee costs); (£ billion)
Scope 1	Direct GHG emissions
Scope 2	Indirect GHG emissions from consumption of purchased electricity
Scope 3	Other operational indirect GHG emissions
SBTI	Science Based Target Initiative
GHG	Green House Gas
CO_2e	Carbon dioxide equivalent
MBM	Market-based method for Scope 2 emissions accounting - refer to 'Our social and environmental reporting methodology'
RE 100	http://there100.org/
EEIO	Environmentally extended input-output analysis
Catg	Category

FY24 - Our end-to-end carbon footprint

	FY17	FY22	FY23	FY24	% change
Scope 1 & 2 GHG Emissions	**tonnes CO2e**	**tonnes CO2e**	**tonnes CO2e**	**tonnes CO2e**	**vs FY17**
Scope 1 GHG emissions	181,903	179,354	183,885	164,738	*-9%*
Scope 2 GHG emissions (location-based method)	1,166,975	553,730	497,019	519,680	*-55%*
Scope 2 GHG emissions (market-based method) [1] [2]	222,878	201	58	5	*-100%*
Total Scope 1 and Scope 2 GHG emissions (location-based method)	1,348,877	733,084	680,904	684,418	*-49%*
Total Scope 1 and Scope 2 GHG emissions (market-based method)	404,780	179,555	183,943	164,743	*-59%*
Scope 3 GHG Emissions					
1. Purchased goods and services	2,157,952	1,955,025	1,867,194	1,929,827	*-11%*
2. Capital goods	471,795	321,139	313,482	234,260	*-50%*
3. Fuel- and energy-related activities	304,763	249,968	177,112	169,230	*-44%*
4. Upstream transportation and distribution	114,356	16,920	13,579	10,391	*-91%*
5. Waste generated in operations	5,766	16,530	16,853	3,139	*-46%*
6. Business travel	52,124	9,699	21,221	15,350	*-71%*
7. Employee commuting	60,319	27,106	41,147	55,506	*-8%*
8.Upstream leased assets	50,273	37,993	49,052	7,117	*-86%*
9. Downstream transportation and distribution [3]	0	0	0	0	
10. Processing of sold products	0	0	0	0	
11. Use of sold products	819,629	582,430	606,021	390,541	*-52%*
12. End-of-life treatment of sold products	627	837	1,223	1,631	*160%*
13. Downstream leased assets	27,506	25,713	26,693	183,881	*569%*
14. Franchises	0	0	0	0	
15. Investments	0	0	0	0	
Total Scope 3 GHG emissions	4,065,110	3,243,361	3,133,579	3,000,873	*-26%*

Notes:

[1] MBM - Market-based method for Scope 2 emissions accounting – refer to 'Our social and environmental reporting methodology'

[2] Excludes electricity purchased by third party tenants

[3] Category 9, 'Downstream transportation and distribution', is not applicable to BT Group. Product distribution is either included in the supplier contract or provided through postal services. 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.

FY24 - Our end-to-end value chain emissions

	FY24
Total Scope 1 CO2e Tonnes	164,738
Total Scope 2 NET CO2e Tonnes	5
Total Scope 3 CO2e Tonnes	3,000,873

Category	Sub Categ	Source	Upstream (CO2e Tonnes)	BT Operational (CO2e Tonnes)	Downstream (CO2e Tonnes)	Total End to End (CO2e Tonnes)
ENERGY	Energy	Oil/**LPG** Combustion - Electricity Generation	485	3,605		4,090
	Energy	Oil Combustion - Heating	133	992		1,125
	Energy	Gas Combustion	1,408	22,320		23,728
	Energy	**Electricity: Total GROSS emissions**		574,468		574,468
	Energy	Electricity: Renewable		-519,680		-519,680
	Energy	Electricity: Nuclear		0		0
	Energy	Electricity: GQ CHP		0		0
	Energy	Electricity: Commercial Fleet EV Renewable		-1645.13		-1,645
	Energy	Electricity: Company Car EV Renewable		-93.98		-94
	Energy	Electricity: 3rd Party/Tenant Consumption		-53,045		-53,045
	Energy	**Electricity: NET Emissions**		5		5
	Energy	**Electricity:** GROSS Emissions excluding 3rd Party Consumption	76,194	521,424		597,618
	Energy	**Electricity**: Transmission & Distribution Losses	44,142	0		44,142
	Energy	**Homeworker Emissions**	4,790	20,755		25,545
E2A	E2A	Refrigeration Gases (HFCs and SF6 only)		1,566		1,566
	E2A	Refrigeration Gases (CFCs and HCFCs only)		17		17
FLEET	Fleet	Commercial Fleet Diesel	78,865	129,965		208,830
	Fleet	Commercial Fleet Petrol	239	435		674
	Fleet	***Fleet Subtotals***	**79,104**	**130,400**		**209,504**
TRAVEL	Travel	Company Car Diesel	1,512	2,491		4,003
	Travel	Company Car Petrol/Other Fuels	1,853	3,364		5,217
	Travel	Private Vehicles on BT Business (All Fuels)	454	748		1,201
	Travel	Rail travel (Using UK Factors)	750	907		1,657
	Travel	Hire Cars (All Fuels)	577	1,007		1,585
	Travel	Air Travel (Domestic)	318	2,428		2,746
	Travel	Air Travel (short haul)	131	996		1,126
	Travel	Air Travel (long haul)	766	5,842		6,609
	Travel	Taxi	22	35		57
	Travel	Employee Commuting	8,123	21,838		29,960
	Travel	***Travel Subtotals***	**14,505**	**39,656**		**54,161**
Waste	Waste	Waste and Recovery	2,149			2,149
Supply chain spend	EEIO	***EEIO Subtotals***	**2,147,335**	**0**	**0**	**2,147,335**
CPE Sold Items		Use of sold products			**390,541**	390,541
		End of Life (EOL)			**1,631**	1,631
Downstream leased assets		Downstream leased assets			**183,881**	183,881
Grand Totals Emissions (NET)		**CO2e tonnes**	**2,370,247**	**219,316**	**576,053**	**3,165,616**
		% of Total	**75%**	**7%**	**18%**	**0.00%**
		Change from previous year %	**-3.48%**	**-3.73%**	**-9.13%**	**-4.58%**

Disclaimer

The numbers presented throughout this report may not visually sum precisely to the totals provided and percentages may not precisely reflect the absolute figures due to roundings.

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21[5] and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[6] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[7].

Scopes 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[8].

This Carbon Reduction Plan has been reviewed and signed off by the board of directors (or equivalent management body).

Signed on behalf of the Supplier:

Edward Heaton

Director

British Telecommunications plc

Date: June 2024

[5] https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts
[6] https://ghgprotocol.org/corporate-standard
[7] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting
[8] https://ghgprotocol.org/standards/scope-3-standard