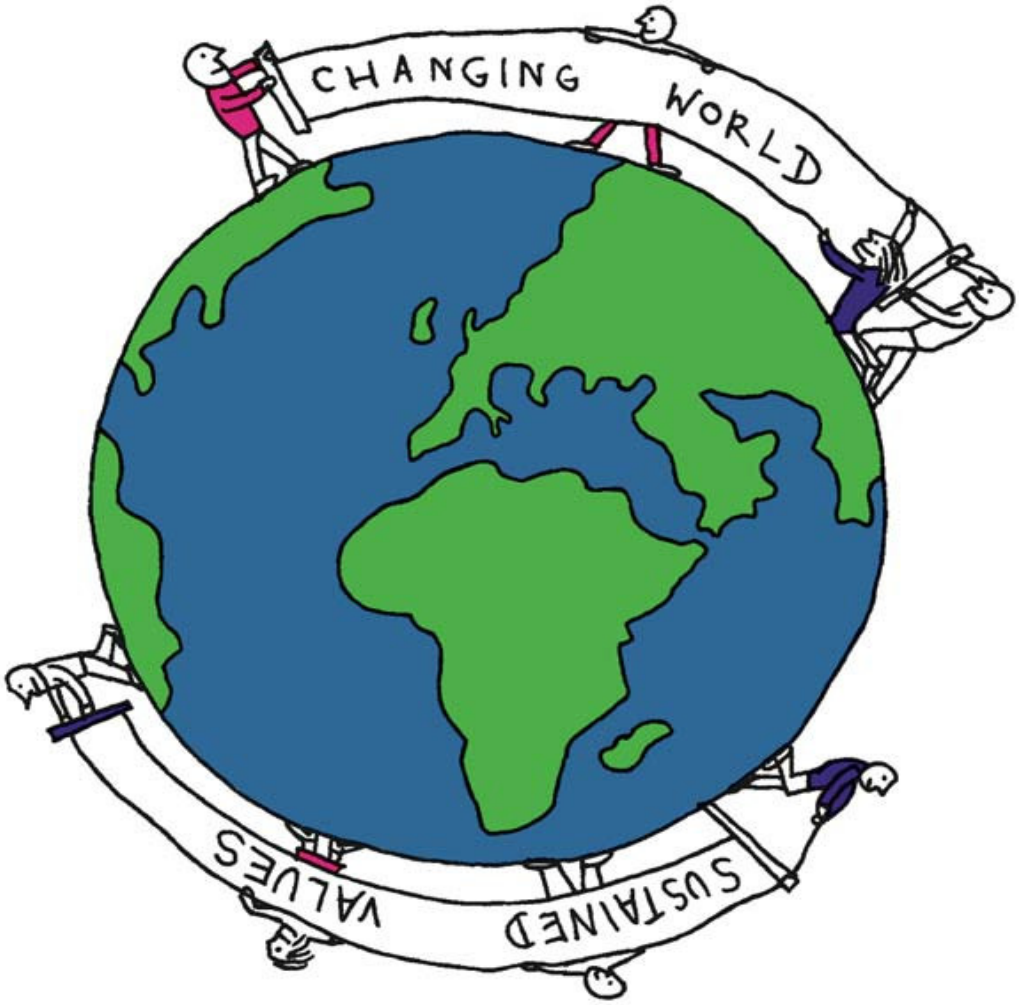
2009 SUSTAINABILITY REPORT

Changing world: Sustained values



Bringing it all together for a better world

Climate change and environment

We aim to manage our business to minimise negative impacts on the environment and to maximise the benefits we bring.

This includes reducing resource use, emissions and waste from our facilities and cutting the impacts of our travel and transport.

Climate change is one of our key CR risks and reducing our impact is a priority. Climate legislation is likely to increase energy costs and more frequent extreme weather could damage our infrastructure. We are cutting the impacts of our operations, influencing our suppliers to provide more energy efficient products and services and encouraging our employees to reduce their footprint. We collaborate with others to develop global standards to increase energy efficiency of ICT equipment.

Climate change also brings opportunities. All customers, from consumers to governments and large corporations, will require ICT products and services that help them reduce energy consumption. We are responding to this growing demand by providing innovative products and services.

Environmental Management System

ISO 14001 certification

Good environmental management saves money and improves business efficiency. BT's environmental management system (EMS) complies with the international standard ISO 14001:2004.

The standard helps keep us focussed on reducing our environmental impacts.

In the 2009 financial year:

We successfully maintained our ISO 14001 certificate which includes Belgium, Ireland, and the UK. We also added our operations in Germany and the Netherlands for the first time. BT Italy has its own ISO 14001 certification and BT Spain is certified to EMAS.

We continue our efforts to implement the standard and to maintain certification in our existing operations.

System improvement

Demonstrating that environmental impacts are adequately managed is a key requirement of any EMS. A few years ago, we purchased a web-based environmental management tool called enviroMANAGER™. The system is modular, with each element providing relevant environmental data allowing us to record compliance with legislation, carry out risk assessments and report on our environmental objectives. It has already brought a number of benefits, including greater visibility of responsibilities and activities, more information about legislation and the ability to demonstrate compliance. We are working with the system supplier and our Environmental Aspect Owners within BT to extend use of the system.

In the 2009 financial year we carried out an in-depth review of how we manage environmental issues, to ensure alignment with our CR strategy, including sustainable economic growth and our efforts to increase communication and ICT skills. This is reflected in the structure of our management system and governance arrangements for environmental management.

Our Environmental Policy

Our commitment

BT is committed to the prevention of pollution and minimising the impact on the environment of its operations globally. In particular, we will contribute to initiatives that seek to address climate change.

Policy

Our Environmental policy guides our environmental work and commits us to setting improvement targets and closely monitoring our environmental performance.

We communicate our environmental objectives, action plans and achievements to help every BT employee understand and implement the policy in their daily work.

BT recognises that in its day-to-day operations it impacts on the environment in a number of ways and we are committed to minimising the potentially harmful effects of such activity wherever and whenever possible. BT remains committed in making positive contribution to the environment.

This policy statement provides the framework on which our environmental programme is based. This enables us to set targets and measure progress as well as strive for continuous environmental improvement.

BT seeks to maximise opportunities for the provision of services and solutions which can help to reduce

negative environmental impacts, and which can provide significant environmental benefits.

We have undertaken to help every person who works for and on behalf of BT to understand and implement the relevant aspects of this policy in their day-to-day work through the regular communication of objectives, action plans and achievements.

We will also ensure that BT partners will promote the principles of sound environmental practice externally.

Governance

The Chief Executive of BT has ultimate responsibility for the company's environmental policy and performance. The Company's Committee for Responsible and Sustainable Business (CRSB) oversees the implementation of all social and environmental programmes across the BT Group. The CRSB meets quarterly and regularly reports to the Board. It is chaired by BT's Chairman.

Through a programme of continuous improvement BT and its wholly owned subsidiaries will:

- Meet all applicable legislative and other requirements, and where appropriate exceed or supplement these by setting our own exacting standards,
- Seek to reduce consumption of materials in our operations, reuse rather than dispose whenever possible, and promote recycling and the use of recycled materials,
- Design energy efficiency into new services, buildings and equipment and manage energy wisely in all operations,
- Reduce wherever practicable the level of harmful emissions,
- Develop products that are safe to use, make efficient use of resources, and which can be reused, recycled or disposed of safely,
- Work in partnership with our suppliers to minimise the impact of their operations on the environment,
- Seek to minimise the visual, noise and other impacts on the local environment when sitting and maintaining our buildings, structures and equipment,
- Work with external groups and organisations to promote the concepts and practices of environmental protection,
- Include environmental issues in discussions with the BT unions, within the BT training programmes and encourage the implementation by all BT people of sound environmental practices both at home and at work,
- Monitor progress and publish details of our environmental performance in our sustainability report, as a minimum, on an annual basis.

The Company's environmental management system will monitor delivery of these commitments.

Environmental Prosecutions

We recognise that we have clear legal obligations for the management of our environmental programmes.

During the 2009 financial year, there was one environmental prosecution in the UK.

As reported in our last Sustainability Report, a prosecution by the Environment Agency resulted in a fine of £3,000 and BT was ordered to pay £549 costs after pleading guilty on 10th April 2008 at

Taunton Magistrates Court to erecting five telegraph poles within a flood defence at Riverside, Burrowbridge, on October 16, 2007, without consent from the Environment Agency under a local Land Drainage Byelaw.

Expanding our EMS worldwide

We aim to report our on our environmental performance consistently across all our international operations and set a target in 2008 to; review and improve our environmental data and sources across non-UK geographies. We increased the granularity of the data from last year, which doubled the response rate from 42% to 84%. We will be reviewing the benefits of this approach with the relevant data providers.

Our group team, working in partnership with our operating countries, has tested both sources of data and methods of data retrieval. This year we have reviewed inputs from nineteen countries (including our UK operations). These countries represented 95% of our direct employees worldwide.

This exercise proved to be challenging and we have identified the following areas which need to addressed:

- limited availability of data from Landlords
- International conventions for decimalisation e.g (,) versus (.)
- lack of In-country knowledge around this area

We are committed to resolving these issues, and ensuring the process for checking data quality is consistent, going forward.

We have reviewed the data to determine how we can improve our performance. We have reported this year on our two Key Performance Indicators - Climate Change and Waste - for our non-UK Operations. This data has been reviewed by LRQA and they have given a moderate level of assurance. Their full assurance statement can be found here.

We have extended our two environmental KPI's this year to represent group-wide operations. We will continue to improve the quality flows for group-wide Climate Change and Waste data over the coming years.

ISO14001

We also set a target to achieve ISO14001 certification in three additional countries. We were successful in two (Germany and the Netherlands). Whilst having assessed the potential for a third, we decided not to proceed this year.

Climate change strategy

Our climate strategy covers our global business and has four elements:

- Reducing the impact of our operations
- Empowering customers to reduce their impacts by offering innovative products and services

- Influencing our suppliers to provide more energy efficient products and services
- Encouraging our employees to reduce their carbon footprint at home and at work.

For several years we have been working to reduce our UK greenhouse gas emissions by 80% from 1997 levels, by 2016. This year we introduced a new Climate Stabilisation Intensity (CSI) target: to reduce our worldwide CO_2e emissions per unit of contribution to GDP by 80% from 1997 levels, by 2020. This target is in line with the required reductions in global emissions reductions outlined in the Stern Report and reports by the UN Intergovernmental Panel on Climate Change (IPCC). More information on our CSI approach can be found here.

In the 2009 financial year we held a three day "hothouse" workshop to identifying radical new initiatives to help us achieve our carbon reduction targets. This exercise produced many new ideas and we used the results to develop a strategy and plan for emissions reductions. Read more about the workshop .

Due to the present economic climate, we're giving top priority to projects that bring emissions reductions by changing behaviour. We believe that engaging our employees to reduce energy use is one of the most effective ways to cut emissions whilst reducing operational costs. We also use rigorous criteria to assess the payback period and emissions benefits of using new technology.

Governance

Our work on climate change is overseen by our Board Committee on Sustainable and Responsible Business. The CEO of BT Retail, Gavin Patterson, is the executive CR sponsor. Our Environment and Climate Change Taskforce includes senior representatives from our major lines of business and Group functions including BT Design, BT Operate, Group CR and Group Procurement. Bruce Stanford, Managing Director, Major Programmes, BT Wholesale, chaired the monthly Taskforce meetings until he left BT in January 2009. Since then the chair has rotated between members.

Advocacy

We continue to press for a collective business response to climate change and the creation of a low-carbon economy.

Gavin Patterson, CEO BT Retail, is a member of the UK Confederation of Business and Industry's (CBI) Climate Change Board and several BT experts support the Board's activities.

In 2008 we hosted The Prince of Wales's May Day Business Summit on Climate Change at BT Centre in London, and continue to collaborate with others to advocate global standards on energy efficiency of ICT equipment.

Carbon reporting – our approach

Our data covers all our wholly-owned activities in the UK and internationally unless otherwise stated.

Our principles

- To report consistently internationally
- To provide as true a picture of our emissions as possible
- To handle all emissions (or lack of them) in a similar way
- To use our reporting to drive behaviour that helps deliver a low carbon economy.

We follow the Green House Gas Protocol in our reporting. We also report our emissions for the Carbon Disclosure project, EU Emissions Trading Scheme and the UK Carbon Reduction Commitment.

Our view on UK Carbon Reporting

This year the UK government changed the way it recommends businesses to voluntarily report on their carbon footprint from renewable electricity. It now recommends that companies do not claim CO_2 reductions from the purchase of electricity from renewable sources or from own generated renewable electricity where a financial subsidy has been received. In general we believe that carbon should be attributed on a legal basis where it is emitted and on a reporting basis to drive behaviour change. We are engaging with the government on this issue and the treatment of subsidies and carbon reporting for investment in renewable energy generation.

This year we continue to report renewable electricity (purchased and self-generated) as zero carbon. Depending on the outcome of the discussions with the UK government we may need to revise our approach to reporting, our approach to renewable electricity and our CO_2 targets.

GHG accounting and reporting principles

We have used the Green House Gas Protocol (GHGP) principles:

- Relevance - our GHG inventory appropriately reflects our emissions and provides the information needed by our people and external stakeholders.
- Completeness – our report covers all of our activities within the specified boundary
- Consistency – we use consistent methodologies to enable year on year comparisons to be made and we transparently document any changes to data, boundaries, methods, or any other relevant factors in the time series
- Transparency – we address all relevant issues factually and coherently, maintain a clear audit trail, disclose relevant assumptions and explain our accounting methodologies and data sources
- Accuracy – we ensure that inaccuracies and uncertainties are reduced as far as practicable so that stakeholders can use our report with confidence.

As a responsible and sustainable business we want our stakeholders to have a clear understanding of our GHG emissions.

Our base year is BT's 1997 financial year (April 1996 to March 1997), as this was the first year for which verifiable emissions data were available. We have tracked our UK emissions against this baseline for the last 11 years, and we have now started to track our global emissions against the same baseline.

Identifying and calculating GHG Emissions

The bulk of our emissions arise from our UK operations and we have well established systems in place to capture all of the required data from energy use, business travel, fleet operations and refrigerant use. In some cases we use the same systems outside the UK, and where necessary we supplement them with country-specific systems.

We calculate emissions from our UK operations (except refrigerants) using the CO_2 equivalent (CO_2e) conversion factors specified by the UK Government Department for Environment, Food and Rural Affairs.

Outside the UK we calculate emissions related to our use of electricity using conversion factors from our suppliers, or where these are not available, from the International Energy Agency (IEA). We use Greenhouse Gas Protocol conversion factors for natural gas and oil.

We use conversion factors from the Intergovernmental Panel on Climate Change to calculate the CO_2e for our refrigerant loss in all countries.

What we report

The GHGP provides for three scopes. Scopes 1 (direct emissions) and 2 (indirect emissions from electricity) are carefully defined in the protocol and are not optional. Scope 3 (other indirect emissions) has considerable flexibility.

Under scope 1 we include:

- Fuel used in backup generators
- Fuel used in our BT branded vehicles
- Fuel used in company cars when driven on BT business
- Loss of refrigeration gases covered under the Kyoto protocol
- Fuel used to heat our premises.

Under scope 2 we include:

- All purchased electricity

Under scope 3 we include

- Employee business travel (road, rail and air)
- An estimate of emissions from energy used by employees who work from home
- Non-Kyoto refrigerant gases (eg HCFCs)

Collaboration and standards development

The design and manufacture of ICT equipment is governed by a range of international standards. Developing new and improving existing global standards, for example to incorporate energy efficiency measures, will help reduce the climate impact of ICT equipment worldwide. We are working with trade associations, companies and standards organisations to improve global ICT standards and identify new ways that ICT can support efforts to tackle climate change. We believe that developing the right standards will help ICT to become a key part of the transition to a low-carbon economy. In the 2009 financial year, we advocated for improved standards through:

- **The International Telecoms Union's** UK Symposium on ICT and Climate Change – we hosted this event in London which looked at how global standards can contribute to energy efficiency and dematerialisation. BT chairs the ITU-T Focus Group on ICT and Climate Change which is developing methodologies for calculating the carbon footprint of ICT equipment and for estimating the amount of carbon that could be saved by using ICT to avoid activities that use energy, such as travel.
- Broadband Forum – we led efforts through this industry forum to encourage the

implementation of standards for low power Digital Subscriber Line (DSL - broadband) and to develop global energy efficiency testing standards for network equipment and customer premises equipment (CPE).

- **Energy Efficiency Inter-Operator Collaboration Group** – as part of this industry group, we are exploring how the buying practices of operator companies can be changed to encourage equipment manufacturers to improve energy efficiency. We also worked to agree standardised efficiency requirements with other operator companies.
- The European Telecommunications Standards Institute **(ETSI**) – we participate in the ETSI working group on energy efficiency. The group is developing new standards to help implement the planned EU Directive and Codes of Conduct on energy efficiency. These will cover a range of areas relevant to BT, including broadband, digital TV and data centres. We are also challenging all standards bodies to enable their members to participate remotely in their meetings, avoiding the environmental impacts of travel.
- **EU Joint Research Centre (JRC**) – we have played an active part in the development of guidelines for increasing energy efficiency in technologies such as broadband, data centres, external power supplies and digital TV services.
- Greenhouse Gas Protocol Product & Supply Chain – We are working with the joint World Resources Institute and World Business Council on Sustainable Development initiative to develop a new standard for quantifying and reporting the greenhouse gas emissions for products and services. We're leading one of the technical working groups and participating in another.
- European Telecommunications Network Operators Sustainability Working Group – We have been participating in this group since it was formed and co-authored the Energy Task Team report that was published in June 2008.

Our climate change performance

Our target is to reduce our UK climate change impact by 80% below 1997 levels, by 2016. At the end of the 2009 financial year, we had achieved reductions of 58%, with 41% of our electricity coming from renewable sources and 58% from CHP plant.

Reducing our global carbon footprint is essential but difficult because our business has been growing outside the UK. We have therefore set a target of reducing our worldwide CO_2e (CO_2 equivalent) emissions per unit of BT's contribution to GDP by 80% from 1997 levels by 2020. This approach will enable BT to meet increasing customer demand at the same time as controlling its greenhouse gas emissions, and is in line with the approach expected to be adopted by the successor to the Kyoto protocol. At the end of the 2009 financial year we had achieved a 43% reduction in our worldwide CO_2e emissions per unit of BT's contribution to GDP against 1997 levels.

Integrating carbon management is a priority when we acquire new businesses. We see this as a two way process and aim to learn from good practice in the companies we acquire. For example, BT I.Net, a recent acquisition in Italy, uses a system of wells to cool data equipment instead of conventional air-conditioning.

We have developed an abatement cost curve to identify and prioritise carbon reduction measures. This helps BT managers assess the cost of different reduction options, the carbon cuts that can be achieved and the payback period.

In this section we discuss;

- Transport
- Energy efficiency
- Renewable energy

Cycling in Germany

BT Germany has joined To Work by Bike (Mit dem Rad zur Arbeit), a national campaign to encourage people to get fit and fight climate change by cycling to work.

The campaign provides promotional material, such as posters and leaflets, which highlight the benefits of cycling. Cyclists can also win prizes - one BT Germany rider won a weekend's rail travel for two throughout Bavaria.

"The response to the campaign was very good," said Erna Tom, BT Global Services health and safety manager and coordinator of the campaign. "In Munich alone we have about 50 people cycling to work regularly," she says. In fact, the campaign we so successful that BT Germany received a certificate for its bike-friendly activities.

BT Germany is moving to a new office next year which will mean improved facilities for cyclists to shower and change when they arrive at work.

Erna hopes that even more people will recognise the benefits of commuting by bike: "Cycling to work makes sense in many ways - not only does it improve people's health, it also reduces the environmental impact of their journey to work," she says.

Case Study for Australia

When BT Australia designed their new offices, they grabbed the opportunity to shrink their environmental footprint and to cut costs.

Making the offices more energy efficient was a key part of the refurbishment project, including making sure the lights are only on when they need to be.
"By linking into the landlord's building management system, it has been possible to programme lighting features in environmentally-sensible ways," explains BT global facilities manager Dave Newland. The system ensures that main lights are not left on overnight, and only operate between 7am and 7pm. People working late press a button to get the lights to stay on an extra hour.

Meeting rooms are also controlled via the system. Each room has an automatic sensor that automatically turns off lighting and air conditioning 15 minutes after everyone leaves.

Cutting waste and boosting recycling was also a priority. Plastic cups, plates and knives and forks have been replaced with reusable crockery and cutlery. The team created zones where waste is separated for recycling. Paper towels from kitchens and washrooms are recycled and the kitchen taps have all been fitted with water saving devices.

The refurbishment team aimed to reuse furniture and carpet where possible. "Where new items were needed, they were sourced with care," said Dave. "All new chairs are between 94 and 98 per cent recyclable. And where carpets, blinds and flooring have been replaced they are all made of ecologically-sound materials. Even the boardroom whiteboard is 100 per cent recyclable," he said.

Innovation and climate change

This year we attended the Global Green Telecom Summit in Berlin to speak about how taking action on climate change is good business.

Chief customer innovation officer Paul Excell gave the keynote speech to business and government delegates. His theme was 'Why developing a Green Strategy is a Win-Win situation'.

Paul highlighted the fact that green strategies are vital to reduce energy costs, provide flexibility for employees and help to win key contracts. He also explained some of the ideas BT had already implemented.

He said: "As part of our customer innovation programme, our major customers are asking for innovative business models and technology to help them 'go green' to improve operational efficiency and customer propositions, and deliver resources in a flexible way."

BT Design's head of standards, Kevin Foster, also spoke about how global standards can bring reductions in carbon emissions from information communication technology (ICT). He highlighted the importance of global standards to BT's 21st Century Network infrastructure and how they can help provide ICT services to reduce our customers' carbon footprints.

More on our approach to standards development.

Travel and transport

In the UK we run a fleet of 29,480 commercial vehicles and 7,916 company cars, managed under contract by our subsidiary, BT Fleet.

We aim to reduce the climate impact of our fleet by purchasing efficient vehicles, managing our fleet efficiently and by encouraging our drivers to adopt fuel-efficient driving techniques.

We also review vehicle replacement cycles, which ensure the fleet benefits from latest technologies and emission standards, while providing greater reliability and lower maintenance frequency and costs.

The distance travelled by our commercial fleet during the 2009 financial year reduced by 9.5%, compared with the year before with a corresponding fuel reduction of 10.8%. The distance travelled by our company car fleet during the year reduced by 22.5%, compared with the last financial year.

Our company car policy supports the key objectives of the UK Government's emissions-based company car taxation initiative: These are:

- Increased cash allowance to employees who opt out of company car ownership
- Improve tax efficiencies for employees who opt for lower-emission cars
- Provide advice to company car drivers, encouraging users to choose lower-emission cars.

We analyse the trend in CO_2 emissions of the company cars purchased by BT since the 2000 financial year, where the model has been chosen by the employee. This year average emissions were 150.5g of CO_2/km compared to 208.6 g of CO_2/km in the 2000 financial year - a 28% reduction. This was partially due to an increased proportion of employees choosing diesel cars (79% compared to 24% in the 2000 financial year) which are more efficient.

Initiatives in the 2009 financial year

- Conducted a trial of electric vehicles, with two manufactures and two of our lines of business, to assess their financial and operational viability
- Conducted a trial running vehicles using B30 Bio-diesel fuel (30 per cent bio-diesel) in association with a fuel supplier and vehicle manufacturer
- Conducted a vehicle data collection exercise to obtain actual fuel consumption of vehicles as a benchmark for future product trials
- Openreach launched a fuel challenge website with driving tips, fuel tips and vehicle care advice
- Increased the choice of business need cars by four models with two having emissions lower than 120 g of CO_2/km.

Employee travel

We continue to encourage our employees to use low carbon travel and to use BT's conferencing facilities to avoid travel altogether.

In the UK we negotiated a discount on one busy route to encourage people to travel by train instead of flying. Employees can travel first class for less than the price of a standard ticket, enabling them to use power sockets for mobile phones and laptops, and Wi-Fi for access to our corporate network. We plan to make similar arrangements for other routes.

The use of BT conferencing facilities increased this year due to initiatives to reduce travel costs, resulting in significant reductions in greenhouse gas emissions from all modes of transport. We also updated conferencing and remote collaboration tools on our new corporate desktop.

Energy efficiency

We treat energy management as an important part of everyday business. It is also important to the companies that manage our properties and facilities.

Below are some of our initiatives to improve the energy efficiency of our operations.

Energy Savings Campaign

BT has embarked on a global energy saving campaign designed to save 75,000 tonnes of CO_2 by March 2011.

This year, through our campaign, we have implemented projects which save more than 53 GWh of energy and 20,200 tonnes of CO_2 a year.

These include:

- Network Switch Off - BT have run a project to turn off unused equipment, reducing energy use by 17.5 GWh a year (equivalent to 9,400 tonnes of CO_2)
- Data Centres – Server decommissioning, virtualisation of equipment and reducing the amount of cooling by BT is saving 5.3 GWh a year (equivalent to 2,850 tonnes of CO_2)
- Estates – BT have worked on reducing office space and adjusting temperature set points for heating and cooling of office buildings, cutting energy use by 29.6 GWh a year (equivalent to 7,800 tonnes of CO_2).

We will continue the campaign for another two years and we aim to bring more significant savings as

we progress.

Energy efficient behaviour

We encourage employees to do their best to save energy. As part of the energy saving campaign we asked BT people to make some changes to the way they work. We emphasise the importance of the following energy saving measures:

- Turning off lights and equipment when not in use
- Using lifts less by taking the stairs
- Keeping windows closed
- Purchasing efficient equipment and using it on the lowest power setting possible
- Printing less.

Carbon Trust Standard Certificate

We achieved certification to the Carbon Trust Standard (UK) which is awarded to organisations that have "genuinely reduced their carbon footprint and are committed to making further reductions year on year". The standard requires an organisation to meet three overall requirements:

- Effective measurement of carbon emissions
- Good carbon management including proof of investment in efficient equipment, maintenance programmes and staff training
- Proof that emissions have reduced over the last two years either in total or on a relative basis.

This certification is renewed every two years. In combination with the advanced energy metering of BT's buildings, the certification will lead to a very good starting position in the Carbon Reduction Commitment scheme which comes into effect in 2010.

Energy and Carbon Innovation "Hot House"

In January 2009, over 60 experts from energy, network, data centre, transport and environmental teams spent three days in a "Hot House". The teams developed a programme of energy efficiency and carbon reduction initiatives to meet our new 2020 global carbon intensity target. We used the results of the Hot House to develop a carbon reduction road map for the next ten years and will start implementing the first set of initiatives in the 2010 financial year.

Efficiency in buildings

We are reducing overall building energy use by rationalising our sites. This includes using office space more efficiently so that we are not lighting, heating and cooling empty areas.

When we upgrade air-conditioning equipment we aim to choose the most energy efficient options. This can bring significant cost savings over the life of the equipment. We look for opportunities to replace refrigerant-based cooling (air conditioning) with automated fresh-air cooling systems. As well as cutting energy use, this reduces the use of refrigerants such as HCFCs which are powerful greenhouse gases. We are also working to reduce energy consumption of existing air-conditioning equipment.

During the year, we conducted 88 energy audits of buildings in the UK and several BT buildings outside the UK. They look for ways to improve controls in building management systems and explore opportunities to invest to save energy. Many of the audits identified changes to building management systems to ensure that we do not overheat or overcool our buildings.

In September 2008, 340 BT employees in Singapore moved to more energy efficient offices. In the new building, all the lights are controlled by sensors and timers and the water taps have controlled pressure. During the move, the team reused the majority of their existing office furniture, sourced new furniture locally and used carpets made from recyclable material.

Combined Cooling, Heat and Power

We have installed a new combined cooling, heat and power system (CCHP) at our Adastral Park site in Suffolk. This uses gas during peak load hours to efficiently produce electricity and heat for the site in winter and electricity and cooling in summer. This will save 927 tonnes of CO_2 a year, partially due to replacing old, inefficient boilers.

Energy efficiency of network equipment and data centres

We are transforming our telecommunications and data network through the 21st century network programme. The new network equipment being installed is more energy efficient than the equipment it replaces, so over the next few years our network energy consumption will fall.

We run programmes to reduce energy use in data centres and existing network sites by using equipment more efficiently and switching it off when not in use. Initiatives across our data centres can include:

- Virtualisation and decommissioning of servers
- Room lighting and control upgrades
- Cold aisle containment (separating warm and cold air)
- Raising cooling set points
- Widening humidity levels.

Innovating to cut network energy use

Some of the best ideas are born in the field. In 2007, a team of night field engineers at the Cleveland exchange in Tyneside, England, came up with a simple way to bring big energy and cost savings.

“Our idea was to seek out old network equipment in BT exchanges that’s powered up but not actually in use, and then switch it off,” they explain. With the majority of BT’s carbon footprint resulting from the energy used to power network equipment, they recognised that cutting waste in this area could make a huge difference. They quickly formed a team called “Night Team Magic” to hunt down and remove redundant equipment. (The team entered into the My Customer Challenge Cup, reaching the final by way of winning their semi final in Brussels).

“Finding the disused network equipment was actually incredibly easy,” they explain. “Each exchange has a database which shows the network traffic running out of it and highlights which pieces of equipment are plugged into an electricity supply but not running any systems,” they say.

Within one month the team had switched off old network equipment in 20 exchanges, cutting energy use and CO_2 emissions and saving around £8,000 each year. It also freed up equipment to be used elsewhere in the network.

With close to 6,000 exchanges in the UK, it became clear that the initiative could bring huge benefits if it was replicated across the BT network. In 2008, more than 70 engineers began work to find and remove old equipment across the UK. Throughout 2008 and early 2009, the project brought annual energy savings of 17GWh. When completed in November 2009 we estimate that it will achieve annual energy savings of approximately 58GWh, bringing significant CO_2 reductions of 31,000 tonnes per

year.

Renewable and low carbon energy

In the UK, we use more than 2,000,000 MWh of electricity each year, approximately 0.7% of the national total.

Nearly all of the electricity we use in the UK comes from renewable sources (41%) and combined heat and power plants (58%). We have low-carbon energy contracts in Ireland, France, Germany and Italy.

This year, our use of renewable energy in the UK cut our carbon dioxide emissions by approximately 814,000 tonnes.

Supplies of renewable energy in most countries, including the UK, are limited. In 2007 we announced plans to develop our own wind-farms. This is the UK's biggest corporate wind power project outside the energy sector and we intend to produce 250 Megawatts (MW) of green electrical energy by 2016 (equivalent to around 25% of our current electricity needs). We have identified 22 prospective sites for a range of generating capacities from 3MW to 32MW and expect to start producing energy by 2012. We are continuing work to identify and develop sites and expect the number of projects under consideration to increase this year.

On site renewable technologies

We generate energy using wind turbines and solar panels at the Goonhilly visitors centre and at Colombo House in London.

Our US headquarters in El Segundo, California has installed photovoltaic panels (solar panels), some of which can follow the sun to maximise their output. The panels are designed to produce around 1,000 MWh of energy each year, equivalent to 15% of the site's energy demand.

Two sites in Wales burn wood chips, a renewable source, in the boilers to produce heat.

We are investigating further opportunities to produce electricity using wind and solar panels.

Employees and climate change

Changing behaviour is key to tackling climate change. As a major employer we are well placed to influence the behaviour of over 100,000 people directly and reach many more through our employees' families and communities.

As members of the CBI Task Force we have committed to work in partnership with our employees to achieve major cuts in their emissions both at work and at home. Our target is for 20% of our employees to be actively engaged in reducing their carbon footprint at work and at home by 2012.

In the 2009 financial year (2009) over 4,000 employees have made a positive contribution, based on participation in our employee carbon reduction programmes. We are now working to develop a more robust process to measure engagement levels. In our annual employee survey, over 75% of respondents said that the environment/ climate change is one of the most appropriate CR areas for BT to support.

We aim to make employee engagement fun, creative and viral, and to bring about a real desire for change. Engaging people means seeking their views and acting on their feedback. We do this through:

- Online discussions
- Web cast events, featuring Gavin Patterson, CEO of BT Retail and our CR champion
- A regular newsletter
- Quizzes, competitions and games
- Films.

Our energy saving campaign and our Carbon Clubs programme are two of our key programmes for engaging employees in tackling climate change:

Energy saving campaign

In August 2008, we launched a campaign to save 75,000 tonnes of CO_2 and £15 million by March 2011. We will achieve this by adopting five commitments for BT and encouraging employees to adopt five energy saving actions:

1.Turn off electrical equipment
2.Use the stairs rather than the lift/elevator if possible
3.Help building heating/cooling to work efficiently by keeping windows closed
4.Consider energy efficiency when buying or operating equipment
5.Reduce the amount of printing (print double sided and black and white).

The company commitments will save 70% of the targeted reductions, and the employee actions will make up the remaining 30%.

To help employees to visualise the scale of the challenge, we launched a quiz asking for ideas for objects which would be filled by 75,000 tonnes of CO_2.

Carbon clubs

We encourage employees to join Carbon Clubs whether they can come together with colleagues to develop ideas and take action to reduce our footprint.

By the end of March 2009, there were 120 clubs (compared to 67 the year before) with over 400 members. The majority are based in the UK, but employees have also joined clubs in Belgium, Germany, India, Italy, Korea, The Republic of Ireland, Spain, the Netherlands and the USA.

In 2009, we launched the Carbon Club of the Year award, recognising outstanding achievements and creative ideas. Winning clubs receive £400 to spend on future club activities, with an extra £200 on offer for the "most creative project idea" and support to get it up and running. Award winners were divided into four categories:

- Motivation – Irish Carbon Busters of Dublin, which transformed a disused garden to make a welcoming planted reception area
- Internal impact – Aldershot Carbon Busters, which set up their own recycling initiative
- External engagement – Connect@Adastral Park, which introduced an energy-saving lightbulb and energy meter library for BT people at Adastral Park
- Global achievement – Little by Little of Seoul, Korea, which issued small fines to people leaving computers and electrical items switched on overnight.

Saving energy from home working

We conducted a pilot to install energy monitoring kits in the home to measure and reduce the energy use of home workers. We will use the findings of the pilot to develop guidelines for all home workers on how they can reduce their energy use.

The Challenge Cup

This tournament challenges employees to create improvements for the business, our customers and the environment. Read our case study about a finalist team who found a way to slash network energy.

Innovating to cut network energy use

Some of the best ideas are born in the field. In 2007, a team of night field engineers at the Cleveland exchange in Tyneside, England, came up with a simple way to bring big energy and cost savings.

"Our idea was to seek out old network equipment in BT exchanges that's powered up but not actually in use, and then switch it off," they explain. With the majority of BT's carbon footprint resulting from the energy used to power network equipment, they recognised that cutting waste in this area could make a huge difference. They quickly formed a team called "Night Team Magic" to hunt down and remove redundant equipment. (The team entered into the My Customer Challenge Cup, reaching the final by way of winning their semi final in Brussels).

"Finding the disused network equipment was actually incredibly easy," they explain. "Each exchange has a database which shows the network traffic running out of it and highlights which pieces of equipment are plugged into an electricity supply but not running any systems," they say.

Within one month the team had switched off old network equipment in 20 exchanges, cutting energy use and CO_2 emissions and saving around £8,000 each year. It also freed up equipment to be used elsewhere in the network.

With close to 6,000 exchanges in the UK, it became clear that the initiative could bring huge benefits if it was replicated across the BT network. In 2008, more than 70 engineers began work to find and remove old equipment across the UK. Throughout 2008 and early 2009, the project brought annual energy savings of 17GWh. When completed in November 2009 we estimate that it will achieve annual energy savings of approximately 58GWh, bringing significant CO_2 reductions of 31,000 tonnes per year.

Customers and climate change

Tackling climate change requires innovative products and services. We are embedding carbon footprinting and environmental considerations into our product design processes through our product stewardship programmes.

We are developing new products and services to help all our customer groups reduce their energy use.

Corporate and public sector

Our BT Global Service Sustainability Practice helps our large corporate and public sector customers

reduce their carbon footprint by using ICT and changing behaviour. The practice offers the BT Carbon Impact Assessment service which enables organisations to calculate their CO_2 emissions and finds ways to reduce them. Examples include data centre consolidation, collaborative and remote working tools and other networked IT services.

Our bigger thinking website covers a whole range of ideas and thought pieces on how use of ICT can improve efficiency whilst reducing environmental impacts

Small and medium businesses (SME)

In BT Retail we have developed a Business Environmental Self-assessment Tool (BEST) for our SME customers with a carbon calculator and tips for improving energy efficiency and reducing business travel.

Consumers

We are dedicated to helping our customers make good environmental choices, in line with our CBI climate change task force commitments. As part of BT Retail's goal to make 90% of phones more energy-efficient all our new phones have power units designed to use less than half the power of previous units.

We also have an "Interactive House" on our climate change website to help customers understand and reduce their carbon footprint. The idea of the Interactive House was created by pupils of St Paul's Girls School in London. They were so interested and concerned about the effects of climate change that they came up with the concept of creating a web page that would be both interactive and fun to use.

Our Live Lightly website provides ideas for how people can reduce their carbon footprint. People are encouraged to pledge to actions that cut energy use at home, on the move, at work and on holiday.

Communications providers

In BT Wholesale we believe we have an opportunity to work with our communication providers to help them, and their customers, do business in a more sustainable way. Improving sustainability is an integral consideration in our product development process. Our customers can access advice, consultancy, products and services. We have recently launched The Sustainability Matters – Self Assessment Tool which produces recommendations based on information about a company's employees, energy use and working policies. This report is intended to kick start discussions on replacement products that will help our customers to work smarter; reducing their carbon footprint, lowering costs and increasing productivity.

Energy, fuel and water

We use significant amounts of energy to power our network and to heat, cool and power our buildings. This energy is mostly electricity, though we also use natural gas and fuel oil. Carbon dioxide, the most significant greenhouse gas, is produced when fossil fuels are burned to produce energy.

We aim to reduce our energy costs and consumption as much as possible by improving energy efficiency. We also buy "green electricity" and are installing onsite renewable technologies to help reduce our climate change impacts.

Here we describe how we manage our energy and fuel use. We also discuss our efforts to reduce our consumption of water.

- Energy consumption
- Fuel Storage
- Water use

See our climate change performance for information on how we are improving the energy efficiency of our buildings and equipment and how we are increasing the use of renewable energy.

See transport for information on how we are reducing fuel use in our fleet.

Energy consumption

We closely monitor energy consumption from electricity, gas and fuel oil.

Using one of the UK's largest remote electricity meter reading systems we collect data at half-hourly intervals from more than 6,000 sites. This enables us to accurately measure and record energy use.

Energy consumption for BT's UK network and estate increased 1.1% during the 2009 financial year to 2,718 GWh.

This was made up of:

- 2,280 GWh of electricity to run our UK networks, data centres and offices
- 438 GWh of gas, heating oil and generator fuel at our UK sites

This year, we began collecting energy data from our buildings in the 18 countries outside the UK where our most significant operations are based.

Energy consumption for BT's **total** global network and estate (including the UK) during the 2009 financial year was 3,468 GWh.

This was made up of:

- 2,707 GWh of electricity to run our all our global networks, data centres and offices
- 761 GWh of gas, heating oil and generator fuel at all our sites

Trends in energy use

For the last few years, our investment in energy management has helped to keep our energy consumption at a relatively constant level, while our business has grown.

In the 2009 financial year our electricity consumption in the UK increased by 1.8%. This was largely due to the growth of our network equipment, opening two new data centres and installing more servers. All these are to meet the needs of our customers and for us to offer a greater range of products and services. We limited increases in electricity demand with energy efficiency measures throughout BT; please see energy efficiency & renewable energy sections of Our Climate Change Performance.

Electricity prices have been extremely volatile this year, reaching record highs in late summer in line with oil prices but then falling sharply as the global economy slowed down. BT buys energy in advance according to an agreed purchasing strategy.

The amount of energy from gas and oil used for heating in the UK was 430 GWh, a decrease of 2.6% on the previous year in spite of the cold winter and the installation of a gas fuelled Combined Cooling, Heat and Power plant at our Adastral Park site. This decrease was achieved through energy efficiency measures such as reducing heating thermostat set points as well as through building closures. UK gas consumption fell by 2.5%. The majority of our heating boilers use gas.

Generators provide backup power to prevent interruptions to our services during electricity grid supply failure. During the year, we generated 2.37 GWh of electricity in the UK, mainly through running our generators during routine maintenance.

Fuel storage

Our underground fuel storage tanks are inspected and tested to reduce the risks of leaks and pollution. We replace any failed tanks.

During the 2009 financial year, we decommissioned 309 underground storage tanks at 281 sites and replaced them with 300 new, internal, integrally bunded tanks.

Meeting new legislation in Scotland

We are working in partnership with Scotland's environmental regulator, SEPA, to ensure we meet new Scottish legislation covering fuel storage and containment of spillage by the 2010 deadline.

During the year we surveyed all BT buildings in Scotland where oil is stored. We modified 187 buildings, including 94 which were identified as being in a location of significant importance and they had immediate remedial work done. We will continue modifications during the 2010 financial year.

Fuel stock control

We are installing an Environmental Alarm System so that we can remotely monitor the amount of fuel in all our standby engine and heating oil tanks. This will enable us to implement automated fuel replenishment ordering and to quickly identify leaks or theft of fuel.

We fitted 768 sites in Scotland with the Environmental Alarm System and we will roll out the system to all other sites across the UK during the 2010 and 2011 financial years.

Stock management

We completed an assessment of the fuel stored in all 6,618 of our bulk oil storage tanks at our UK sites. This has informed us of the quality and quantity of the fuel, enabling us to plan future work programmes to improve our management of this asset.

Incident reporting process

Even with good controls, spills happen. We investigate any incidents promptly to reduce their severity and use the lessons learned to prevent a recurrence. BT classifies environmental incidents as:

- Serious – where the spill has entered, or is likely to enter, either the drainage system or topsoil
- Significant – where the spill covers a wide area but is confined to a hard standing area only and

there is no evidence of entry into the drainage system or topsoil
- Minor – where a minor spill is contained within a very small area.

For significant and serious incidents, a specialist contractor cleans up. For serious incidents in the UK, the Environment Agency or the Scottish Environment Protection Agency are also informed.

Incidents

In the 2009 financial year, a total of nine oil-related incidents were reported. After investigation, eight of these incidents were considered minor and one was considered serious.

The eight minor incidents resulted in spillages of between five and fifty litres. To protect the environment, we implemented our standard incident procedures to control and clear up the spillage.

The serious incident was caused when a number of oil cans were dumped outside one of our telephone exchange gates, causing an oil spill of up to 135 litres. BT did not cause the incident, but we took on the responsibility for the clean-up. Our contractors used sand and absorbent granules to clear up the oil, removed contaminated soil for reprocessing and replaced it with new soil.

Water use

We do not use large quantities of water. We use water mainly for catering, washing and toilet facilities. The majority of our sites have water meters which enable us to monitor usage.

In the 2009 financial year, we achieved water efficiency improvements for the eighth consecutive year, decreasing water use by 5.4%, from 1.66 million cubic metres to 1.57 million cubic metres. The reduction was achieved despite installation of 554 new water meters in Scotland which enabled the water companies to capture more consumption data.

We reduced water use through various initiatives such as detecting and repairing leaks and installing water management systems to many sites across the UK.

Waste

Waste is a key environmental issue for BT. We try hard to avoid making waste, but when we do, we attempt to reuse or recycle it. As a last resort it is sent to landfill.

We are tenants in much of our property and our building facilities are managed by a contractor. We work in partnership with them to ensure effective waste management.

In this section we describe:

- Waste management
- Materials recycling
- Hazardous Waste

Materials recycling

Most of our general waste is disposed of through material recovery facilities (MRFs) or waste transfer stations (WTS). MRFs are huge mechanised depots where recyclable materials like paper, cans, cardboard, plastic and paper cups are separated from non-recyclable waste and sent for reprocessing. Non recyclable materials are sent to landfill. WTS are less mechanised but still produce good results in terms of the levels of products recovered for recycling.

We began to send our waste to MRFs/WTS in 2002 as part of the waste contracts managed on our behalf by our facilities management contractor.

We also run initiatives to collect recycled materials at our sites. As well as benefiting the environment this also makes good financial sense as it reduces landfill costs and, in many cases, we are paid for the materials collected.

During the 2009 financial year we introduced

- Skips for wood at 42 key Telephone Engineering Centre sites across the UK. This initiative was identified as efficient and cost effective by the Kaizen Green Compliance Team who won second place in the BT Challenge Cup in 2008.

- A scheme in around 20 sites in conjunction with our catering partner, Eurest, to recover waste coffee grounds. Employees can take the grounds home free of charge to add to their garden compost heaps to speed up and enhance the composting process.

Performance Highlights

This year we recycled 35,926 tonnes of waste, which represents 50.4% of our total waste. This is an improvement of 4.4% on the previous year.

All our major sites have dedicated paper recycling facilities. In the 2009 financial year we recycled 8,797 tonnes of paper and cardboard through these processes.

The amount of scrap metal recovered declined by 25% compared to the 2008 financial year. This was due to a slowdown in the recovery programme for telephone exchanges and the general reduction in service repair work.

The quantity of scrap cable recycled decreased by 17% due to the reduction in recovery programmes and service repair.

During the year we instigated a major programme carried out by external suppliers to recover redundant cable from our underground network. This initiative has produced around 58,698 tonnes of cable that has been recycled. These figures are not included in our Waste Recovery Model, because this is a specific three year project which would impact on targets based on business as usual waste recovery activity.

More details of the products, materials and quantities we recycle can be found in our Waste Recovery Model.

Our model provides:

- Details of waste by product

- Trends over the last five years
- Data on income and expenditure of recycling schemes.

Waste management

We have rigorous processes to effectively manage the production and disposal of waste. Effective waste management systems are a vital part of retaining our ISO 14001 certification.

We have three categories of waste:

- Category 1 – does not present a danger of environmental pollution, such as paper
- Category 2 – not toxic or hazardous in unmodified form, but which has the potential to become so if not treated properly on disposal, such as cable
- Category 3 – inherently toxic or hazardous and requires the most careful handling at all stages of the disposal process, such as diesel oil.

In the 2009 financial year, we produced 71,314 tonnes of waste of which 35,388 tonnes went to landfill, 17.4% less than in the 2008 financial year.

We have assigned an 'owner' who is responsible for coordinating all BT's waste management processes to ensure that high standards are consistently applied across the company. This person chairs a waste forum, made up of the people who are directly responsible for our different waste streams. The forum's role is to:

- Consider any new ideas on waste management
- Set and monitor waste targets
- Review contractors' environmental performance
- Ensure we comply with all waste legislation
- Manage our packaging obligations
- Promote and communicate environmental initiatives and awareness.

We have a requirement for BT construction projects lasting longer than six weeks to join the Considerate Constructor Scheme. Sites registered with the scheme are externally assessed against eight criteria, including environmental performance. All construction projects are required to produce a waste management plan to ensure recycling and minimisation of landfill waste.

Hazardous waste

To comply with regulations we have registered with the Environment Agency around 5,000 sites in England and Wales which produce hazardous waste. Most of these sites are telephone exchanges.

Hazardous waste produced at these sites includes:

- Fluorescent tubes
- Refrigerants
- Batteries
- Clinical waste
- Oil
- Vehicle waste

- Gas cylinders.

We have rigorous processes to ensure hazardous waste is handled appropriately. Disposal is managed by waste management companies, which are externally audited under our Duty of Care obligation.

Emissions to air

Refrigerant gases that accidentally escape from air conditioning equipment are our most significant emissions to air, after carbon dioxide emissions from our energy use and commercial fleet.

Where possible we use fresh air to cool our telecommunications equipment, including the 21CN Network. Where fresh air alone does not provide adequate cooling, we supplement it with refrigeration, which is only used on the warmest days.

All refrigerant gases are believed to contribute to climate change. Some also deplete the ozone layer. We monitor all refrigerant emissions closely and report our emissions in accordance with the requirements of the Greenhouse Gas Protocol.

We set targets to minimise the amount of refrigerant gases we emit and review our performance and approach at regular meetings. We have reduced our CFC and HCFC installed quantities by over 4%.

We are phasing out ozone-depleting refrigerants, known as HCFCs, from our equipment. We are replacing these chemicals with HFC refrigerants, which do not deplete the ozone layer, but are powerful greenhouse gases and contribute to climate change. All our new equipment uses HFC gases.

The Montreal Protocol calls for the complete phase-out of HCFCs by 2030. The current EU legislative phase-out timetable states that HCFC's will not be able to be purchased after 31st December 2009 and virgin (non-recycled) HCFC's not used after 31st December 2014.

In 2010 financial year, we will introduce a programme to speed-up the phase-out of the HCFC, R22. We have trialled a replacement HFC refrigerant and we will begin changing systems to this alternative during the 2010 financial year.

All new refrigeration units are sealed to prevent leaks. We monitor pressure using electrical devices called transducers instead of refrigerant analyser gauges, through which leakage can occur.

We are compliant with the EU Ozone Depleting Substances and Fluorinated Gas (F-Gas) regulations, which aim to reduce emissions of fluorinated greenhouse gases covered by the Kyoto Protocol. We plan to develop a programme to conform to the F-Gas training requirements. BT is represented at the F-Gas stakeholder meetings held by the Department for Environment, Food and Rural Affairs (DEFRA) and the Department for Business, Enterprise and Regulatory Reform (BERR).

Key performance indicators

Indicator	Description	Measure	Target
CO2 equivalent emissions	A measure of BT's climate change	43% intensity reduction	By December 2020, BT group will reduce its CO2e emission intensity by

	impact		80% against 1997 levels
Waste to landfill and recycling	A measure of BT's use of resources	17% reduction in waste to landfill (UK only) from 2008	BT group will reduce the tonnage of waste sent to landfill by 8% from 2009

Note 3: New target in 2008

BT targets

Start Date	End Date	Description	Update	Target Status
April 2008	March 2009	BT will achieve ISO14001 certification in three additional countries	BT were successful in gaining ISO 14001 certification in Germany and The Netherlands.	Failed
April 2008	March 2009	BT will complete a comprehensive review of all relevant environmental data and data sources across non-UK geographies, with reference to its existing ISO 14001 risk group structure, and establish an international support network to lead on provision of data and driving improvements as required	We have made progress during the year supporting our aim to report, as comprehensively as possible, on a BT group-wide basis. To date our Key Performance Indicators (KPI) have focussed on UK performance. We plan to expand our environmental KPIs this year to represent BT Group-wide operations. We will do this by including those countries of operation where a measurable improvement opportunity is identified.	Completed
April 2008	March 2009	BT will reduce the amount of UK waste sent to landfill (a measure of BT's environmental impact) by 6% based on the March 2008 outturn figure. (Note: BT KPI)	BT achieved 17% reduction in waste to landfill.	Completed
April 2008	December 2020	BT Group will reduce its CO2e emission intensity by 80% against 1996/7 levels by December 2020. [Note: BT KPI]	We are developing strategy to put in place plans to calculate CO2e emission intensity.	On Target
April 2009	March 2010	By 31 March 2010, BT Group will reduce the amount of waste sent to landfill (a measure of BT's environmental impact) by 8% based on the March 2009 outturn figure. [Note: BT KPI]		New
April 2007	March 2009	BT will complete the design for BT's Data Centre of the future and start rolling out to the estate.	We have completed the base design and are now moving towards a detailed systems design. We are on target to deliver on time.	Completed
April 2007	December 2016	BT will reduce its UK carbon dioxide emissions (measured in tonnes CO2 equivalent) to 80% below 1996 levels.[Note: BT KPI]	On track to achieve target with current levels 58% below the base year. Note that this year we have recalculated our 1996 baseline figure to take account of the updated DEFRA CO2 conversion	On Target

			factor for 1996.	
April 2008	March 2009	BT will complete the review and data collection of all energy consumption at BT locations globally.	BT has set up a process to collect data on energy consumption globally. The data will be published taking into account BT's Group wide KPI.	Completed
April 2008	March 2009	BT will complete the review and data collection of all fuel tanks installed BT locations globally in order to establish risk management, testing and remediation and targets as appropriate	BT has set up a process to collect data on fuel tanks installed globally. Review of the data illustrated there is some further work to be done and hence no target has been set.	Delayed
April 2008	March 2009	BT will develop a strategy and implementation plan to deliver the global carbon intensity target, of 80% reduction by 2020, from the 1997 baseline	BT experts have developed a draft strategy and implementation plan. This will be scoped in more detail and go through our internal approval processes.	Completed
April 2008	March 2009	BT will complete the review and data collection of all commercial, business needs and personal contract vehicles in use in BT locations globally in order to establish consumption and performance levels and improvement targets as appropriate	A comprehensive exercise has been completed and initiatives are in place to measure and review the data.	Completed
April 2008	March 2009	BT will conduct a trial of electric vehicles in two of its lines of business in association with two manufacturers to assess the financial and operational use of the vehicle type.	BT completed the two trials and are considering options from the outcome.	Completed
April 2008	March 2009	BT will conduct a vehicle data collection exercise to obtain actual fuel consumption and operational variables as a benchmark for future product trials	BT completed the vehicle data collection exercise for use in future product trials	Completed
April 2008	March 2009	BT will trial the use of Bio-diesel in association with a fuel supplier and vehicle manufacturer	BT trialled the use of bio-diesel in association with a fuel supplier and vehicle manufacturer.	Completed
April 2009	March 2010	By March 2010, BT will roll out driver training and tools (e.g. tyre pressure gauges) similarly to at least two other business units following Openreach pilot.		New
April 2007	December 2012	20% of BT's employees will be actively engaged in reducing carbon footprint at work and at home.	We are well on track to achieve this target with a significant number of BT people now actively engaged.	On Target

April 2005	March 2010	BT will, as a direct result the installation of its new 21st Century multi- service network, deliver a 30% line for line energy reduction.	We continue to review the data in order to meet this target. We currently have a reduction of approximately 26%.	On Target
April 2008	March 2009	BT will progress the wind project – by measuring the wind speed at chosen sites, initiating and completing an environmental impact assessment and submitting a planning application for installation of turbines	We have achieved this target and a number of environmental impact assessments have been carried out. We have also submitted a number of planning applications for installation of turbines.	Completed
April 2008	March 2009	BTUK will create and align data records for all fuel tank inspection reports undertaken by Monterey, into our Power Inventory and Routines Manager (PIRM) central database by 31st March 2009	BT PIRM database now contains key inspection records for BT Heating tanks. These records will be updated monthly.	Completed
April 2008	March 2009	BT will achieve a 20% reduction in the incidences of ill health meriting referral to occupational health which may be possibly attributable to work activity within the UK expressed as cases per 10,000 people in post	BT achieved a 41.6% reduction in the number of cases meriting referral to occupational health which may have been caused or made worse by work.	Completed
April 2008	March 2010	BT will develop a group wide methodology for measuring the carbon footprint of its products and pilot the methodology on a product	This is has been achieved for a Group wide methodlogy in conjunction with the product teams.	Completed
April 2008	March 2010	BT will develop a group wide methodology for measuring the carbon footprint of its services and pilot the methodology on a service	This target has been achieved for a Group wide methodlogy in conjunction with the service teams.	Completed
April 2009	March 2010	By March 2010, BT will drive improvements in the sustainability of our strategic product launches in 2009/10 and publish case study examples in our 2010 sustainability report.		New
April 2008	March 2009	BT will install fuel stock monitoring technology on 500 oil fuel tanks (UK, excluding Fleet).	BT achieved installation of fuel stock monitoring technology at 768 sites.	Completed
April 2009	March 2010	By March 2010 BTUK will have installed remote fuel stock monitoring (environmental alarm system) to 2000 sites across the UK.		New

April 2008	March 2009	BT and its UK catering supply partner will review and implement new process for managing catering generated waste though identification of increased opportunities for recycling schemes.	BT and its UK catering supply partner have introduced a number of initiatives to improve catering waste management	Completed
April 2008	March 2009	BT will achieve greater than 50% of waste recycled against the total waste generated (a measure of efficiency of our recycling processes) from normal UK operations compared to 2008 performance	The target was achieved as our actual performance was 50.38%.	Completed
April 2008	March 2009	BT will complete the review and data collection of all waste and recycling information and processes in BT locations globally in order to establish performance levels and reduction targets	This is in conjunction with target on collecting global data. This target takes into account our plan to expand our environmental KPIs this year to represent BT group-wide operations. We will do this by including those countries of operation where a measurable improvement opportunity is identified.	Completed
April 2009	March 2010	By March 2010, BT will develop and implement a new waste strategy for all TEC's through site user engagement, re-use processes and provision of new recycling facilities to achieve further reduction in waste to landfill from these sites compared to the 2008/09 outturn.		New
April 2008	March 2009	BT will complete the review and data collection of all refrigeration gas installed and lost in BT's non-operational estate globally in order to establish performance levels and improvement targets as appropriate	BT has set up a process to collect data on refrigeration gases installed globally. Review of the data illustrated there is some further work to be done and hence no target has been set.	Delayed
April 2008	March 2009	BT will complete the review and data collection of all refrigeration gas installed and lost in BT's operational estate globally in order to establish performance levels and improvement targets as appropriate	BT has set up a process to collect data on refrigeration gases installed Review of the data illustrated there is some further work to be done and hence no target has been set.	Delayed
April 2008	March 2009	BT will control the amount of HCFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BTUK & Ireland non-operational estate	BT achieved this target with losses of 1.94%	Completed

April 2008	March 2009	BT will control the amount of HCFC/CFC refrigerant lost to the atmosphere to no more than 3.5% of the total held in the BTUK & Ireland operational estate.	BT achieved this target with losses of 1.97%	Completed
April 2008	March 2009	BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BTUK & Ireland non-operational estate	BT achieved this target with losses at 2.97%	Completed
April 2008	March 2009	BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BTUK & Ireland operational estate.	BT achieved this target with losses at 2.17%	Completed
April 2008	March 2009	BT will reduce the amount of HCFC's installed in the BTUK & Ireland operational estate by 7.5%	BT did not achieved this target due to lack of resources, however, BT did achieve 3.7%	Failed
April 2008	March 2009	BTGB will undertake a feasibility study and produce a plan, with recommendations for the reduction and ultimate replacement of the R22 installed capacity, ahead of legislation	Target not met. A reduction of 3.67% has been achieved.	Failed
April 2009	March 2010	By March 2010, BT will control the amount of HCFC refrigerant lost to the atmosphere to no more than 5% of the total held in the BT GB non-operational estate.		New
April 2009	March 2010	By March 2010, BT will control the amount of HCFC/CFC refrigerant lost to the atmosphere to no more than 3.5% (or best industry practice - which ever is the lower) of the total held in the BTUK & Ireland operational estate. (Please note: this target refers to Ozone Depleting potential and Global Warming potential)		New
April 2009	March 2010	By March 2010, BT will control the amount of HFC refrigerant lost to the atmosphere to no more than 3.5% of the total held in the BTUK & Ireland operational estate. (Please note: this target refers to Global Warming potential)		New
April 2009	March 2010	By March 2010, BT will control the amount of HFC refrigerant lost to the atmosphere to no more than		New

		5% of the total held in the BT GB non-operational estate.		

Quantitative data

	United Kingdom					Worldwide
Emission Source	**1997 (Base) (kg)**	**2006 (kg)**	**2007 (kg)**	**2008 (kg)**	**2009 (kg)**	**2009 (kg)**
Stationary Combustion						
Oil Combustion - Electricity Generation	12,078,458	6,849,137	3,504,142	1,661,878	1,899,084	2,284,220
Gas Combustion	107,947,064	91,589,349	69,395,018	73,939,505	72,096,165	74,400,811
Oil Combustion - Heating	67,044,102	10,424,987	10,135,681	10,554,701	10,217,844	100,612,920
Refrigeration Gases (HFCs and SF6 only)	500,000	1,433,998	3,240,410	2,731,582	3,727,732	5,385,904
Commercial Fleet Diesel	167,232,000	129,340,509	125,686,194	124,124,316	111,333,964	112,010,320
Commercial Fleet Petrol	18,480,000	5,933,994	5,162,533	660,928	49,130	49,130
Company Car Diesel	24,021,000	15,392,853	15,937,594	23,061,909	19,040,552	31,268,001
Company Car Petrol	16,296,000	12,072,696	9,273,486	6,009,163	3,439,268	3,996,582
Total Scope 1 Emissions	**413,598,624**	**263,037,524**	**242,335,058**	**242,743,891**	**221,803,639**	**330,007,888**
Purchased Electricity						
Purchased Electricity	1,148,464,528	383,386,616	395,931,331	396,150,264	410,563,826	517,363,984
Total Scope 2 Emissions	**1,148,464,528**	**383,386,616**	**395,931,331**	**396,150,264**	**410,563,826**	**517,363,984**
Combined Scope 1 & 2 Emissions	**1,562,063,152**	**646,424,139**	**638,266,389**	**638,894,155**	**632,367,465**	**847,371,872**
Homeworker Emissions (Note 1)	N/A	9,063,247	6,887,403	5,804,530	5,533,741	5,533,741
Cars on BT Business (Diesel)	964,094	1,805,450	1,842,309	2,502,607	1,780,624	1,828,124
Cars/Motorcycles on BT Business (petrol)	4,982,118	1,420,477	1,033,503	805,521	512,007	1,153,711
Refrigeration Gases (CFCs and HCFCs only)	13,074,389	4,375,817	6,388,124	4,517,461	3,779,814	6,526,607
Rail travel	11,454,803	14,594,061	13,826,495	15,161,055	5,402,590	5,778,680
Air Travel (short haul)	7,961,956	7,553,833	7,328,436	6,975,922	4,937,382	10,681,694
Air Travel (long haul)	8,098,223	7,864,527	8,802,487	11,296,724	8,626,737	16,408,451
Hire Cars (Diesel) (Note 2)	904,141	2,085,571	2,896,157	4,655,901	0	9,801,357
Hire Cars (Petrol)	10,589,626	5,409,009	9,340,850	9,690,058	9,729,220	791,770
Total Scope 3 Emissions	**57,729,350**	**54,171,992**	**58,145,764**	**61,409,678**	**40,302,104**	**58,504,135**
Total CO_2e emissions (kgs)	**1,619,792,502**	**700,596,131**	**696,412,153**	**700,303,833**	**672,669,569**	**905,876,007**
% Reduction from base		**57%**	**57%**	**57%**	**58%**	**44%**

Sources: Invoices, BT Energy Management system, BT vehicle database, BT refrigerants database, BT expenses unit, BT travel management, Defra, BERR

Note 1. No homeworkers in base year, homeworker impacts not calculated outside the UK
Note 2. Separate figures for diesel and petrol are not available for 2009

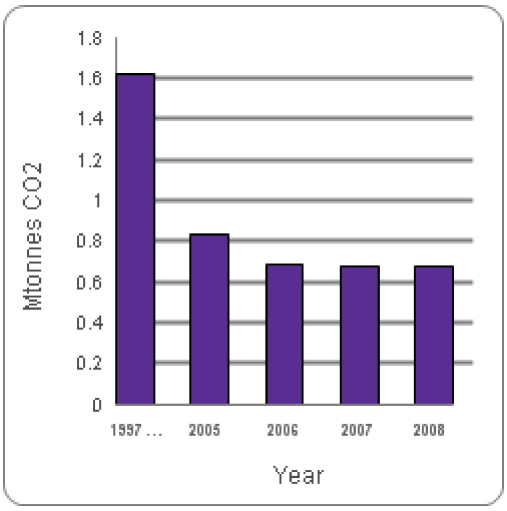
BT worldwide CO2e emissions

	UK Only					worldwide
Tonnes	**2005**	**2006**	**2007**	**2008**	**2009**	**2009**
Total waste recycled	37,421	42,340	40,007	36,937	35,926	36,605
General Waste	73,201	59,665	54,921	42,822	35,388	36,705
Total weight for all categories	110,600	101,991	94,928	79,759	71,314	73,130
waste recycled (% of total waste)	34%	42%	42%	46%	50%	50%

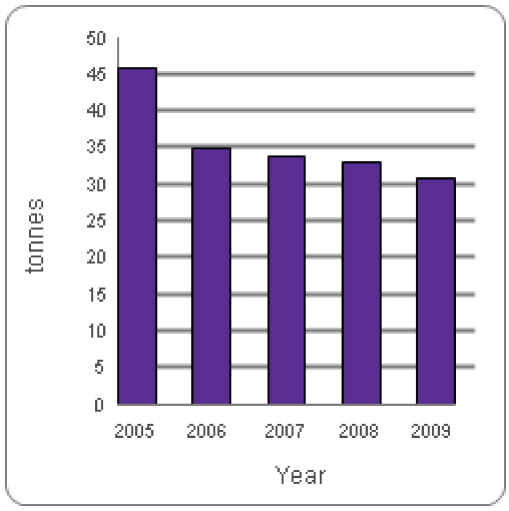
UK only figures - £ millions	**2005**	**2006**	**2007**	**2008**	**2009**
Income from recycling	2.9	3.23	4.48	6.7	7.42
Landfill tax savings	0.54	0.76	0.84	0.89	1.15
Waste costs	(7.40)	(7.97)	(5.15)	(7.27)	(7.90)
Total savings/ (costs)	**(3.96)**	**(3.98)**	**0.17**	**0.32**	**0.67**

	UK Only				
Waste Type (tonnes)	**2005**	**2006**	**2007**	**2008**	**2009**
Cable	4,626	4,969	4,066	8,550	7,092
Telephone exchange equipment	4,902	7,181	6,058	3,275	2,822
Office & Packaging waste	7,105	8,398	7,544	9,411	8,830
Batteries	3,601	2,465	2,056	1,402	2,248
Transport related waste	808	1,097	1,040	1,114	1,069
Misc Electrical Equipment	3,377	3,651	4,309	1,843	1,609
General Scrap Metal	4,416	5,244	5,965	1,405	1,055
Telephone directories	920	655	220	168	120
Telegraph Poles	6,122	5,689	5,554	4,984	8,282
Computing Equipment	1,470	1,292	1,433	461	594
Catering Oil	25	24	24	13	12
Catering Equipment	15	22	0	0	3
Fluorescent Tubes	11	47	32	43	36
Furniture	0	0	0	276	13
Waste Oil	0	1,592	1,690	2,662	709
Wood	0	0	0	0	301
Other (e.g. Mixed, rubble)	21	14	16	1,330	1,131
Total	37,421	42,340	40,007	36,937	35,926

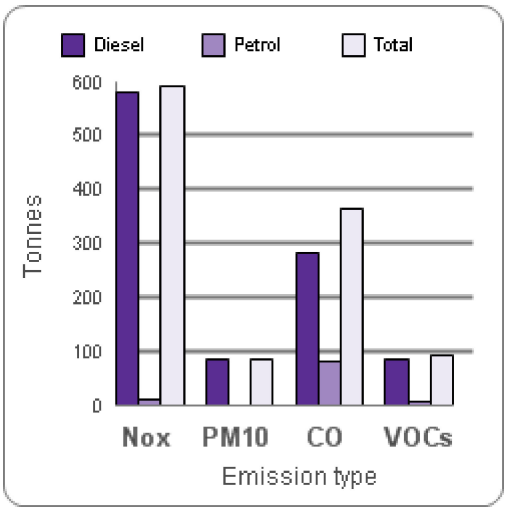
2009 Waste recovery model



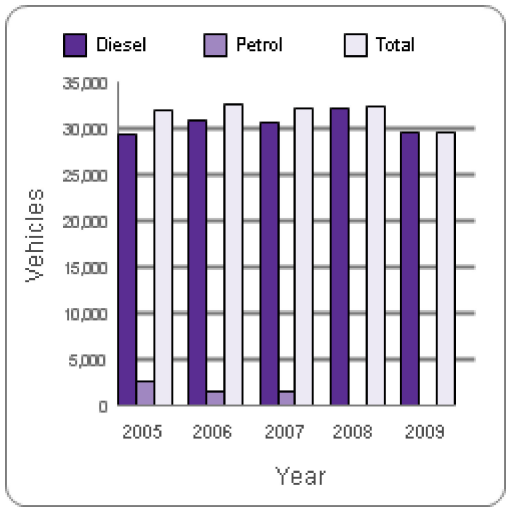
CO2 equivalent emissions



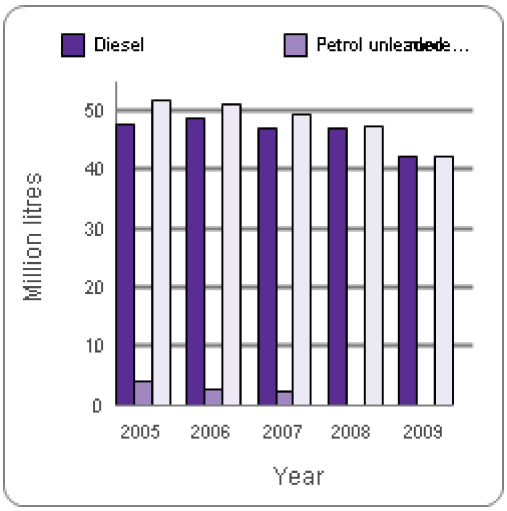
CO2 emissions per £m Turnover



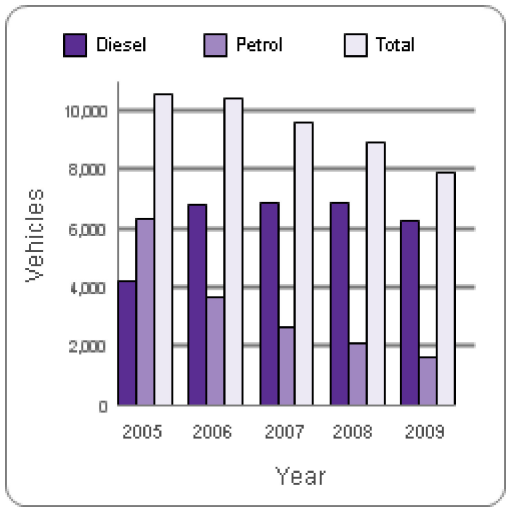
Emissions from vehicles travelling on BT Business



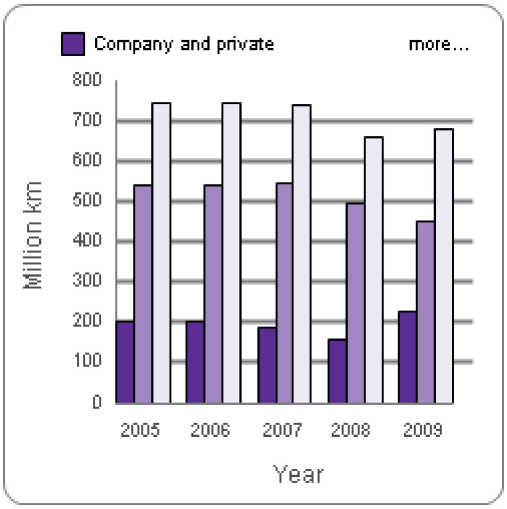
Number of Vehicles in BT's Commercial Fleet



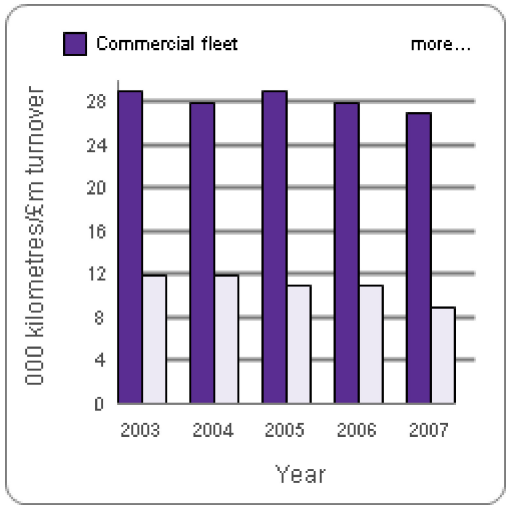
Fuel used by BT's Commercial Fleet



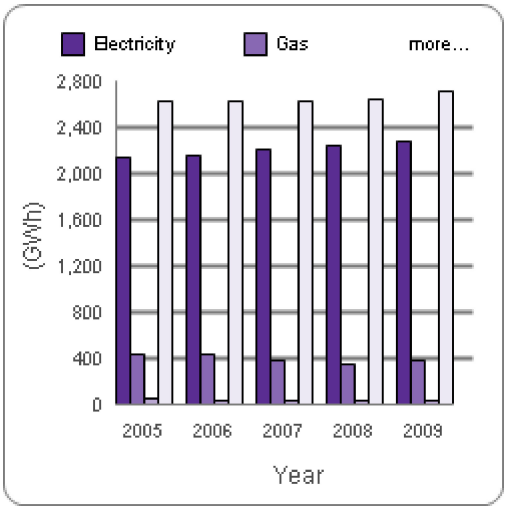
Number of Vehicles in the Company Car Fleet



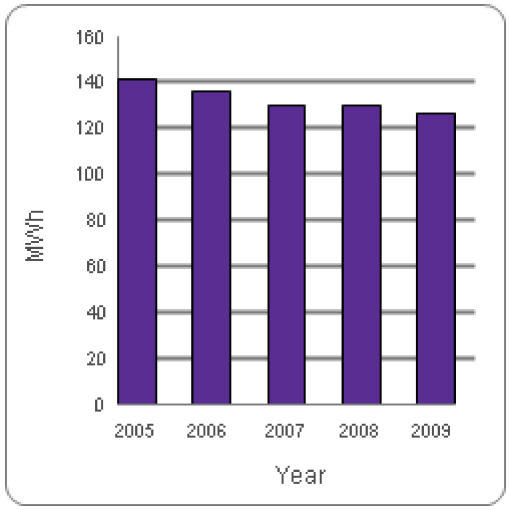
Distance travelled by vehicles on BT Business



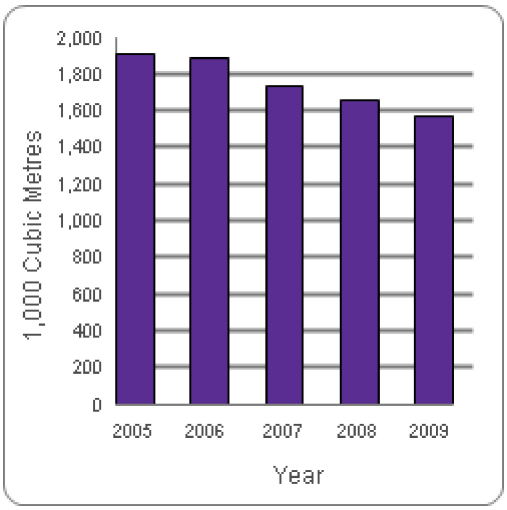
Distance travelled per £m Turnover



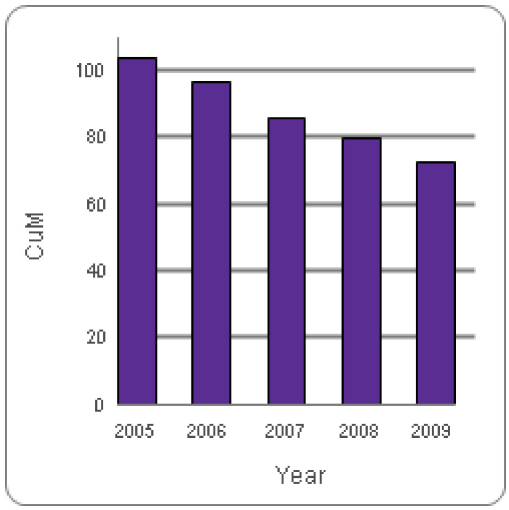
Energy consumption



Energy consumed per £m Turnover

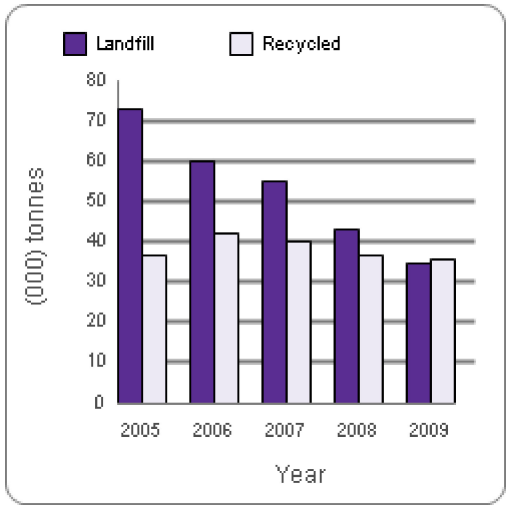


Water use

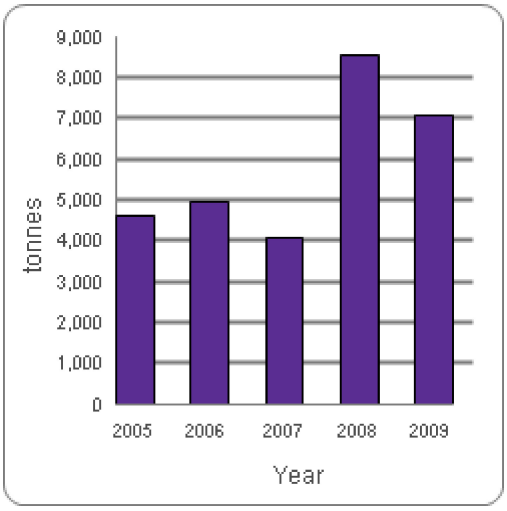


Water consumed per £m Turnover

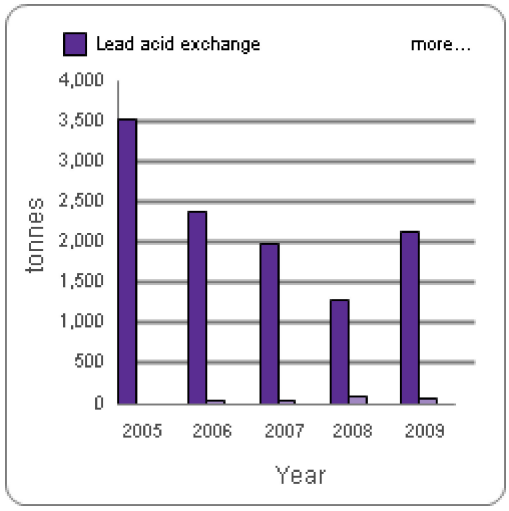
Scrap metal recovered



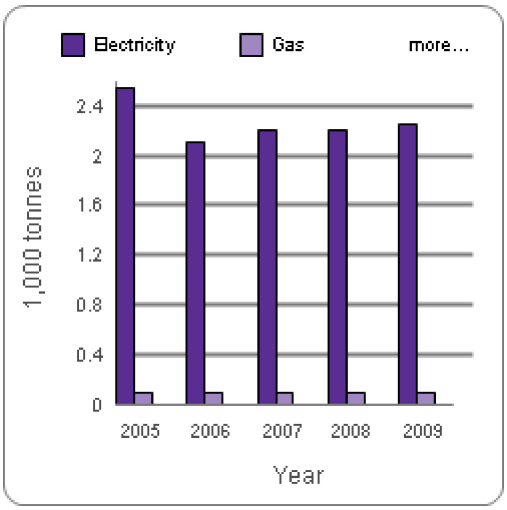
Waste arising and management



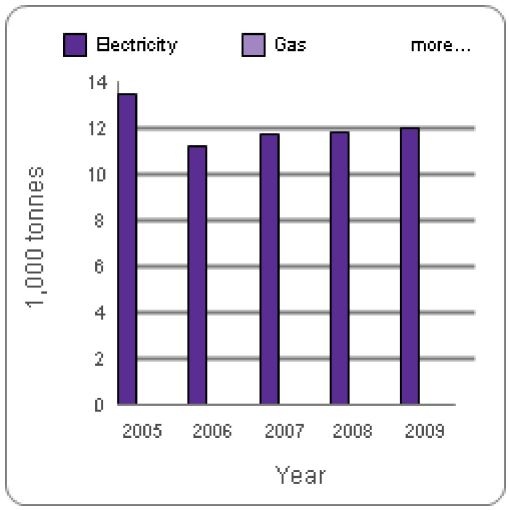
Quantities of scrap cable recycled



Quantities of batteries recycled

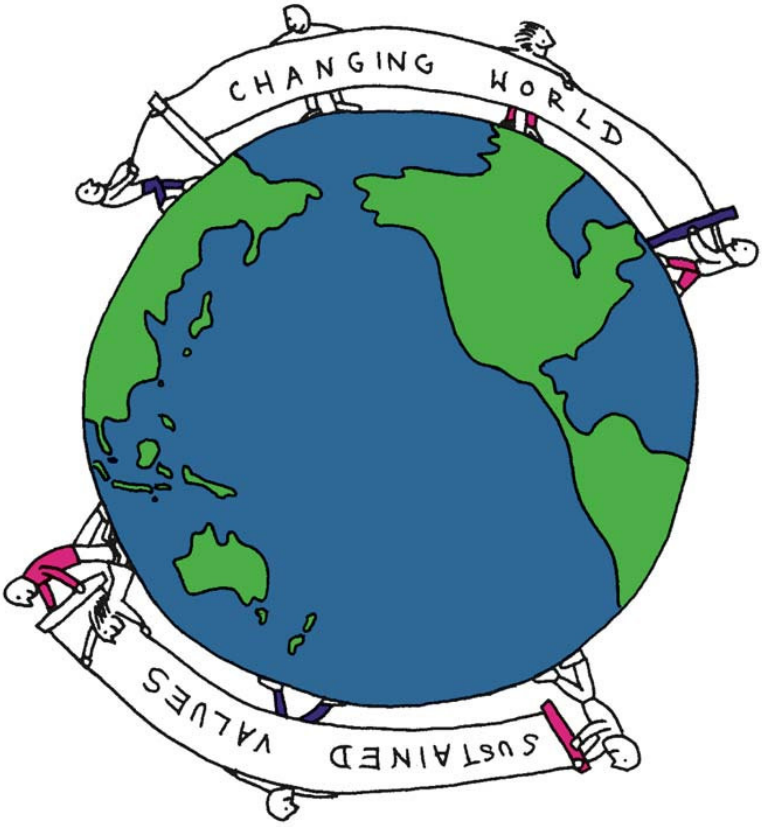


Emissions of NOx



Emissions of SO2

Thanks for reading what we have to say – now we want to listen to you. Email us at **yourviews@bt.com** and tell us what you think of this report and sustainability at BT.



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