

Delivering our purpose
update on our progress in 2015/16



Broadening and deepening our customer relationships



Introduction from our Chairman and Chief Executive

Our purpose is to use the power of communications to make a better world. Our strategy is to do this by broadening and deepening our customer relationships.



Sir Michael Rake
Chairman

We believe that BT makes a positive impact on the world. And that this helps us realise our business goal – to deliver sustainable profitable revenue growth.

Our brands touch millions of customers from the smallest companies right through to multinationals and the public sector. We provide UK consumers with fixed voice, broadband, TV, BT Sport and mobile services. And we're also Europe's largest telecoms services wholesaler by revenue.

Our products and services – and the people who deliver them – make a huge contribution to society, the environment and the economy. We are a signatory to the UN Global Compact principles, have committed to implement the UN Guiding Principles on Business and Human Rights and also welcome the introduction of the UN-agreed Sustainable Development Goals.

This year we have worked with the UK Government on its Digital Inclusion Outcomes Framework, helped more than 2.6m people to overcome social disadvantage through our services, and built a new measurement tool to help us design products that promote inclusion.

We have made a commitment to help build a culture of tech literacy; where we are all able to use everyday technology, are confident with how it works, and



Gavin Patterson
Chief Executive

embrace its impact in shaping society. Our ambition is to improve the tech literacy of 5 million children by 2020. In our first year, we have already reached 340,000 children.

Working with Unicef UK, we have now reached 8,000 teachers, parents and children through The Right Click programme, teaching them how to keep safe online.

At the Paris climate change conference, we organised and took part in working sessions to show how communications investment can help cut carbon emissions and boost national economies.

This year the end-to-end carbon footprint of our business continued to be more than offset by the carbon savings our products and services bring to our customers by a ratio of 1.6:1. It means we are a 'net positive' company, and want to push this to a ratio of 3:1 by 2020.

Wherever we can, we are moving to 100% renewable energy. And we're using BT Sport – and our 100% Sport campaign – to inspire sports fans to switch to renewable energy too.

Our regular telethon and other fundraising activities continue to support numerous good causes. We helped raise £18m to support the response to the Nepalese

earthquake. The Supporters Club funded nine sports charities and community sports foundations this year (four in the UK), through the donations of BT Sport customers.

With EE now part of the BT family, we are excited about the future. Our combined strength will create unprecedented new opportunities to use the power of communications to make a better world.

Sir Michael Rake
Chairman

Gavin Patterson
Chief Executive

19 May 2016

In this report

This report shows how we are delivering against our 2020 ambitions, and how we've been bringing our purpose to life during 2015/16.

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Delivering our purpose

We have big ambitions to make a better world. By investing in our people, networks and products we're becoming a more purposeful business.

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Delivering our purpose Overview

We're using the power of communications to make a better world. That's our purpose.

To deliver it, we focus on caring about our customers' experience, bringing the benefits of a connected society to everyone, supporting our communities and protecting the environment. Our technology and people help us do this.

We're making good progress towards our key ambitions for 2020 (see graphic).

We're committed to doing business ethically and responsibly – in a way that respects our customers, employees, suppliers and other stakeholders. This is essential to maintain their trust and strengthen our reputation.

All of this supports our goal to deliver sustainable profitable revenue growth. And it helps us attract investors who include environmental, social and governance criteria when they decide which companies to invest in.

Delivering our purpose is good for people, it's good for the environment and it's good for our business. That's what we call shared value.

See the [Appendix](#) for more detail on our progress against these ambitions and our foundation goals.

Our 2020 ambitions

Help 5 million children receive better teaching in computing and tech skills

5m

Use our skills and technology to help generate more than £1bn for good causes

£1bn

Inspire 66% (two-thirds) of BT people to volunteer their time and skills

66%

Help 10m people overcome social disadvantage through the benefits our products and services can bring

10m

More than 9/10 people in the UK will have access to fibre-based products and services

9/10

Help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business

3:1

Progress to date

Helped in 2014/15 school year

344k

Generated since 2012/13

£327m

Volunteered in 2015/16

27%

Helped since 2014/15

2.6m

Premises reached by March 2016

8.5/10

Achieved in 2015/16

1.6:1

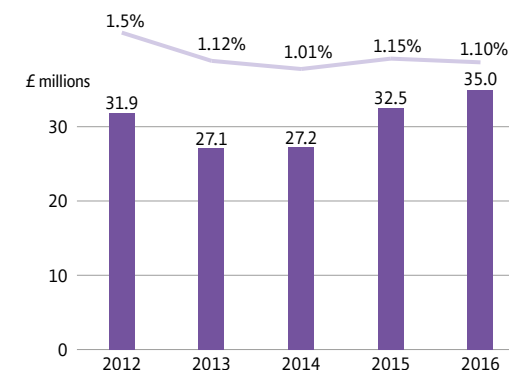
Investing in society

BT's purpose is embedded at the heart of our business, and has helped us to deliver economic growth and wider societal and environmental benefits. During the year we invested £35m to accelerate a number of environmental and societal priorities that help to bring our purpose to life.

This investment is made as a mixture of cash, time volunteered, and in-kind contributions. This is equivalent to 1.1% of our previous year's adjusted profit before tax. We estimate that 84% of this spend corresponds with the externally-recognised criteria of the London Benchmarking Group. Over the last five years we've invested more than £153m, an average of 1.18% of our adjusted profit before tax over that period.

Total investment in society

Year ended 31 March



● Percentage of previous year's adjusted profit before taxation
● Investment – time, cash and in-kind support

Source: BT Finance, LBG model

Our business

We're one of the world's leading communications services companies. We're based in the UK but have customers across 180 countries.

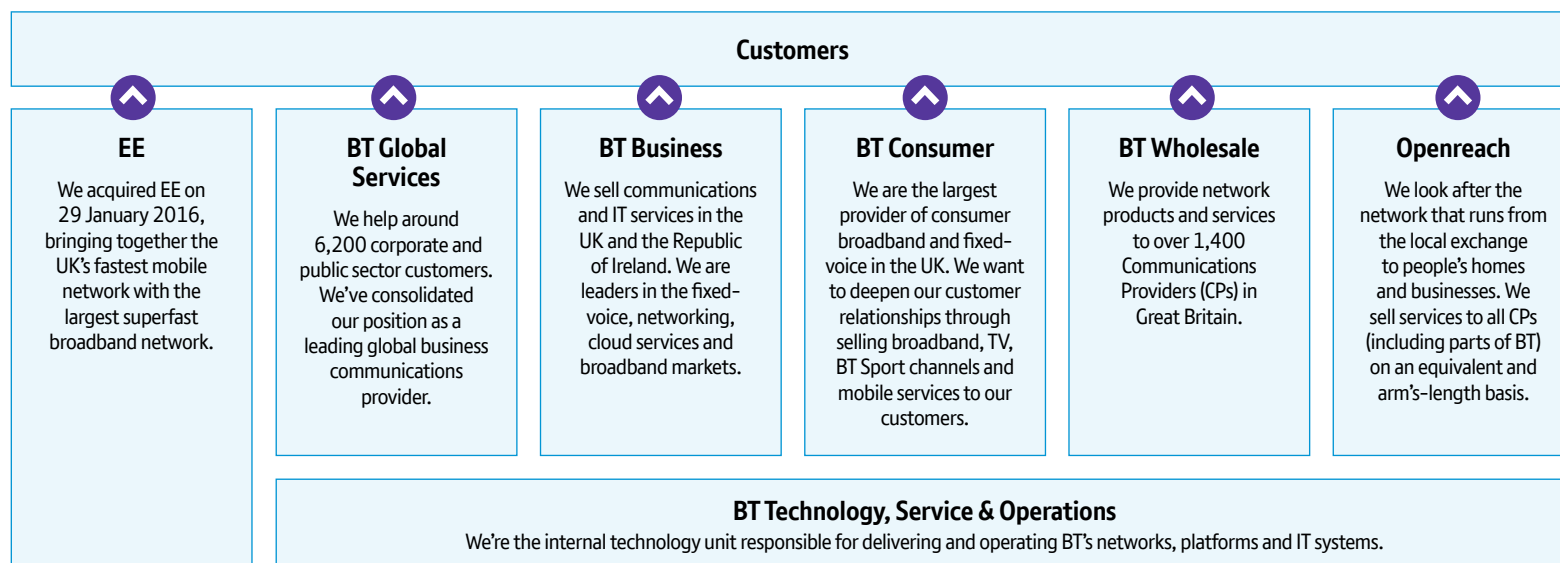
We sell fixed-voice, broadband, mobile and TV products and services to consumers in the UK. For businesses we offer a variety of communications services. Many public services rely on our technologies. In the UK we help more than 500 other communications providers to serve their customers.

Our networks, technology and people are helping us broaden and deepen our customer relationships. This is helping us to achieve our goal of sustainable, profitable revenue growth.

For most of the year we were organised around five customer-facing lines of business (BT Global Services, BT Business, BT Consumer, BT Wholesale, and Openreach), which were supported by our internal service unit, BT Technology, Service & Operations (BT TSO).

Our acquisition of EE in January added a sixth line of business, and is bringing together the UK's fastest mobile network with the largest superfast broadband network. This puts us in a great position to meet the growing demand for converged digital services from UK consumers, businesses, and the public sector.

Our business



BT in 2015/16

Including EE

Revenue¹ £18,909m

Employees 102,500

Employees in the UK 79%

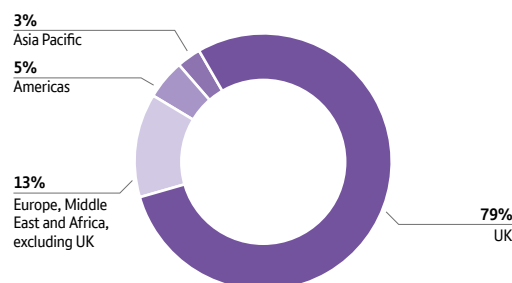
Excluding EE

Employees 89,700

Employees in the UK 77%

¹ Before specific items. Includes EE from 29 January 2016

Revenue² by geographic regions



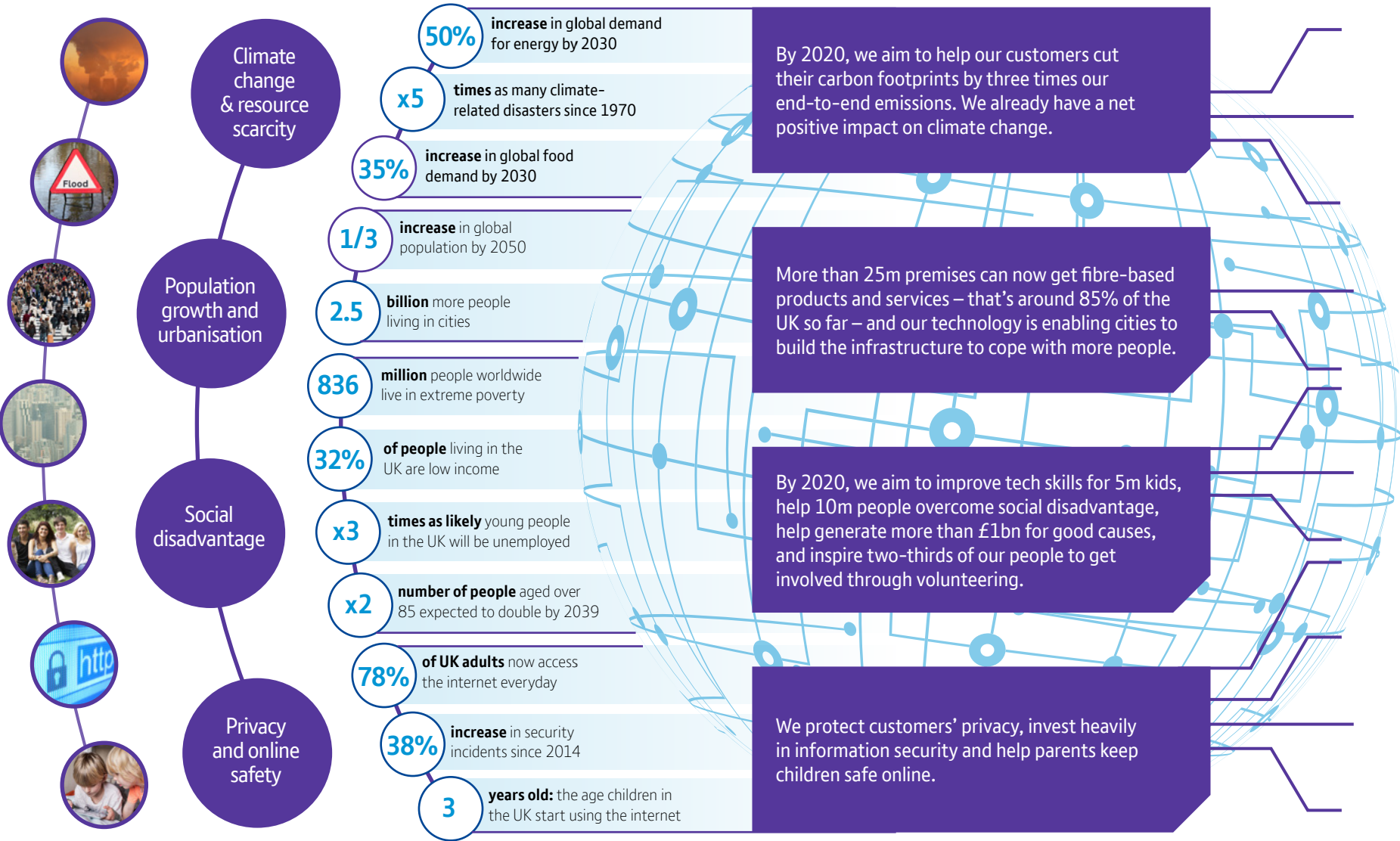
² Before specific items

EE in this report

We completed the EE acquisition on 29 January 2016, ten months into our financial year. We'll integrate the new business into our non-financial reporting for 2016/17. The information and data in this report doesn't include EE, unless we say otherwise.

Responding to global challenges

Using the power of communications to make a better world.



Contributing to the UN Global Goals

Our ambitions are responding to global challenges and contributing to the new UN Sustainable Development Goals – or Global Goals.

The United Nations (UN) has set clear objectives for 2030 to galvanise worldwide efforts to end poverty, promote prosperity and wellbeing, and protect the environment.

Business will play an important part in achieving these Global Goals. And we see great opportunities for BT to contribute. We took part in the Project Everyone campaign to raise awareness of the Global Goals and we're exploring how we can contribute most effectively ourselves.

Achieving the Global Goals is essential for the good of society, the environment and sustainable economic growth. If the world can't address global challenges effectively, national economies could slow down. This could have a knock-on effect on our business.

We've explored the potential impacts on our business, if the Global Goals are not achieved by 2030 in the markets where we operate. We've also looked at where the ICT industry can make the most difference, using guidance from the World Summit on the Information Society, and we've mapped our own ambitions against the Global Goals to see where we're already aligned (see graphic). We're using this analysis to see where we could do more to support the Global Goals.



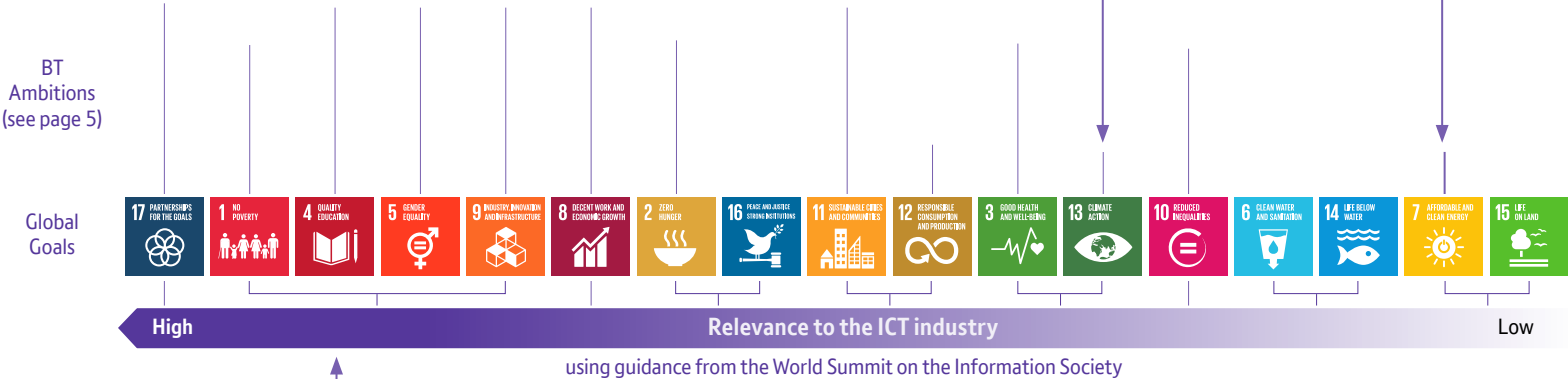
Taking action on climate change

We're cutting our energy use and carbon emissions and helping our customers do the same. Our broadband lets people do more things online so they don't have to travel so much. And many of our products help businesses lower their energy use by working and collaborating remotely and storing information in the cloud. Our new BT Carbon calculator for business helps customers estimate the carbon, costs and time we could help them save.



Switching to clean energy

We're 100% behind the RE100 commitment to renewable power. We aim to use electricity from renewable sources wherever we can and this year 95% of the electricity we purchased worldwide was renewable (100% in the UK). We've also launched our 100% Sport campaign that uses the power of sport and sports stars to inspire more people to switch to clean energy.



Helping children get a good education

Our products and services are giving more people the chance to access education and improve their literacy. We aim to help 5m children receive better teaching in computing and tech skills by 2020. We're also connecting people in remote regions around the world. For example, in Kenya we've reached nearly 34,000 children as part of the Open Space Literacy campaign to give children opportunities to access education and improve their literacy.



THE GLOBAL GOALS
For Sustainable Development

To find out more about the Global Goals for Sustainable Development see [page 55](#).

Our priorities

The views of customers, investors and other stakeholders help us identify opportunities and risks, and determine our priorities. What matters to them, matters to us.

Listening to stakeholders

Listening and responding to the people who affect – or are affected by – our business helps us build trust and develop stronger relationships. Our stakeholders include customers, employees, government bodies, investors, non-governmental organisations (NGOs) and suppliers.

Every day, we interact with many of these stakeholders through our contact centres, engineer visits, social media and meetings. These conversations provide valuable feedback that feed into our assessment of our most material issues, together with more formal engagement and analysis.

We also engage with stakeholders through groups such as the World Economic Forum and World Business Council for Sustainable Development (WBCSD) to better understand their expectations and how to respond. For example, our CEO Gavin Patterson is a member of WBCSD's executive board and we are participating in its [Sustainable Lifestyles programme](#) (see page 42).

Deciding what matters

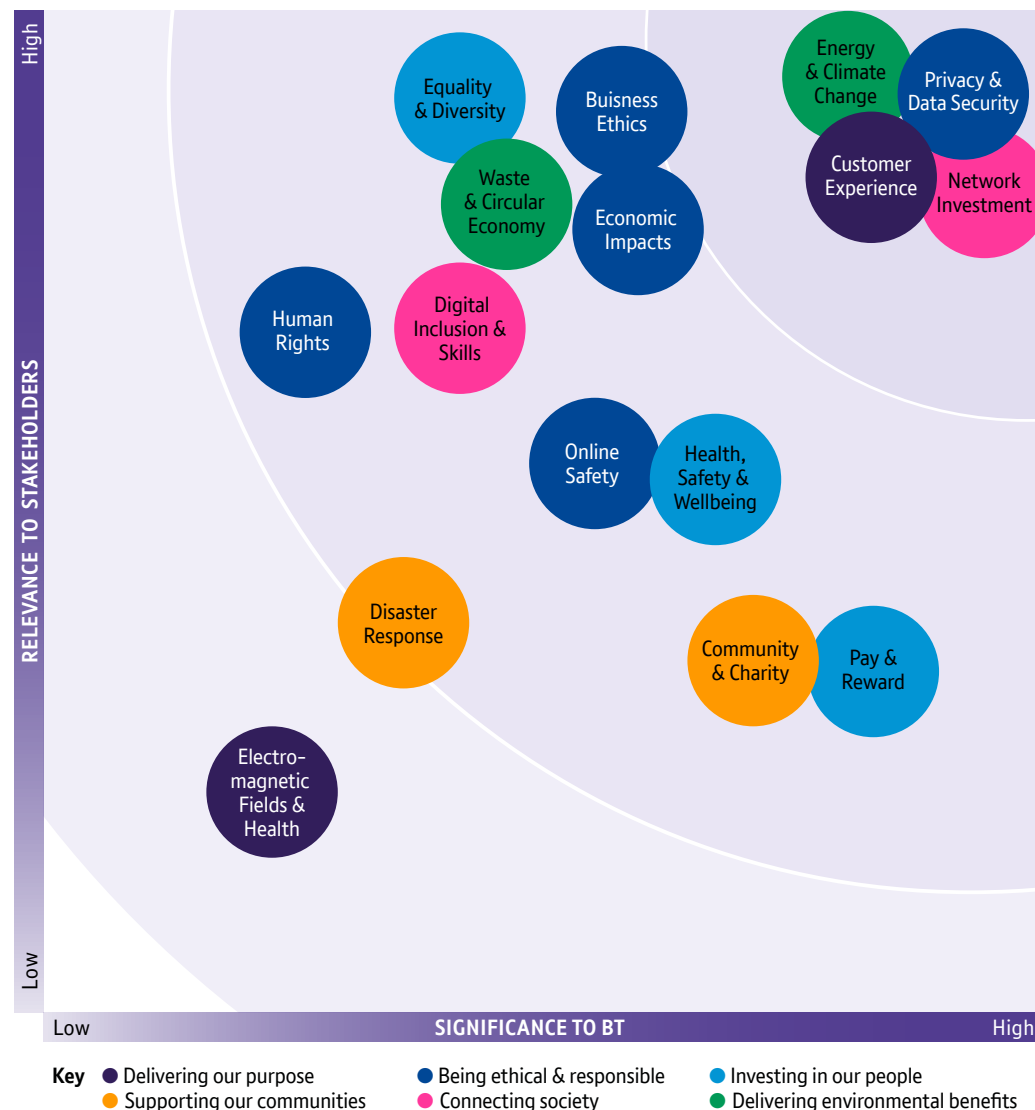
To understand which issues are most important to our stakeholders and our business, we gather information from around 100 sources. These include input from all stakeholder groups, multi-stakeholder organisations, the media and social media.

We also listen to our own experts for perspectives on key risks (see page 10) and opportunities for the business. Our approach is verified against the AA1000 Assurance Standard 2008 (see appendix, page 54).

This year, we considered materiality in the context of the new UN Global Goals (see page 8). We also increased our focus on the sports industry, as BT Sport grows in popularity, and on mobile telecoms following the EE acquisition. But our most material issues remain largely unchanged. They include privacy and data security, network investment and innovation, customer experience, energy and climate change. This report focuses on our most material issues.

Stakeholder materiality analysis

Year ended 31 March 2016






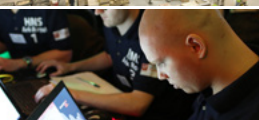

Responding to trends

Some issues have become more important because stakeholders are showing greater interest, or changes to our business make them more relevant to BT:

- **Privacy and freedom of expression:** these remain hot topics stoked by the debate around the UK Government's Investigatory Powers Bill;
- **Universal service:** the Government's ambition for broadband coverage is extending, to offering a higher minimum speed to all UK premises in addition to superfast connections to the vast majority;
- **Data security:** the risk of cyber attacks continues to increase;
- **Data privacy:** there is greater customer awareness of rights around personal data, combined with increasing regulatory enforcement;
- **Ethical supply chain practices:** investors and NGOs are increasing their focus on human rights and transparency in the supply chain;
- **Electronic waste:** the importance of taking back old mobile phones for reuse and recycling increases with our acquisition of EE;
- **Broadcasting:** interest is growing in ethical and human rights issues associated with sporting events and sponsorship; and
- **Impacts on consumers:** reflecting increasing concerns to address issues such as internet safety and broadband speeds.

Key risks

Trend indicates our perception of the direction of pre-mitigation risk.

	Security and resilience ⬇️	Growing threat of cyber attacks and extreme weather impacts on equipment. See see pages 18 (cyber attacks) and 48 (extreme weather)
	Business integrity and ethics ➡️	Increased focus on corruption and bribery. See page 15
	Supply chain ➡️	Increasing focus on human rights and the UK Modern Slavery Act 2015. See page 17
	Processing customer data ➡️	Regulators are more aggressively protecting citizens' privacy and data protection rights. See page 17
	Health and safety ⬇️	New services require more construction and electrical engineering work, and stronger regulations on safety. See page 25

Trend in 2015/16: ⬇️ Increasing/worsening ➡️ At a similar level ⬆️ Lessening/improving

Health concerns about electromagnetic fields

Mobile phones and wi-fi routers use electromagnetic fields (EMF) to transmit information wirelessly. Some people may be worried about potential health impacts.

The World Health Organisation has issued guidance based on extensive research. It states that equipment operated within the exposure limits set by the International Commission on

Non-ionizing Radiation (ICNIRP) won't harm people. All our products and network equipment operate well within these limits.

We'll continue to monitor new research on the effects of EMF and ensure we comply with health guidelines to prevent risks to our customers and the public.

Managing risk

Identifying risks to our business is an important part of our materiality analysis. Five of the key business risks reported in our [Annual Report](#) are directly relevant to our activities as a purposeful business (see table). Find out how we manage these in the relevant sections of this report and our [Annual Report](#).

We consider climate change to be an important trigger for risks, including extreme weather that could disrupt our business. We're a signatory to the [Climate Disclosure Standards Board](#) statement of fiduciary duty, which promotes better disclosure on climate change as part of a company's duty to its shareholders, and this year we've indexed our response to that framework ([see page 80](#)). See [pages 41-48](#) for more on our efforts to tackle and adapt to climate change.

Putting customers first

Our materiality analysis shows the importance of caring about our customers' experience. A key element of delivering our purpose is our business strategy to broaden and deepen customer relationships. We've invested heavily to put customers first across the business. We're doing this by investing in our network, recruiting more engineers and improving customer communications.

Our UK consumer customers told us they prefer to speak to BT staff based in the UK. In response, we've recruited more than 900 staff to our UK contact centres and our aim is for 90% of UK customer calls to be dealt with by UK staff by March 2017.

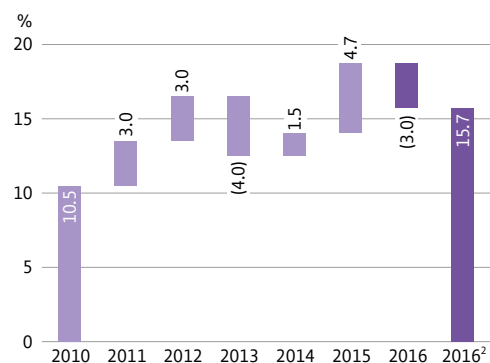
We focus on our customers' experience with BT as a whole, not just customer service. This means looking at other areas such as keeping customers connected and working better across the organisation.

We emphasise a service culture across the organisation, including in areas that are not directly involved in customer service. Every part of the business has established plans to help us put customers first. Openreach met all 60 of Ofcom's minimum service levels for copper products for the second year in a row.

This approach is helping us improve the way we support our customers. Unfortunately, despite starting the year strongly, our service this year was impacted by the combination of electrical storms, flooding, system and network outages, as well as 11 winter storms in a five-month period. While we recovered well in the fourth quarter and finished on a positive service improvement trajectory, our Right First Time score fell by 3.0% this year (see graph below). We need to redouble our efforts into next year, as we know that we need to do much better.

Customer service improvement¹

At 31 March



¹ Excludes impact of EE.

² Cumulative improvement since 1 April 2009.

What matters to our stakeholders

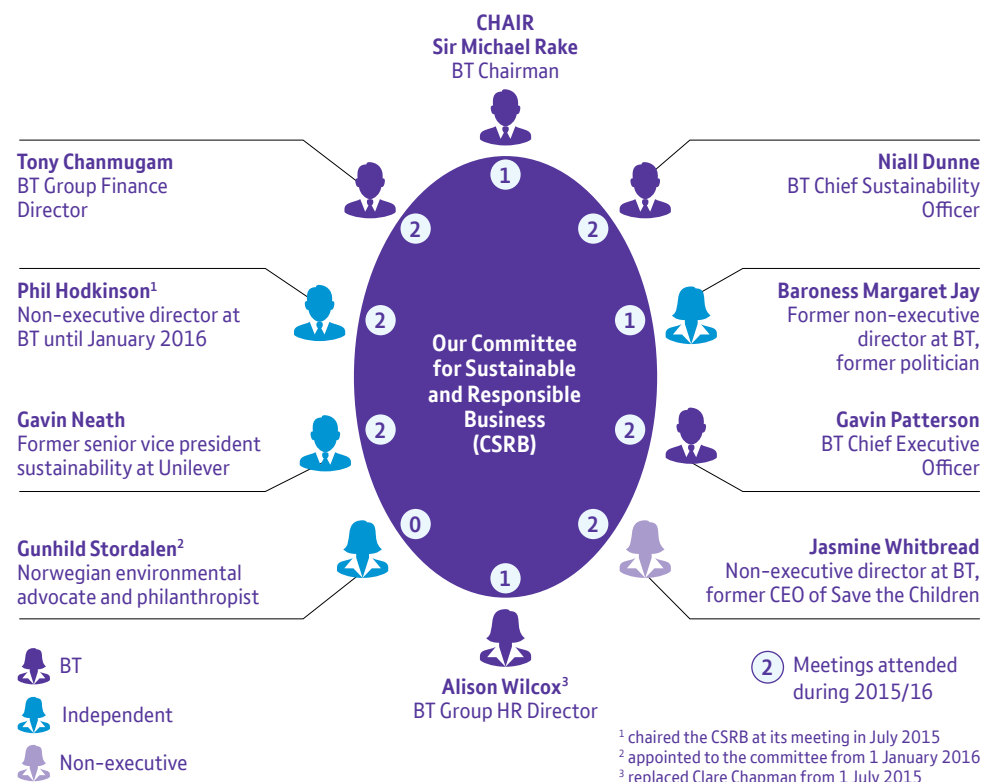
The grid below shows the specific issues that were most important to our stakeholders. ■ Areas in dark shaded cells are those we consider are the most material issues overall.

	Online living	Ethics	Equality	Health and safety	Human rights	Economic impacts	Investment in service	Community investment	Climate change	Energy	Reducing waste
Consumers	Online safety		Support for elderly and disabled	Employee wellbeing	Privacy and data security	Pricing and jobs	Network investment, Customer experience	Supporting charities and communities	Carbon emissions reduction		Sustainable products and services
Employees			Equality and flexible working	Health and wellbeing		Pay and benefits	Network investment, Customer experience	Supporting charities and communities	Carbon emissions reduction	Operational use of renewable energy	
Suppliers	Digital inclusion and literacy	Ethical behaviour		Compliance and standards		Prompt payment	Network investment, Customer experience	Supporting charities and communities	Carbon emissions reduction	Energy efficiency of products	
Investors	Online safety	Strong governance Transparency in reporting	Diversity and equal opportunities	Electro-magnetic fields and health	Human rights Privacy and data security and freedom of expression	Pensions	Network investment, Customer experience		Carbon emissions reduction	Energy security through renewables	
Governments and regulators	Internet policy, security and protection				Human rights Privacy and data security and freedom of expression	ICT as driver for growth in rural economy	Network investment, Customer experience	Universal service obligations	Policy supporting emissions reduction	Policy supporting renewables	

Our governance

The way we're organised keeps us on track to achieve our 2020 ambitions, manage social and environmental risks, and make sure we do business responsibly.

Committee for Sustainable and Responsible Business



Overseeing progress

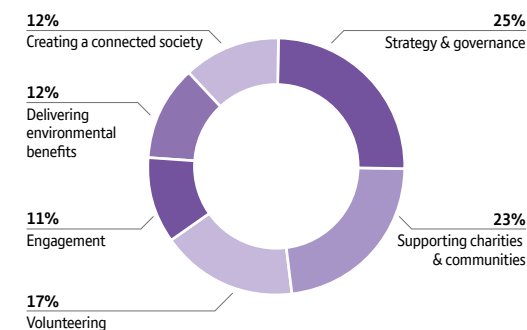
Our Board-level Committee for Sustainable and Responsible Business (CSR) oversees our purposeful business strategy. It's led by our Chairman, Sir Michael Rake, and includes BT executives and employees, non-executive and independent members (see graphic).

The committee, which reports to the Board annually, provides strategic direction to help shape our plans as a purposeful business, and monitors progress on our 2020 ambitions. It met twice this year.

Other governance bodies also support our activities as a purposeful business. These include:

- **Operating Committee:** chaired by Gavin Patterson, Chief Executive Officer, the Operating Committee is responsible for managing the business. It sets targets and allocates resources for environmental and social activities within each of our business units. Niall Dunne, our Chief Sustainability Officer, met with the Operating Committee once this year.
- **Purposeful Business Steering Committee:** created this year to replace our Sustainable Business Leadership Team, this includes senior

Allocation of CSR time



representatives from across the business. It seeks to inspire people across the business to engage with BT's purpose, through their day job or by supporting community activities. It meets quarterly.

- **Disclosure Committee:** reviews and assesses our reporting on delivering our purpose as part of its oversight of all our annual corporate reporting.
- **Compliance Programme Panel:** has global responsibility for advising, monitoring and assessing BT's key compliance programmes. Chaired by our group General Counsel and Company Secretary, it meets quarterly. Programmes reviewed this year include anti-corruption and bribery, conflict minerals, privacy and data governance, and broadcast compliance.
- **Human Rights Steering Group:** new this year, it meets quarterly to review our approach to human rights issues. It is chaired by a member of our Operating Committee, and includes senior representatives from across the business to oversee the implementation of our human rights programme.

Find out more

See our [website](#) for more information on BT governance and [terms of reference for the Committee for Sustainable and Responsible Business](#).

Being ethical & responsible

We strive to behave ethically, by respecting human rights and sourcing responsibly, and protecting the privacy and security of our customers' information.

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Being ethical & responsible Overview

We support human rights, protect our customers from online threats and work with suppliers to improve conditions. This helps us build trust, enhance our reputation and fulfil our purpose.

We expect everyone working with us – employees, partners and suppliers – to follow our values and act with integrity in everything they do. We set out our expectations in [The Way We Work](#). We regularly train our people on this statement of business practice, and we monitor all but our lowest-risk suppliers to check they meet our standards.

We take cyber security seriously and work with parents and teachers to keep children safe online. And this year, we've been refreshing our values and strengthening our human rights policy.



Retaining our gold rating from EcoVadis

We retained our gold rating from EcoVadis, placing us in the top 2% of companies in the rating. Corporate customers use this rating to assess our sustainability credentials. It's based on extensive analysis of our performance on environment, labour practices, fair business practices and sustainable procurement.

Training our people on ethics

99% of our people completed ethics training on The Way We Work.



Helping kids stay safe online

We've run 280 workshops as part of The Right Click programme with Unicef UK. Our volunteers reached more than 8,000 children, parents and teachers with tips on staying safe online.



Working with suppliers to improve performance

Our Better Future Supplier Forum has helped some of our larger suppliers enhance their management of social and environmental issues. The Forum won the 2015 World Procurement Leaders Award for CSR, in recognition of our focus on improving environmental and social performance among our suppliers and using sustainability to gain competitive advantage.

Contributing to the debate on privacy and free expression

This year, we published our contribution to the debate on the complex issues of privacy and free expression in communications. It explains how we respect those human rights that we are most likely to impact, whether directly or through third parties.

Respecting human rights

We're in the process of drawing together our approach to respecting human rights into one overarching policy, so that anyone can easily access our principles and understand how we put them into practice. In addition the Modern Slavery Act, which came into effect in 2015, has led us to review the processes we use with our suppliers to address human rights risks in our supply chain.

Doing business ethically

We expect everyone who works with BT to act with integrity. Employees must follow our statement of business practice: The Way We Work. We expect our suppliers and business partners to do the same.

Doing business ethically means being honest, complying with the law and playing a positive role in society. This is essential to build trust with customers, investors and other stakeholders. And it helps to avoid fines, lawsuits and damage to our reputation.

Doing the right thing

[The Way We Work](#) sets out our business practices and our values – the behaviour we expect from all BT people. An updated version will be launched in 2016/17, but the key message remains: follow our values ([see page 22](#)), do what's right and, if in doubt, ask.

We advise anyone facing an ethical dilemma to ask themselves:

- is it legal?
- is it in line with our values and The Way We Work?
- would I be happy reading about it in the newspapers?
- am I comfortable with this decision?
- could I explain my decision to my colleagues or my family?

The Way We Work offers clear guidance on specific issues such as gifts and hospitality, conflicts of interest, data governance and human rights. We do not tolerate bribery or corruption in any form.

All employees must follow The Way We Work, and suppliers and other business partners are expected to do likewise. The Chief Executive, Group Finance Director and senior finance managers also sign up to an additional code of ethics with requirements for their roles.

Building awareness

Everyone at BT must retrain regularly on The Way We Work; since June 2015, that's become an annual requirement. By the end of March, 99.2% of BT people (other than those on long-term sick, maternity/paternity leave, etc.) had completed the course. We also offer our people additional training relevant to their role, such as anti-corruption training for high risk roles.

We raise awareness of ethics throughout the year. This year, we:

- developed a mobile app which allows people to register gifts and hospitality on the move;
- developed an animation on conflicts of interest exploring ethical dilemmas people face; and
- introduced a register to increase transparency about any potential conflicts of interest. This is designed to protect employees and our business from reputational damage.

Employee awareness on ethics remains strong, with an ethical engagement score of 4.31 out of 5. And from a representative sample of BT employees, surveyed this year, 90% were aware of the need to always consider ethics and compliance issues.

In the UK this year, due to ethical misconduct, we disciplined 195 employees and 63 people left the company. Most issues related to falsified records such as timesheets or misuse of company credit cards, vehicles or IT equipment.

Speaking up

Anyone working for BT, who is worried about an ethical issue, can use our independent Speak Up hotline. Employees, contractors and suppliers can report concerns on the phone or online – anonymously if they prefer.

This year, we raised awareness of the confidential hotline through our ethics training and a global poster campaign.

Our people raised 263 concerns this year, compared with 273 last year. Our Director of Ethics and Compliance reviews all cases and makes sure they are thoroughly investigated. More than 20% of reports were duplications or were following up on existing cases and almost 10% were redirected to other more appropriate reporting channels. We investigated the remaining 70%. Almost half of these were found to be unsubstantiated. The remainder were fully substantiated, with guidance or recommendations given, or are still under investigation.

Paying our taxes

Our approach to tax, set by the Board, is to make sure BT complies with our worldwide tax compliance obligations.

The group tax team supports regional managers in meeting local requirements, who in turn work with our local businesses to understand the tax consequences of our operations. This ensures we pay the tax appropriate for our business, after claiming routine incentives, reliefs and exemptions.

Trade between BT businesses in different countries is carried out as though they were unrelated companies, in line with OECD principles. BT was ranked as the 7th highest UK tax contributor in the [2015 review by The 100 Group](#), whose members include the finance directors of FTSE 100 and several other large UK private companies.

We have an open working relationship with HM Revenue & Customs in the UK and we take this approach with local tax authorities around the world. This includes discussing the tax impact of major business decisions with the tax authorities when they happen. See our [Annual Report](#) for details on our tax payments.



Sourcing responsibly

We expect our suppliers to be ethical and responsible. In return, we treat them fairly and provide support when they need it.

We purchase products and services from around 16,000 companies worldwide. We expect all of them to meet our environmental, ethical and social requirements. These are included as conditions in our contracts.

Working with responsible suppliers reduces risks to our reputation and helps us meet our business goals. We share best practices and tools to help key suppliers improve through our Better Future Supplier Forum. This also helps us extend our reach further down the supply chain, by helping our suppliers check and raise standards among their own suppliers.

Assessing supplier performance and risk

To flag any risks, we ask all but our lowest-risk suppliers to complete an ethical standards questionnaire. We use their responses to assess the level of risk and work with those we identify as high or medium risk to tackle areas of concern. This year, we found new suppliers mostly needed support on issues such as excessive working hours, fining workers, protection of young workers and safety, especially fire prevention and chemical handling.

Where necessary, we visit suppliers identified as high risk to to check whether they meet our standards. This year, we visited companies in China, France, Mexico, Poland, South Korea, the UK and the USA. We met our target to follow up with medium and high-risk suppliers within three months.

If suppliers don't meet our requirements, we engage with them to help them improve working conditions.

Engagement helps suppliers to understand our expectations. This year, we helped one new supplier create a policy on corporate responsibility, set up a team to manage it and define key performance indicators to measure performance.

Sharing best practice

Our Better Future Supplier Forum brings together 11 of our larger suppliers to share experience on sustainability. The aim is to integrate sustainability in product development and spread best practice through the supplier base. Two suppliers of network equipment joined the forum in 2015/16.

Since joining the forum, several members have enhanced their management of social and environmental issues. One equipment manufacturer has cut working hours by an average of 23% and another achieved a record staff retention rate of 94% in 2015 by improving working conditions. The forum has helped suppliers significantly reduce their environmental impacts ([see page 46](#)).

We've developed a new online tool to help companies assess their sustainability performance and identify specific opportunities to improve. We're asking suppliers to use this in their businesses and with their own suppliers – starting with four members of our forum, including Huawei and Sagemcom. This is a cost-effective way of benchmarking performance and supporting sustainability improvements.

“

Working with BT on CSR has brought Narada advanced CSR ideas and methods, which has played a positive role in promoting Narada's social responsibility.”

Wolson Wu
Narada general manager

Checking for conflict minerals

We ask BT product suppliers whether their products contain minerals which may have been sourced from the Democratic Republic of the Congo or neighbouring countries. This helps us to avoid the minerals that fuel war – mainly tin, tantalum, tungsten and gold (3TG metals) – and to comply with the US Dodd-Frank Act and our Securities Exchange Committee (SEC) obligations. Our questions are based on the Conflict-Free Sourcing Initiative template.

This year, we found that most of the suppliers reporting back had engaged with their own suppliers, and identified smelters producing the 3TG metals that go into the products we buy. This has given us a better understanding of our suppliers' own supply chains, but we are not yet at the point where we can declare an individual product to be entirely free of conflict minerals. See the [conflict minerals report](#) we filed on the [SEC website](#) for more details.

Being a responsible customer

This year, we asked 1,057 suppliers to rate us on a range of topics including our business processes and their relationship with our procurement teams. Around 88% said we're doing well, up two points from last year, and 50% said the trend was in the right direction.

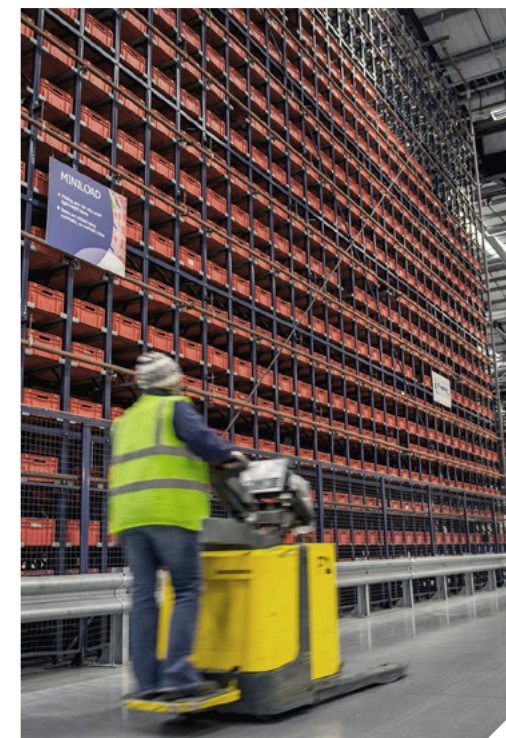
Our main suppliers are major multinationals, but we are mindful of our responsibilities to support smaller companies and those run by groups that are under-represented in business. This year we spent £36m with these types of business in the UK and USA (where supplier diversity is a regulatory focus). However that was 23% less than last year, due to a reduction in the USA.

We use our financial strength to offer smaller suppliers the chance to receive early payment through the BT Supplier Finance scheme, in partnership with Lloyds Bank. They can choose to receive payment within days of their invoice being approved, helping to finance investment in their business to help them grow. This year, 121 suppliers used the scheme to receive payments of over £1.4bn, compared with £1.2bn last year. EE also operates a supplier finance scheme.

Supplier assessments

Number of suppliers

	2014/15	2015/16
Self assessment	588	635
Improvement needed on labour standards	77	109
High and medium risk reviews:		
Suppliers reviewed	50	74
% reviewed, of those identified high or medium risk	96	100
On-site assessments	47	47



Respecting human rights

We believe our products and services can have a positive impact on society and empower people to exercise their rights and freedoms. We're committed to respecting human rights in our own business and through our broader relationships.

Human rights issues are wide ranging and relevant to many areas of our business. Everyone who works for or with us can see our approach in [The Way We Work](#). Our policies and practices are published on the Business and Human Rights Resource Centre [website](#).

One of the recommendations from our review of human rights and our business last year was that we should be more open about how we interact with the UK Government. In December 2015, we published our [position](#) on how we navigate the difficult balance between the rights to free expression and privacy, in the context of UK Government requests for data ([see page 18](#)).

Creating a strong framework

Since 2000, BT has been a signatory to the UN Global Compact, which calls on companies to meet fundamental standards on human rights, labour, environment and anti-corruption.

We're also committed to implementing the UN Guiding Principles for Business and Human Rights, and have set up a human rights steering group to consider these issues in BT. It is chaired by a representative of our Operating Committee, and members include senior executives and directors of functions such as risk and compliance.

The group meets every three months. This year, discussions covered topics such as the Modern Slavery

Act, human rights issues in the world of sport and in our supply chain, and public concern about potential health risks from electromagnetic fields ([see page 10](#)).

We're developing a new overarching policy that will consolidate and extend our previous policies, as recommended by our review last year.

We'll focus on the impacts BT has on our employees, customers, workers in our supply chain and the communities where we operate. Our policy will cover the steps we take to assess potential negative impacts throughout our wider value chain. It will also refer to our statement on preventing slavery and human trafficking in our business and supply chain, required for the first time this year by the UK's Modern Slavery Act.

Engaging with the issues

The role of business in human rights is hotly debated and we engage widely to understand the diversity of opinion and to share our views. For example, in developing our position on privacy and free expression we considered the views of government bodies and NGOs with expertise in this area.

We took part in a series of workshops as part of the review of the UK Government national action plan on business and human rights, hosting one of them at BT Centre. We also shared our experiences and ideas in a session facilitated by the Institute for Human Rights and Business. The discussion covered key developments and application of the Organisation for Economic Co-operation and Development (OECD) Guidelines on Multinationals in the ICT Sector.

We attended a meeting convened by the UN Special Rapporteur on the freedom of expression following the publication of our position on this in December. We've deepened our engagement on these issues with NGOs and others by sponsoring and attending the March 2016 RightsCon conference, and we went to the public learning sessions of the Telecommunications Industry Dialogue. We've also given our views on the creation of the [Corporate Human Rights Benchmark](#), which is the first substantial project to rank companies on their human rights performance.

Protecting customers' privacy

Privacy remains a key concern for our stakeholders. We must be open about our approach and make sure our people, products and services protect customers' privacy.

“

It is really important for Privacy International to engage with the private sector as part of both our research and advocacy work. The people I have met at BT were very receptive and interested in collaborating.”

Eva Blum-Dumontet
Privacy International

As a communications provider, we process vast amounts of customers' personal data. To maintain trust, it's important that we keep that data secure and are clear how we use it. Our [Privacy Centre](#) explains simply and openly why we collect customer data and what we do with it.

We contribute to the debate about privacy in the modern world and keep abreast of new privacy laws being developed around the world.

To mark the tenth anniversary of International Data Protection Day, we held a series of discussions with organisations including Privacy International and the UK Information Commissioner's Office (ICO). Topics included the balance between privacy and technology, and the new EU General Data Protection Regulation (see next page). Almost 450 BT people attended these sessions, either in person or online.

Protecting privacy effectively

Training on privacy and data protection is mandatory for all employees. We provide additional bespoke training for people in roles that expose them to higher risks around the use of personal data. Anyone failing to comply with our requirements faces remedial measures, including disciplinary action.

When we develop any new product or service, we follow the principles of privacy by design. We use impact assessment tools to assess the privacy and data protection risks from the outset. And our governance process only allows development to proceed, if privacy criteria are met at each stage.

Complying with regulations

The ICO upheld 25 of the 88 complaints made this year about the way we processed personal data. This compares with 18 of 74 complaints upheld last year.

Only two of the 25 cases upheld related to security: one in regard to the retention period of a ceased email account; and the second where an email was sent open-copied instead of blind-copied. None of the complaints raised concerns related to the systems we have for processing personal data. We maintained our record of no enforcement action by the ICO.

Preparing for new regulations

We're preparing for the new EU General Data Protection Regulation. Expected to come into force in 2018, this represents the biggest shake-up of data privacy law in more than a decade. It will broaden the obligations and accountabilities of organisations that control or process data. And there will be harsher penalties for non-compliance.

The Regulation will focus on compliance across the entire data lifecycle. We're working on demonstrating that we have the correct policies and processes in our own operations as well as effective management of third parties who process data for us.

Managing law enforcement requests

We believe in a regime which helps law enforcement agencies prevent serious crime and terrorism, but which also has the right safeguards in place to protect privacy and personal data rights. We agree that the law needs to be updated, and have made detailed comments during the development of the UK's Investigatory Powers Bill.

We have strong internal oversight, with dedicated operational teams and governance at the highest level within BT, in relation to how we deal with official requests for information. This includes dealing with requests for interception warrants and communications data. We shared our thoughts on this subject as part of our report on [Privacy and Free Expression in UK Communications](#) (see feature).

Contributing to the debate on privacy and free expression

In December 2015, we published our [contribution](#) to the debate on the complex issues of privacy and free expression in communications. Our report explains how we respect the human rights most likely to be affected by our business.

We have a duty to keep customers' communications secure. But we accept that government and law enforcement agencies should sometimes be able to access communications content if that helps to keep everyone safe. Access must be proportionate to the risks, and there must be a strong and transparent legal framework that the public and our customers can have confidence in. Maintaining the right balance is becoming more challenging, as communications are transformed by technology, and as terrorism and cyber attacks increasingly threaten our security.

Supporting freedom to choose

We support open communications. That's what our business is about. But we do block access to illegal and malicious content such as child sexual abuse images and computer viruses ([see page 19](#)).

Keeping customer data secure

We invest in tools, techniques and training to defend our customers and our business from cyber attacks.

We're up against technically sophisticated criminals who aim to harm or steal. We're seeing increases in the number and complexity of cyber attacks on BT and we expect these to continue. Good defences are vital to protect our customers and our business.

Our security teams provide specialist advice and support, but security is integrated across all our business functions. We treat security as a business risk rather than a technical challenge. Any breach of our security could result in loss of information, fines, loss of revenue and damage to our reputation.

Sharing information and experience with other ICT companies, governments and suppliers helps us understand and manage risks. Our security teams share intelligence about attacks and perpetrators with expert groups around the world, including the UK Government's Cyber Security Information Sharing Partnership.

Strengthening defences

We develop and test technologies to protect our customers against cyber attacks. Preparation and regular practice help us respond to the threats. We simulate attacks to test for weaknesses, consider many possible scenarios and plan our responses in detail. Internal auditors and independent experts examine our security systems to see how we can improve.

We comply with the ISO 27001 standard for information security management, helping to confirm the strength of our defences. This year, we bolstered our security further by improving controls and monitoring, and upgrading older systems. See our [Annual Report](#) for more on security risks.

Investing in people

We make sure all our people know how to keep data secure – both BT's and their own. As well as the mandatory training we provide, all employees have access to the BT Security Academy, and we've set up a group of almost 2,000 accredited security professionals in 28 countries. Including security as part of the BT Academy acknowledges the importance of these roles and creates a career path equivalent to other professions.

BT is the largest recruiter of cyber security apprentices in the UK private sector. This year, 25 people began the two and a half year course – to foundation degree-level – and this will increase to 40 in 2016/17. Our Cyber Challenge Masterclass in London promoted the need for more security professionals.

We also sponsored an international cyber security challenge with Cambridge University and the Massachusetts Institute of Technology (MIT). Students faced challenges devised by a leading US national security lab.

Helping customers protect themselves

BT Assure products and services help business customers manage their online security risks.

The consumer equivalent, BT Protect, is free to all our broadband customers. It helps to protect them from viruses, scams and phishing attacks by alerting them about risky websites.

We're working with the UK Government to dramatically reduce the number of phishing emails that get through to consumers and to alert users to dangerous websites.

We also help consumers understand how to protect themselves and their data online. Our [help pages](#) have lots of information about staying safe online. We have a [website](#) on scams that publicises what fraudsters are up to and offers advice for their victims.

This year, we launched a free service to block nuisance calls. A team will monitor calls to our 10 million domestic customers and identify unsolicited calls on topics such as payment protection insurance and personal injury claims. Customers will be able to compile their own personal blacklist.

Helping customers stay safe online

We help protect our customers when they're online and we provide support for parents to keep their children safe.

From shopping to socialising, people are doing more and more online. This gives them access to many useful services, but it also brings new threats from fraudsters and bullies. Children are particularly vulnerable and a lot of parents don't know how to protect them from inappropriate content and contact.

We support initiatives to help parents and teachers to educate children about risks and how to deal with them. And we're using technology to stop criminals infiltrating customers' accounts.

Protecting against attacks

Online threats from criminals include deception and software – downloaded unsuspectingly – that can hack into people's accounts to steal their money or identity. We're protecting customers from these threats by using our expertise and technology such as network filters and software tools.

If we discover that customers' security details have been compromised, we contact them to reset their usernames and passwords. And where we identify malicious software that takes over customers' computers, we block their communications for as long as necessary to protect both our customers and our network. We also acted against almost 6,000 phishing sites that attempt to fool customers by mimicking our brand.

Keeping children safe

We want to put customers in control of their families' internet access, with parental controls available free for everyone using BT Broadband. Parents also need to understand how to help their children get the most out of the internet, while avoiding risks.

Working with Unicef UK, we're recruiting and training BT volunteers to train teachers, parents and children through The Right Click: Internet Safety Matters. By the end of March 2016, we've delivered 280 workshops. This falls just short of our target of 300, which we plan to reach early in 2016/17¹. So far we have reached more than 8,000 teachers, children and parents.

BT founded Internet Matters with three other communications providers to raise awareness

Understanding risks online: it matters

[Internet Matters](#) offers expert advice and guidance to help parents keep their children safe online. Founded and funded by BT and other communications providers, the website has had more than 2.5 million visitors in the two years since its launch.

This year, the Protect Their Curiosity campaign highlighted the importance of parental controls through a series of engaging video clips. Each clip showed the reactions of children viewed through the monitor as they experienced content that made them uncomfortable. The campaign won a gold award at the 2015 Digital Marketing Association awards.

We developed the cyber safe app that's available from the Internet Matters site. Using the app, parents and children can work through a series of questions together to help them talk about difficult issues related to online safety.



(see case study above). We were also a major supporter of Safer Internet Day 2016, hosting the event at our headquarters in London.

Some children are physically or mentally harmed by sexual abuse or exploitation online. We're partnering with the [Marie Collins Foundation](#) to train police, social services, teachers, doctors and other frontline workers to help these children. This year, we've piloted a training programme called CLICK: Path to Protection.

As a founding member of the Internet Watch Foundation, we work with industry towards eliminating online availability of child sexual abuse images to our customers.

¹ Our 2014/15 update on progress stated a target of 600 to be achieved by March 2016. That target should've been stated as our aim for March 2017.

Investing in our people

A healthy, diverse, skilled and motivated workforce is crucial to our success. Our people give us the talent and ideas we need to bring our purpose to life.

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Investing in our people Overview

By investing in our people, we are investing in our future.

We recruit talented people with the right mindset to take on the business challenges of today and tomorrow. We want to make BT a great place for them to work: where they feel valued and can build their careers in an open and inclusive environment.

Communications is at the heart of our business and this starts with our own teams. We give people the tools to work effectively with their colleagues – whether they are in the same room or on the other side of the world.

We have 89,700 talented people working with us. And a further 12,800 have joined us from EE as we build a stronger business. This makes it even more important to listen to our people and engage them in our strategy.

We welcome different perspectives and encourage people from all walks of life to join our teams. This helps us promote innovation and reflect the diversity of our customer base. Most of all, we want our people to be healthy. We aim to get 10,000 employees more physically active by 2020.



3.81/5

Maintaining engagement levels

Our employee engagement index remained broadly stable at 3.81 out of 5.

Promoting gender balance

Women make up 21% of our workforce and 26% of managers. Around 26% of the graduates and 18% of the apprentices we recruited this year are female. And women represent 27% of our Board, achieving our 25% target.

Recruiting young talent

We recruited around 850 graduates and apprentices this year. BT is one of four companies in IT and telecoms to feature in The Times Top 100 Graduate Employers.

Helping people stay well

Of the 4,924 people that used our Employee Assistance Programme this year, 89% of those who took our survey said they feel better equipped to deal with their problems.



Getting active

More than 7,000 of our people have now signed up to our Fit for Life challenge. This is helping us make good progress towards our target to get 10,000 BT people more physically active by 2020.



Developing talent

Across the world, our employees used the BT Academy website more than 400,000 times this year. Over 20% of our people use it each month. We've won awards both at the Learning and Performance Institute Annual Learning Awards 2016, and at the Training Journal Awards 2015.

Developing talent

We want to recruit people who have the motivation and potential we need – and we help them achieve that potential at BT.

We need to attract and retain talented people with the right skills to serve our customers and grow our business. Competition is fierce, but we recruited nearly 11,400 people worldwide, including 4,200 in the UK. One of our selling points as an employer is our culture, now underpinned by our refreshed core values: personal, simple and brilliant.

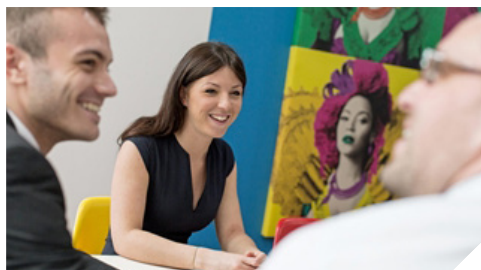
We give everyone at BT the tools and training they need to do their job and build their skills and experience. This year, our employee survey showed an increase in how much our people feel they have opportunities to learn, develop and grow at BT.

By opening the door for young people to join our business, we help them take their first step into a career. More widely, we also help young people get ready for work by building the skills and confidence they need to get a job. Find out more on [page 28](#).

Attracting new talent

Every day, we face new challenges across our business. Challenges that innovative minds can help us solve.

This year we hired 300 graduates globally, our highest intake to date, as well as around 550 new apprentices. We came 44th in The Times 2015 list of the Top 100 Graduate Employers. Next year we aim to recruit a similar number of graduates and even more apprentices.



We want our customers to know that we understand and care about their needs. This year, we've recruited 900 new field engineers and more than 900 new people to work in customer-facing roles (in our UK contact centres). We've also converted 600 agency workers to permanent employees, so that we keep their skills and experience in the organisation.

We've reviewed our recruitment programmes to ensure they give us a pipeline of diverse talent. We're also offering more opportunities to people who show potential, regardless of their previous experience.

Developing our people

Learning matters at BT. We create meaningful roles so that people understand what they are responsible for. All employees get coaching and support from their own managers through regular performance reviews.

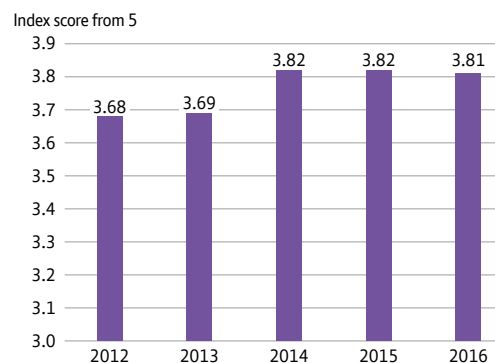
The BT Academy helps our people to develop. The BT Academy is not a physical place or building, it's a combination of materials, events, and activities. It gives people easy access to the knowledge and skills they need, when they need it. Across the world, our employees used the BT Academy website more than 400,000 times this year. Each month, over 20% of our people are now sharing information and ideas, as well as accessing learning materials online. The tools we've developed have won awards both at the Learning and Performance Institute Annual Learning Awards 2016, and at the Training Journal Awards 2015.

Engaging our people

We want to engage people in every part of our organisation. They need to know how they can contribute to our success. And we need to know how we're doing as an employer.

Employee engagement index

Year ended 31 March



Source: CARE Agile survey

Our CEO and executive team regularly communicate about our strategy and speak to people directly through roadshows, site visits and webchats. But they don't do all the talking. We ask our people how we can improve and we listen to what they've got to say.

Listening to our people

We want people to tell us how they feel about working at BT, to help us become a better employer. This year, more than 72,000 people took part in each of our twice-yearly employee surveys.

Overall engagement was stable at 3.81 points out of 5, although this is still lower than the average score of 3.95 in our industry. We're using the results of the surveys to refine our people strategy and target change across the business.

Our people continue to feel valued by their managers and take pride in our products and services. Around 72% agreed that their manager cares about them as a person and 81% would recommend our products and services to friends and family.

They told us they would like us to simplify systems to help them work more efficiently and provide better service for our customers. And they want to see better communication from senior leaders on strategy and progress. We're responding with improved systems, processes and tools to serve customers and regular communication on strategy and changes in the business.

Beyond these surveys, people can raise any issues informally with their managers. But we also engage in more formal dialogue with employees and their representatives through our European Consultative Council, and discussions with the Communication Workers Union and Prospect in the UK.

Managing change

Communication is critical during times of change. And this year saw a big change to the business with the acquisition of EE on 29 January 2016. So far, feedback from our people shows they think this will strengthen our business. We're welcoming 12,800 EE people and

communicating with all our employees – existing and new to BT – as we continue work to bring the two organisations together during 2016/17.

Rewarding performance

We aim to offer fair and competitive pay for people across the business. To do this, we benchmark salaries with comparable companies in each of our markets. In the UK, pay for over 90% of our engineering and support people is negotiated through collective bargaining with recognised trade unions. This helps to ensure fair terms and conditions.

Managers and executives' pay and bonuses are based on our business performance and their personal contribution to the company. Nearly 60% of our employees take part in one or more of our savings-related share option plans (Saveshare), which operate in more than 25 countries. And we also offer pension and retirement benefits.

See our [Annual Report](#) for more information on pay and benefits.

Recognising our people

Every year, we recognise our people's achievements through awards for innovation, improving customer experience and making a positive contribution to society. The BT Chairman's Awards reward teams and individuals who have made an exceptional contribution to society and the environment. We also recognise the volunteer and fundraiser of the year. Find out more about opportunities for employees to get involved in their communities on [page 31](#).

Creating an inclusive workplace

We're creating an inclusive working environment that helps us recruit and retain the diverse talent we need to foster innovation and serve our customers around the world.

Our inclusive approach isn't just good for our people, it's essential for our business. Harnessing the diverse perspectives of our people helps us to unlock their talent, to think differently and to deepen our relationships with customers.

Everyone's different. We want all our people to feel valued at BT – whoever they are. Our Global Inclusion Steering Group drives our efforts to make inclusion part of the way we work every day.

Whether they realise it or not, many people have an unconscious bias that can influence who they hire and how they judge others. We've developed new training and resources to tackle this issue that we're making available to employees across the business. To help our leaders set a strong example, we provide coaching on how to become more inclusive as part of our leadership training. This year, more than 100 senior managers completed an additional workshop that focused on helping them better manage diverse teams.

Seven employee networks help people from diverse groups support each other: women; people from ethnic minority backgrounds; people with disabilities; lesbian, gay, bisexual and transgender people; Christians; Muslims; and people caring for adult relatives or friends. This year, we created social media platforms for these networks to help them extend their reach across the business.

We also want to provide an inclusive experience for our customers. This year, we trained a specialist team of customer service representatives on how to sensitively communicate with transgender customers.

Promoting gender balance

Women make up 21% of our workforce (20% in the UK). We want to increase this at every level and in every part of our organisation, to better represent our customers and embrace diverse views to support our business. We're committed to the UK Government's framework to improve gender equality – Think, Act, Report – and we work with the Government on these issues through the Women's Business Council and related Business Reference Groups.

The UK Government set a goal to increase representation of women on the executive boards of the country's biggest businesses to at least 25% by 2015. This has climbed to 26% on average across FTSE 100 companies. At BT, it's 27%. Our Chairman is also a member of the 30% Club, a group of UK executives striving to increase the proportion of women on FTSE 100 boards to 30%.

Over 26% of managers (25% in the UK) are female. Together with our Women's Network, we're working to encourage more women to join, stay and build their careers with us. Around 26% of the graduates and 18% of the apprentices we recruited worldwide this year are female, compared with 33% and 10% respectively last year. See [page 22](#) to find out more about how we recruit young talent.

We recognise that women often take on a greater share of caring responsibilities and we're encouraged to see that 86% of employees, who took maternity leave two years ago, returned to work and stayed for at least 12 months. This is higher than the national average of 77%. And we're starting to introduce a coaching scheme, to ease their transition back to work.

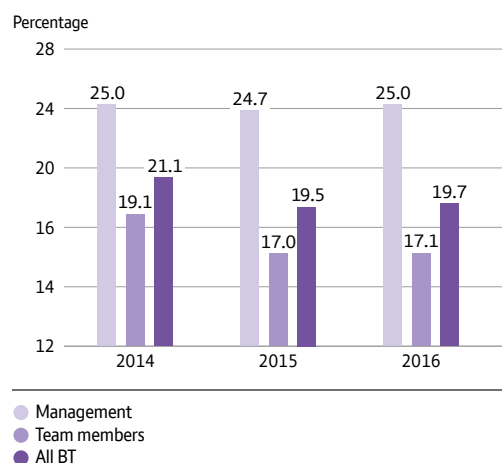
We have a well-established culture of flexible working that gives women and men the space to develop their careers at BT while balancing their family, or other, commitments. This year, we've developed a database to help people identify job sharing opportunities to suit their roles.

Engineering and technical skills are central to our industry, but those areas have traditionally been male dominated. We designed our Women in Technology programme to help restore the balance. It offers professional coaching and peer-to-peer support to help women in technical roles advance their careers. This year, 93 women took part and we also introduced quarterly events for networking and sharing skills. In some parts of our business, we're also providing career coaching, to help inspire women to move into more operational roles.

Our Women's Network has worked with other communications providers to create the Step into STEM (Science, Technology, Engineering and Mathematics)

Women employees UK

Year ended 31 March



Source: BT HR People system



programme that aims to get more women into careers in technology and telecommunications. We also encourage girls to join all of our educational activities: this year, two young women were jointly awarded the [BT Young Scientist of the Year](#) (see photo above).

Supporting people from black, Asian or minority ethnic backgrounds

This year, just over 10% of our UK employees identified themselves as from black, Asian or minority ethnic (BAME) backgrounds. We ran a campaign, called Count Me In, to encourage more people to declare their ethnic backgrounds. This will give us a better picture of diversity in our workforce to help us understand how to tailor our efforts to promote inclusion.

We want our UK business to reflect the evolving ethnic diversity of the national population. We’ve reviewed our brand to see how potential employees view our business and how we can attract a wider range of candidates. 11% of apprentices recruited this year

stated they were from a BAME background, down from 16% last year.

Working with Race for Opportunity, Business in the Community’s race equality campaign, we offer BAME people at BT the chance to get mentoring sessions from people in other businesses to help them progress their careers. Our staff can also volunteer through this programme, to mentor schoolchildren and unemployed young people from a BAME background.

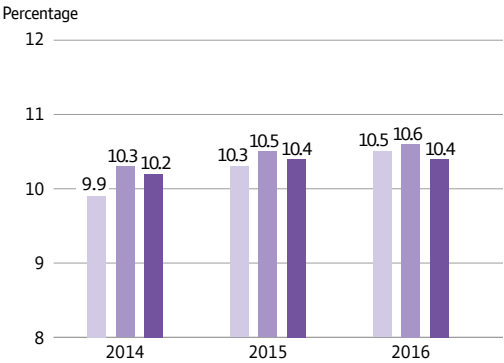
We sponsored a Business in the Community report this year that surveyed more than 24,000 employees from businesses across the UK, to support efforts to increase representation of people from ethnic minorities in the workplace. We will use the findings to design our diversity programmes in 2016/17.

Including people with disabilities

We make sure disability or changes in health are not a barrier to working at BT. We support people recovering from an illness or injury and help them get back to work through our

Ethnic minority profile UK (self-declared)

Year ended 31 March

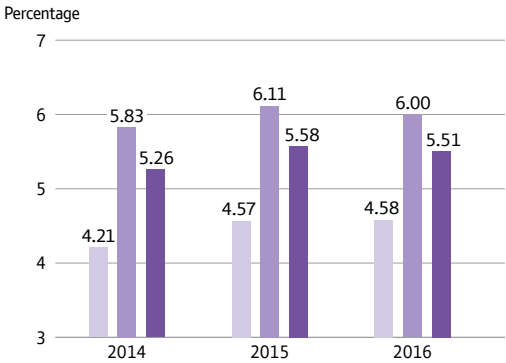


Management
Team members
All BT

Source: HR People system

Disability profile UK (self-declared)

Year ended 31 March



Management
Team members
All BT

Source: HR People system

rehabilitation services. For anyone who is unable to return to their role, we create suitable alternative positions through our Adjusted Job Search scheme.

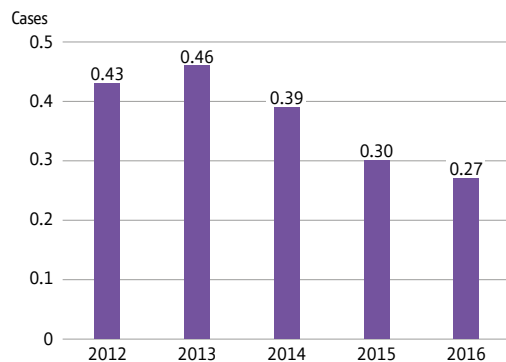
We also make adjustments to the workplace to help people thrive at work. This year, we’ve reviewed how this process works in practice to make it simpler and quicker. Employees across the business can record details of their disability – and any related requirements – through our Disability Passport Scheme to help their managers support them better.

Our Able2 support network helps us do this, as well as testing our products and services to ensure they meet the requirements of our disabled customers. Our Customer Inclusion Leadership Panel scrutinises our policies and challenges practices that could adversely impact customers with a disability or impairment.

Promoting wellbeing

By supporting our employees' health and wellbeing, we help them to thrive at work.

Lost time injury rate – cases per 200,000 working hours
Year ended 31 March



Source: BT Finance, LBG model

Good work enriches lives and helps us give our customers a better experience. Work provides structure, security and meaning for many people. The way that we organise it can have a major impact on their wellbeing.

Managing occupational risks is a fundamental responsibility for us as an employer. And we go beyond this by helping our people address risk factors outside work. We intervene early when things are going wrong and support their recovery to be able to work productively again following sickness or injury.

This approach is reflected in our Health, Safety and Wellbeing strategy, which we refreshed this year to strengthen people's capabilities; both in what they do and in how they manage others.

Avoiding harm to our people

This year, we cut our UK lost time injury rate from 0.30 to 0.27 per 200,000 working hours.

We achieved this improvement by ensuring that people know what to do to manage risks, encouraging them to take personal responsibility and keeping things as simple as possible. Training in health, safety and wellbeing is mandatory for all our employees. This year, 99% of our people completed their training on time. That's not good enough. We're emphasising the importance of doing this training, and highlighting the consequences for our people's safety of not doing so, to help us meet our target of 100% completion.

Our engineers face the most significant risks because they often work in potentially hazardous situations and spend a lot of time driving. Health and safety is an integral part of the way our people work. This year, as many new engineers joined Openreach, our priority was to ensure they understand how to identify and manage risks from the very start of their career with us.

We're keeping up with the highest safety standards by extending our external accreditation in engineering. Following a serious accident when an engineer was injured by overhead electric cables, while working from an elevating work platform, this year we've comprehensively reviewed and

strengthened our work practices to reflect best international standards.

With the second largest private vehicle fleet in the UK and a number of our people regularly taking their car to work, driving remains one of our biggest risks. This year, we've led the way in developing an online licence check with the UK's Driver and Vehicle Licensing Agency to improve the accuracy of our risk assessments. We also continue to develop our Safe Driving programme which provides integrated online and on road training that focuses on key risks. More than 13,800 people were trained this year. The programme has contributed to a 2% reduction in accident rates for drivers in our commercial fleet this year.

Psychological issues are becoming more important in the workplace. We have an established mental health framework to address these risks, and a major focus this year has been on the healthy management of change. Our sector is changing rapidly and we need to help people adapt. We've collaborated in scientific research, showing that regular disruption in organisational structures results in loss of employees' trust and loyalty. We're applying this research to guide our leaders on the best way to implement change successfully, and in a way that minimises the risks to our people.

Helping our people to thrive

Exercise is good for physical and mental health, but it can often get squeezed out of modern life. That's why, in January 2015, we set the ambition to get 10,000 of our people more physically active by 2020.

We're making good progress, with more than 7,000 people signed up to Fit for Life challenges and events that promote active lifestyles since 2014/15. Almost 2,700 people took part in our biggest challenge with Sport Relief to collectively walk 238,855 miles – far enough to reach the moon ([see page 32](#)).

Getting active is just part of our approach as we also focus on the psychological aspects of wellbeing. This year, we set up a mindfulness programme that includes online resources and regular group activities. We've offered resilience training to people in the most

stressful environments for some time, and we've now created a new course for everyone through the BT Academy.

Our wellbeing index shows how well we're doing. This year, it increased from 3.89 to 3.91, which is lower than external benchmarks and below where we would like to be. We're pleased that 82% of our people feel we care about them; but only 64% say they have a good work-life balance, so there's still more to do on this. In response, we're applying a wellbeing lens to review a range of people-related activities, including how we manage change, productivity, and how location decisions can affect wellbeing.

Supporting our people in difficulty

Where we can't prevent problems we seek to help our people in dealing with them. Our UK sickness absence rate (the percentage of working days lost) increased to 2.33% this year from 2.23% last year. This increase is largely as a result of more musculoskeletal disorders (MSD) and mental health issues. Although only a small proportion of these absences were caused by work, we aim to assist all our people in their recovery and rehabilitation.

Support from managers and colleagues is critical, and this year we've improved the resources available to them. We've also launched a major mental health programme, to equip our people with the skills they need to engage more effectively with people who are ill. More than 2,000 people have undertaken Time to Talk training, learning about mental health and how to talk about it.

We have a comprehensive range of specialist services which we aim to make easy to access. We've encouraged earlier use of our MSD support. More broadly, if people are having problems at work or at home, they can call on our Employee Assistance Programme for support. Of the 4,924 people that used the service in the UK this year, 89% of those responding to our survey reported feeling better equipped to deal with their problems. These services, along with other rehabilitation support, have succeeded in getting 91% of people back to full duties at work.

Supporting our communities

By supporting good causes with our time, technology and expertise, we're helping to improve the lives of millions of people around the world.

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Supporting our communities

Overview

We're using our expertise to strengthen communities by building technical know-how, getting young people ready to work, and supporting good causes that our people and customers care about.

As the UK's leading communications services provider, we can make a real difference to communities across the UK and around the world. With our tech literacy programme, we're kick-starting a culture change to help people understand how technology works and why it's so important.

We aim to improve teaching in computing and tech skills for 5 million children by 2020. And we're helping young people develop the skills and experience they need to get their first job.

Our technology, expertise and volunteers have helped raise millions of pounds for good causes. This helps charities, communities, and us too. Our people get the chance to develop skills and make a difference. And we become a stronger, more engaged organisation that gives back to our communities.

Our 2020 ambitions

Help 5 million children receive better teaching in computing and tech skills

5m

Helped in 2014/15 school year

344k

Use our skills and technology to help generate more than £1bn for good causes

£1bn

Generated since 2012/13

£327m

Inspire 66% (two-thirds) of BT people to volunteer their time and skills

66%

Volunteered in 2015/16

27%



Promoting tech literacy

In the 2014/15 academic year, we've helped 344,000 children receive better teaching in computing and tech skills.

600

Getting young people Work Ready

Our Work Ready programme has already helped more than 600 young people complete traineeships and work placements at BT. This helps them learn useful skills and demonstrate they have experience when applying for jobs.

Changing lives through sport

BT Sport customers donated nearly £1.6m to The Supporters Club, which uses the power of sport to change lives. This provided grants to nine charities in the UK and around the world.



Supporting good causes

We helped our four main charity partners – BBC Children in Need, the Disasters Emergency Committee, NSPCC ChildLine and Comic Relief – raise nearly £33m for good causes this year. Overall, charities raised £60m through MyDonate, our not-for-profit online fundraising and donation platform.

“

MyDonate has saved us over £400,000 since 2011. That's the equivalent of funding over 230,000 children in rural Tanzania getting a hot lunch every day.”

Tom Law
Head of Communications, Childreach International

Getting involved through volunteering

More than 27% of our employees volunteered almost 45,000 days of their time to support charities and communities.

Building skills

Technology underpins the modern world. We want to help the next generation understand how it works and embrace its impact in shaping society.

We see a future where technology will provide solutions to some of society's biggest challenges – driving growth for economies all over the world, creating more open government and engaged citizens. That's only possible if young people grow up with the right understanding and skills to make that potential a reality.

This is why our ambition is to help build a culture of tech literacy. This is just one of the ways we're helping young people build the skills they need to get jobs and develop their careers.

Promoting tech literacy

In March 2015, we announced our ambition to help 5 million children receive better teaching in computing and tech skills by 2020.

First, we wanted to know what people really thought about technology. We asked young people, parents and teachers. Then we brought together 80 leaders in technology, education, business, policy, government and parenting advice in the UK to get their views on technology. We're using their insights to shape our approach to tech literacy.

We support the Barefoot Computing programme. That gives primary school teachers the confidence, knowledge, skills and resources they need to teach computer science effectively. When UK Government funding ended in March 2015, we picked up the baton on the Barefoot programme with a commitment to continue funding and help teachers deliver the new curriculum.

In the 2014/15 school year, the Barefoot programme reached around 12,500 teachers and 344,000 children. This is a great first step towards reaching our 5 million ambition. We've also enhanced the materials and online resources available to teachers.

We're now extending Barefoot from England to the whole of the UK. We aim to run workshops for a further 15,000 primary school teachers and 400,000 children by the end of the 2015/16 school year, with the help of the British Computing Society and the National Schools Partnership.

Our people play a key role in Barefoot. They understand how important tech literacy is for our future – the UK's and BT's. This year, more than 500 employees volunteered their time and skills to present our teaching materials in schools.

In 2016/17, we'll build our tech literacy programme further. We'll look at how best to equip schools with the connectivity and know-how they need to teach about technology. And we'll explore how best to inspire kids so they want to learn about it. We'll look to use our leading position in the industry to promote tech literacy with events for leaders in education and policy across the UK.

Getting young people ready for work

We are a founding partner of the Movement to Work initiative, led by UK employers committed to tackling youth unemployment through vocational training and work experience opportunities. We want to help young people kick-start their careers by building the skills they need for the world of work.

You can't get experience without experience. This might be a cliché, but it's a very real challenge for young people applying for jobs. Through our Work Ready programme, more than 600 young people have completed traineeships and work placements that give them a chance to learn business skills and demonstrate they have that all-important work experience. More than 260 of them have gone on to education or employment, including some who are now working at BT.

To extend our reach, we've set up a new partnership with the Rio Ferdinand Foundation. Mentoring and skills training will help young people build confidence and learn skills they need to get a job, including CV writing and interview technique.

In 2016/17, we aim to reach more children by engaging with more schools and working with other groups funded by The Supporters Club that help young people in deprived areas.

“

Since we introduced Barefoot, teachers and kids have been growing in confidence. The workshop definitely helped to build on skills, and the resources aided our teachers in understanding the vocabulary of the new curriculum.

The Barefoot session has improved teachers' skills, and the confidence of every teacher has increased.

The kids are engaged, they like the variety, they love the resources, and they've picked up on the teachers' confidence. The kids are using more technology in their homework and are really excited by computing.

The programme broadens the curriculum and, for those that aren't using it yet, they will find it indispensable. It gives the opportunity to use skills required by the curriculum.”

Richard Williams

Computing coordinator at Holbrook Primary School near Ipswich





“

After finishing school, I decided against going to university. I was living with my mum and she wasn't in the financial position to support me. I spent ten months unemployed, and during this time I started to feel more and more depressed. The job application process seemed complicated, and businesses want applicants with experience.

I attended a BT traineeship for a month, starting in May 2015 and it has changed everything for me. I learnt about a variety of business topics such as security, health and safety, the hierarchy of staff, business structures, discrimination and harassment. I then put the learning into action. There were also useful hints and tips for CVs and the opportunity to practise job interview techniques.

My group took on a task to raise money for a local charity and set up a vintage-style sweet shop raising more than £100. I really enjoyed the teamwork and have made some really good friends as a result of taking part.”

Amelia Wright
BT Apprentice

“

I decided to get involved in Barefoot to show children the possibilities of pursuing a career in technology and engineering, as increasingly everything we do needs technology. After my first lesson, I could see the benefits to the teachers were instant. By the end of the session, they were already making links to the existing curriculum and seeing how they could start weaving this into future lessons. This is such a worthwhile initiative. It underpins our tech literacy ambition and helps to make the technology needed in today's world accessible to children from a young age.”

Lisa Neale
BT Technology, Service & Operations

Supporting good causes

Supporting good causes is a triple win: for the community, for our volunteers and for our business. This year we raised another £94m towards our £1bn ambition.

We use our technology and expertise to help charities raise funds. This saves them time and money, boosting their resources to support more people in need.

This not only supports charities, other good causes and their beneficiaries, it helps us too. It enables us to showcase what our technology can do and offer our employees the chance to make a difference.

Our volunteers get an opportunity to support their communities. They can bring the skills and experience they gain back into their roles with us.

This year, we've targeted much of our support into work with four main charity partners: BBC Children in Need, Comic Relief, Disasters Emergency Committee and NSPCC ChildLine.



Charity partner: BBC Children in Need

We help BBC Children in Need make a difference to children's lives. This year, we helped the charity raise more than £8.5m by providing the technology to support their annual appeal in the UK. Any donation made by telephone or online was processed by MyDonate. More than 6,000 BT people volunteered to lend a hand by fundraising, raising awareness for the appeal or answering phones on the night. Some visited their local schools to raise awareness about BBC Children in Need.

Charity partner: Disasters Emergency Committee

Within 12 hours of the Disasters Emergency Committee declaring a disaster following the devastating earthquake that struck Nepal on 25 April 2015, we launched a dedicated appeal to raise funds for the thousands of people hit by the disaster.

“

We want to thank BT and all BT staff and volunteers for helping DEC respond so quickly to the Nepal Earthquake Appeal. BT MyDonate has proven yet again it is a reliable and secure system for DEC donors to give through – thank you.”

Saleh Saeed
CEO Disasters Emergency Committee

Using our technology to boost fundraising

One of the biggest contributions we're making towards our £1bn 2020 ambition is through [MyDonate](#), BT's not-for-profit online fundraising and donation platform. It offers fundraisers a way to make sure more of the money they raise goes to the people who need it most. We don't take commission and there are no set-up fees – it's free to use. Through MyDonate, we provide charities and other non-profit organisations with secure online payment processing, call centres and technical support to run major telethons and online appeals.

This year, nearly £60m was raised through MyDonate. More than 900 BT volunteers supported our biggest telethons.

We've invested in technology that helps to make sure everyone who wants to donate can do so, and we've made it easier to make donations from mobile phones. People can now share links to fundraising pages through social media directly from the MyDonate website. We also support tweet to donate and text to donate appeals.



Bringing wi-fi to refugees in SOS Children's Villages

Thousands of refugees crossed the Serbian-Croatian border in 2015 on their way into western Europe. With massive strains on resources and aid, we helped by providing wi-fi hotspots and IT equipment to three camps on the refugee route through Serbia, set up by the non-governmental organisation SOS Children's Villages. The wi-fi hotspots were used by around 105,000 refugees, with over 1 terabyte of data being transferred in just three months.



BT offers us great support in emergency situations through the establishment of ICT Corners in refugee camps in Serbia, where refugees can communicate with their families and get support via the internet to continue their journey."

Thomas Rubatscher
International Director of ICT
in SOS Children's Villages

Major telethon appeals 2015/16

Charity and appeal	Amount raised by charity
DEC Nepal Earthquake Appeal	£18,387,169
BBC's Children in Need	£8,524,115
Sport Relief Appeal	£2,948,446
ITV's Text Santa	£720,288

Charity partner: NSPCC ChildLine

The NSPCC ChildLine counselling service helps children and young people with any issue that causes them distress or concern, such as mental illness and abuse. This year, 28 of our call centre volunteers helped out with NSPCC ChildLine's Letter from Santa fundraising campaign. We hosted a Santa's Grotto in BT Tower and raised nearly £32,000. Some of our people have also become trained counsellors to support NSPCC ChildLine and to pick up better listening skills. Many of our people raised funds for NSPCC ChildLine by challenging themselves to take on the London Marathon.



Sensing a way to wellbeing with Lord's Taverners

Imagine a room that caters to your every sense – from sight, sound, smell, taste and touch to the more abstract senses of wellbeing, time and space.

BT has teamed up with the youth cricket and disability sports charity, Lord's Taverners, to install multi-sensory rooms in special needs schools across the UK. These rooms are designed to improve hand-eye coordination, motor skills, colour recognition, communication and sensory skills for children with disabilities.

Schools catering for children with severe learning and physical disabilities, sensory impairments and autism have found that these rooms have the power to improve a child's emotional health and enhance their learning experience.

Each of the 30 rooms have been opened by sporting celebrities like BT Paralympic ambassador Jonnie Peacock. Our people have also volunteered their time and technical expertise to help schools run the sensory rooms that are helping more than 18,000 children.



Offering low cost products and services

We help charities keep their costs down by offering them reduced call rates and IT support through our discount calls and lines package, BT Charities Club. At the end of the financial year, 539 charities were using this service, 1.3% more than last year.

Our Community Web Kit offers technical support to help charities and non-profit community organisations create a website. It's free of charge. By the end of the financial year, we were hosting more than 10,475 websites, up by 9% from last year.

Volunteering

Our people are talented individuals. We want the communities around us to benefit from that talent – that's why we promote employee volunteering. This is also great for our people as they build their skills and learn new ones.

We believe that volunteering not only engages our people in helping society, but also helps our business. Our CARE results show a higher employee engagement score from those who volunteer – whether as part of a BT initiative or on a cause of their own – than from those that don't.

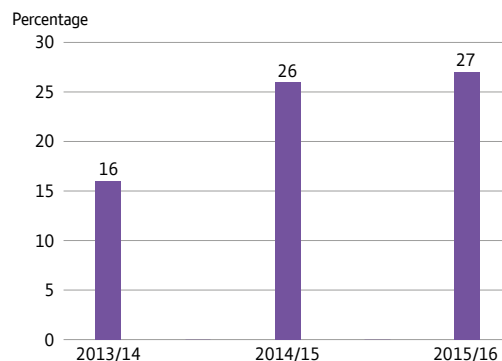
We enable employees to take up to three working days a year as volunteer days. And we want them to use these days. We've set a goal to inspire two-thirds of our people to get involved by 2020. This year, 27% of our employees volunteered nearly 45,000 days and provided in-kind support worth more than £15m to charities and non-profit organisations.

To help as many of our people as possible to get involved, we also provide micro volunteering opportunities – a chance for our people to commit their time in bite-sized chunks. As one example, this year we partnered with MIND, the mental health charity, to give employees the chance to learn more about mental health issues, through short calls and video.

We're also seeking more opportunities for our people outside the UK to get involved. For example, this year we worked with Comic Relief to hold Red Nose Day in the USA: we raised £4,000 from BT people

BT employees volunteering

Year ended 31 March



Source: BT Finance, LBG model

volunteering as fundraisers in addition to our £7,000 corporate donation.

We encourage our employees to use their expertise to support good causes, charities and local community groups. This year more than 260 employees took part in BT Troubleshooter sessions to give 19 charities free advice on any technical and business issues. Around 200 people trained teachers, parents and children on internet safety through The Right Click programme ([see page 19](#)).

Every year, the BT Chairman's Awards recognise outstanding contributions to volunteering and fundraising. This year's winner, Ashish Dabral, is changing lives in the Himalayas (see right).

EE also support several charities through volunteering. One such is 'Apps for Good', in which young people use new technologies to design and make products that can make a difference to their world, gaining confidence and skills at the same time. Our combined contributions will benefit good causes in the years ahead.

Chairman's Volunteer of the Year Award winner: Changing lives in the Himalayas

Ashish Dabral is a project manager at BT in Gurgaon, India. He's used his expertise to set up a centre for underprivileged students in the remote Himalayan state of Uttarakhand, 300 kilometres away. There, they can learn technical skills that will help them get a career.

Ashish travels more than 20 hours to teach the students in his own time. Since 2014, he has trained more than 70 students in computing and other skills.

This year, he won a Chairman's Award for his efforts and used the award grant to build new classrooms to help more students.

"Born and brought up in a Himalayan village called Timli, I experienced the daily struggle for survival in a remote area with limited resources," he said. "Somehow, I managed to graduate and reach a point where I can give back to society."



Sport for change

We're using the power of sport to change lives around the world.

**COMIC
RELIEF**

Sport is a great leveller. It captures the interest of people of all ages around the world. This makes it a powerful channel to garner attention for important social issues. BT Sport is a growing part of our business and we're using this to make a difference by inspiring customers, fundraising and getting our people involved.

We're using the power of sport to help disadvantaged young people through [The Supporters Club](#) and our partnership with Comic Relief – and its [Sport Relief](#) campaign.

The Supporters Club raised nearly £1.6m from BT Sport customers this year. It awarded grants to nine charitable programmes – four in the UK and five in

other countries around the world – that use coaching and sport to help children get fitter, gain skills and do better at school.

This year, we worked with Street League to offer 29 young people the chance to take part in sport academies designed to build skills that improve their chances of getting a job. We've helped 12 of them gain employment and five have gone into further education. Find out more about The Supporters Club on our [website](#).

Our people also have lots of exciting opportunities to get involved through volunteering, working with sports clubs to help young people from disadvantaged communities.

Charity partner: Comic Relief

We help Comic Relief raise funds to support vulnerable people around the world through the Sport Relief campaign it runs every two years. This year, 350 of our people volunteered at our call centres across the UK to take calls and process people's donations for Sport Relief. This helped us raise a total of nearly £3m.

We supported comedienne Jo Brand on her seven-day walk Sport Relief Challenge: Jo's Hell on a Walk. And nearly 2,700 of our people joined in to collectively walk, run, cycle or swim 238,855 miles – far enough to reach the moon – as part of our BT Moonwalk challenge ([see page 25](#) for more on Fit for Life).

We also supported a team of celebrities braving the waves of the Irish and English Channel in their five-day Hell on High Seas challenge to help raise more than £1m.



Finding a home in football with Homeless FA

Homeless FA aims to give homeless men and women in England opportunities through a dedicated national football association for those who have experienced homelessness. We teamed up to support the organisation in 2015/16 with a grant from The Supporters Club.

More than 300 people who've experienced homelessness took part in football training and the best players had the chance to go to Amsterdam to compete in the Homeless World Cup.

One team member, Hannah, found that getting involved in the training gave her a new sense of purpose: "The Team England programme has given me a wakeup call. I know there is more to life than thinking you're a failure. I believe in myself now!"

Hannah is pursuing her passion for coaching and she's now completed her FA Level One Coaching qualification.



Connecting society

Our products and services have the power to lift people out of disadvantage. We aim to extend that opportunity to millions more people.

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Connecting society

Overview

We're getting people online across the UK and beyond. Our products and services are opening doors for people who haven't had a lot of opportunities.

Over 25 million premises can now get access to fibre-based products and services – that's around 85% of the country. We're committed to even faster speeds, and expanding this reach even further.

We're helping to equip people with the digital skills they need to access internet services and to make the most out of getting online.

Simply connecting people brings tremendous social and economic benefits. But we want to go further, by offering tailored products and services that can make a real difference to the people that most need support.

We aim to help 10 million people overcome social disadvantage by 2020 through the benefits our products and services can bring. We've already helped 2.6 million since announcing this ambition in 2014/15.

Around the world, we're developing services that add social value and increase our revenue. This commitment to shared value is part of our business strategy.

Our 2020 ambitions

Help 10m people overcome social disadvantage through the benefits our products and services can bring

10m

People helped since 2014/15

2.6m

More than 9/10 people in the UK will have access to fibre-based products and services.

9/10

Premises reached by March 2016

8.5/10



Overcoming disadvantage

We're targeting disadvantage caused by social exclusion, lack of education, unemployment – and challenges related to age and disability. Since 2014/15 we've helped 2.6 million people overcome disadvantage through the benefits our products and services can bring. Our ambition is to increase this to 10 million by 2020.

Measuring social impact

We've developed a social impact methodology to calculate the social value of products and services and tested it on four products and services this year. In one case, we found that remote communities in Colombia will reap economic benefits totalling £1.8m a year from delivering the digital inclusion programme known as Vive Digital.

Connecting the UK

We've already reached around 85% of UK premises with fibre-based products and services. And we're on track to help take coverage to 95% and beyond.

Connecting Africa

Partnering with SOS Children's Villages, we've connected 30 villages – and nearly 145,000 people – in 13 countries across Africa since 2012. These satellite connections offer access to better education, healthcare and other services. We're also working with customers to use ICT to extend positive social impacts across sub-Saharan Africa.



Supporting online access for all

We chaired a UK Government working group to create the [Digital Inclusion Outcomes Framework](#), to measure the benefits of digital inclusion and promote further investment.

“

Thanks to BT's financial and expert skills in development and consulting support, SOS Children's Villages is implementing a professional Health Management System in seven SOS Medical Centres.”

Thomas Rubatscher
International Director of ICT,
SOS Children's Villages

Delivering social benefits

By 2020, we aim to help 10 million people overcome social disadvantage, through the benefits our products and services can bring.

This marks a step-change in our ambition to move beyond access to social outcomes. Up to now, we've concentrated on getting more people connected. This alone brings tremendous social benefits. But our new ambition recognises that we can help socially disadvantaged people even more through tailored products and services.

We're targeting disadvantage – caused by social exclusion, lack of education, unemployment – and challenges related to age and disability. By focusing on the difference our core products and services can make, we're providing benefits for our customers and society. And we're increasing revenue and building our brand reputation too. This emphasis on shared value is a part of our business strategy.

Our innovation processes reinforce this ambition. The [BT Infinity Lab](#) promotes open innovation and we run competitions to tap into the rich ideas small businesses and entrepreneurs can offer to help societies overcome their challenges. This year, the BT Infinity Lab SME Award called for innovative ideas to improve public sector services. The winner will receive £15,000, six months' support from BT to develop their product or service and six months' membership of TechHub's innovation space.

To measure the social value we bring, we look at the outcomes our products and services make possible. This year, we developed a social impact methodology to quantify our impact. It builds on our existing framework for measuring social return on investment and we refined the process in four pilot studies (see right). We aim to apply the methodology across our portfolio worldwide to help us understand our social impact and develop new products and services.

Measuring our impact

We've created a methodology to measure the social value we bring. It assesses the potential impact – positive and negative – of different types of products or services. This includes impacts on wellbeing, education, financial prospects and savings.

We can then map the expected beneficiaries, inputs, outputs and outcomes to assess qualitative, quantitative and financial impacts.

Putting our methodology into practice

We refined this process by testing it on three UK products and services – BT Basic, Digital Inclusion for Social Housing and Mobile Health Worker – and the Vive Digital contract in Colombia ([see page 38](#)).

In the Colombia example, the methodology estimated the social value we bring at £1.8m a year. This is divided among four groups who will benefit:

- **local farmers** – £130,000 from being able to connect with customers and access online training to build their business skills;
- **households** – £1.3m from cheaper calls;
- **unemployed people** – £17,000 from finding work due to training on digital inclusion; and
- **students** – £326,000 in increased expected salaries, once connected and trained in relevant skills.



Connecting the UK

Internet access unlocks benefits for people, businesses and society. Around 85% of premises across the UK now have access to fibre-based products and services.

Fast, affordable internet connections are vital for people and businesses in an increasingly digital world. Our products and services help people get connected, and we also help them get online.

Connecting people helps them feel more confident, save money, pursue hobbies and learn new skills. Our analysis last year showed this is worth £1,064 a year to a new internet user and up to £3,568 a year for advanced users.

Investing in broadband

KPMG estimates that increasing broadband speeds by 100 Megabits per second (Mbps) by 2025 will be worth £20–£30bn to the UK economy. That's from the combined added value of higher productivity, home working, and creating a better environment for new businesses and foreign investment.

Through Openreach, we're investing £3bn in tens of thousands of kilometres of fibre cable in the UK to deliver superfast broadband.

We have reached more than 25 million premises, and around 85% of UK premises can now be connected through fibre broadband. This means we're closing in on our target to give more than nine out of ten people access to our fibre-based products and services by 2020.

We want to play a leading role in the UK's digital future, underpinning the UK's position as a leading digital economy with a step-change in broadband speeds across the country. This year, we announced how we'll support this vision:

- We want every household in the UK to be able to access broadband speeds that support all modern internet services. BT stands ready to support faster speeds with the right regulatory environment;
- We'll work to help deliver fibre broadband as far as possible, beyond the current UK Government target of 95% UK premises, into the final 5%;
- We also have an ambition to provide ultrafast speeds of over 300 Mbps to 12 million premises by the end of 2020.

Supporting online access for all

One in five adults in the UK are still not online or lack the basic digital skills they need to get online.

We offer special deals and work with partners to bring our products and services to people who are missing out – mainly unemployed, elderly and disabled people. These include:

- **BT Basic+Broadband**, a low-cost package for people on income support. By adding broadband to a BT Basic phone package with no connection charge, the total package is just £9.95 a month.
- **Digital Inclusion for Social Housing**, a shared internet service that enables housing associations to offer low-cost connections and devices to tenants with no upfront installation cost and no need for credit checks. This has helped 10,875 properties in 11 housing associations get online this year.

- **Including You**, a website that offers guidance for people with disabilities on how to use our products and services.

This year, we also chaired a UK Government working group to create the [Digital Inclusion Outcomes Framework](#) to measure the benefits of digital inclusion and promote further investment.

EE shares our goal of connecting the socially disadvantaged and has promoted digital skills through Go ON UK, a charity EE helped to set up, and Techy Tea Parties run by staff volunteers in EE stores. As we integrate EE into our business, we'll consider how we can use its network of stores in other ways to support our purpose. We'll also explore how we can use EE's 4G wi-fi network to get more people online.

See [page 28](#) for more on our commitment to build digital skills.

BT and Barclays Wi-fi in our Community

We've teamed up with Barclays to provide free wi-fi at 100 libraries and community centres in some of the UK's most deprived areas. Connecting places like libraries, care homes and centres for the homeless helps people get online, build confidence and develop digital skills.

BT's Digital Friends volunteers and Barclays Digital Eagles help people go online. Events include Tea and Teach to get first time users started, and Lifeskills/Money Skills, which helps people look for work and make money go further.



Wi-Fi in our community



Connecting the world

Improved literacy, better job prospects and higher incomes. These are just some of the benefits that our products and services can bring to people around the world.

Every day we support over 6,200 corporate and public sector customers that deliver services to people in 180 countries. We use our experience and technology to help millions of people overcome social disadvantage.

Our flagship project is Connecting Africa.

Partnering with SOS Children's Villages, we've connected 30 villages in 13 countries across Africa since we started in 2012. These connections – via satellite technology – have already reached nearly 145,000 people, providing access to better education, healthcare and other services.

This year, we helped SOS Children's Villages add a healthcare management system for seven of the villages. The charity's medical centres now operate more effectively, benefiting around 100,000 people in the surrounding communities.

An evaluation of 20 SOS Children's Villages found that the most popular uses of the internet include studying, planning lessons, searching for health information and staying in touch with people. The social impact amounts to more than £500,000 a year across the 20 villages. We've also begun to evaluate the impact of the healthcare management system, including improved patient outcomes, more efficient clinics and lower running costs.

In Kenya, we've reached nearly 34,000 children, giving them opportunities to access education and improve their literacy. Our support is part of the [Open Space Literacy](#) programme in Nairobi.

Our ability to scale ICT programmes across sub-Saharan Africa, and to demonstrate the positive impact of digital inclusion, has helped strengthen relationships with key BT customers such as Novartis. It is also informing our commercial digital inclusion programmes across the world.

“

Thanks to BT's financial and expert skills in development and consulting support, SOS Children's Villages is implementing a professional Health Management System in seven SOS Medical Centres. These systems are making a difference to the quality of health services that SOS Children's Villages delivers through the Medical Centres and is improving the lives of thousands of people in Africa. Through the Connecting Africa Programme, BT has connected 30 of our programme locations in remote areas, helping us to run operations more efficiently and providing children with the possibility of joining the digital era.”

Thomas Rubatscher
International Director of ICT,
SOS Children's Villages



Improving rural health in Africa

BT is one of the private sector partners in [One Million Community Health Workers](#) (1mCHW). The campaign aims to train more health workers and get them better access to resources to improve care for the poor in rural sub-Saharan Africa. With ICT support, community health workers will have access to sophisticated medical resources and be able to keep track of disease outbreaks and public health.

1mCHW aims to train and equip 1 million community health workers, and accelerate the attainment of universal health coverage in rural sub-Saharan Africa. This year we've signed an agreement with 1mCHW, to help implement and support the use of Mobile health technology and tools (MHealth) by community health workers in Ghana.

Showcasing our ICT capability in the region has led to expanding our commercial relationship with key healthcare clients such as Novartis. We've worked with the Novartis Foundation and Ghana Health Services to help map out the connectivity needed to enable scaling up of their telehealth programme. This work has also strengthened our relationship with the Ministry of Health in Ghana.

Bringing technology to India's poor

BT helped the non-profit Katha school establish the Katha Information Technology and E-commerce School (KITES) in Govindpuri, an impoverished area of Delhi, in 2001. The school equips children from the poorest communities with information and communication skills, ranging from basic computing to complex programming. Gaining these skills helps to break the cycle of poverty that sees many young people drop out of education into poorly paid jobs.

The charity has scaled up this work with an online resource, www.padhopyarse.net, based on Katha's innovative methods. It gives teachers across India

access to creative, ready-to-use Hindi language resources. Katha has also created ten 'I Love Reading' centres by refurbishing computer labs in municipal schools and giving teachers basic IT training so they can use the online resource.

The Katha Consortium has now supported more than 17,000 young people and educators, and the I Love Reading programme has touched the lives of almost 700,000 people.



vive digital
Colombia

Bridging Colombia's digital divide

Colombia wanted to improve connectivity and online education in poorer areas of the country, including rural communities.

BT has worked with the Colombian Government since 2013 to deliver Kioscos Vive Digital, a social telecoms programme. We installed satellite and other equipment in kiosks at more than 700 locations. As well as managing the infrastructure, we work with a third party, INRED, which manages the kiosks and provides training on digital skills.

So far, around 200,000 people have benefited, including farmers, students and the unemployed. Internet access is available to the wider community.

The estimated social value of this work is £1.8m a year, based on our new measurement methodology ([see page 35](#)).

“

The Plan Vive Digital para la gente (Live Digital Plan for the people) has had a very positive social impact in terms of cost savings, job opportunities and improved quality of life for the citizens who can now benefit from technology.”

David Luna Sanchez
Ministry of ICT of Colombia

Delivering environmental benefits

We're using our technology to tackle one of the biggest challenges of our time: climate change. We're not just minimising our own environmental impact, we're helping others do the same.

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Delivering environmental benefits

Overview

Climate change is one of the greatest global challenges of our time. We can make a big difference, by cutting our end-to-end carbon footprint and enabling others to cut theirs.

We're helping to create the low-carbon economy envisaged by the 2015 Paris climate deal. Our products and services support new ways to communicate and do business, that can avoid emissions and stimulate economic and social benefits.

Our products and services are already helping customers cut their emissions by 1.6 times our end-to-end carbon footprint. We aim to make it three times by 2020. We're doing this by offering more services that cut carbon to more customers, and working hard to shrink our own end-to-end footprint at the same time.

The biggest contribution we can make to the environment is to help tackle climate change. This also supports the UN Global Goals. But we also need to manage other risks and impacts such as waste. We promote a circular economy and aim to recover or recycle our waste.

Our 2020 ambition

Help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business

3:1

Achieved in 2015/16

1.6:1

Helping customers cut carbon

We helped customers avoid an estimated 7.6 million tonnes of CO₂e emissions in 2015/16. And we generated £3.6bn revenue from the products and services that are helping them do it. That's a 16% increase over the last two years.

Reducing our emissions from energy use

We cut our energy use by more than 3% through our focus on efficiencies. This helped us reduce our worldwide operational emissions by 10%, to under 350,000 tonnes of CO₂e.

Applying science-based targets

This year we've achieved an 81% reduction in our climate stabilisation intensity (CSI) measure compared to its 1996/97 baseline, achieving the 80% target we set for 2020. Next year, we'll incorporate EE into the numbers and set a new target.

1st

We topped Carbon Clear's ranking of the FTSE 100 on carbon reporting. It recognised our "all-encompassing climate change risk assessment".

98B

We achieved a score of 98 for disclosure and a B rating for performance in the [CDP assessment](#) of corporate reporting and action on climate change.

10th

[Newsweek](#) ranked us tenth "greenest" company in the world in its annual ranking; based on criteria such as energy use, emissions, and the positive impact of our products on the environment.

95%

95% of the worldwide electricity we bought this year was from renewable sources (100% in the UK).

Responding to climate-related emergencies

During widespread flooding in Scotland and the north of England this winter, our engineers worked closely with emergency services to get our exchanges back up and running, and to restore communications quickly.

Supporting savings in the supply chain

Supply chain emissions have increased by just over 5%, due to our increased spend this year. We're working with suppliers to reduce these through our Better Future Supplier Forum. Our new online sustainability assessment tool aims to help our suppliers – and their suppliers – understand how to reduce their impacts.

Reducing carbon emissions in the UK

We've shown that investment in ICT could reduce UK carbon emissions in 2030 by 24%, while bringing £122bn economic benefit to the UK.



“

BT has yet again demonstrated game changing leadership credentials through a rigorous and far reaching carbon management strategy that is communicated both internally and externally. For this reason the company has ranked first for the second year in a row.”

Mark Chadwick
Founder & CEO, Carbon Clear

Tackling carbon emissions

By 2020, we aim to help customers cut their carbon footprints by three times our end-to-end carbon emissions. That's a 3:1 net positive impact.



Our products and services enable customers to work remotely, operate more efficiently and avoid travel. This saves energy, fuel and carbon emissions (CO₂e). But producing and delivering those products and services generates emissions.

With our 3:1 ambition, we're boosting efforts to tackle climate change while minimising our impact. We're increasing the '3' by developing and offering more services that help customers cut their carbon footprints. At the same time, we're working to minimise the '1', our own end-to-end emissions – in

the supply chain and our operations, and from the energy customers need to use our products.

In 2015/16, we achieved a ratio of 1.6:1. That means we're already helping our customers save 1.6 times more carbon emissions than those that result from our business activity, and the manufacture and use of our products.

Read on to find out how we're tackling climate change by working with others, enabling customers to cut carbon and reducing our end-to-end emissions.

Measuring our impact

We've developed a methodology to measure progress towards our 3:1 ambition. We work with the Carbon Trust to estimate the carbon savings we can help our customers make. Our calculations are based on research studies and real case studies from customers using different types of BT products and services. This year, we extended the portfolio covered in the methodology to include further services relating to IP communications, mobility, cloud, remote collaboration and machine-to-machine technology.

To understand our total end-to-end impact, we estimate the emissions associated with our supply chain using a model we've developed with Small World Consulting. This includes emissions from our extended supply chain and draws on data from the Carbon Disclosure Project (CDP) and our Better Future Supplier Forum ([see page 16](#)). We add data on the carbon footprint of our own operations as well as calculating emissions from customers' use and disposal of our products. See our [website](#) for more details on our 3:1 methodology.

3:1 ambition	2014/15		2015/16	
Customer carbon savings	7.1m tonnes		7.6m tonnes	
Our end-to-end emissions	4.6m tonnes		4.8m tonnes	
Ratio	1.5:1		1.6:1	

Collaborating with others

We're working with peers, policymakers, non-profit organisations and others to help tackle climate change. Together, we aim to reduce global carbon emissions and support sustainable development.

Calling for a robust global agreement

Climate change is a global challenge that demands a concerted effort from people, governments and organisations around the world. Businesses have an important role to play and we want to play ours. We support policies and partnerships that will help to create a low-carbon economy.

We called for ambitious global action on climate change in the run-up to the United Nations Conference of the Parties (COP21) held in Paris in December 2015, and we welcome the historic deal agreed by world leaders. Our focus was on the role of ICT in helping cut carbon emissions, and grow their economies at the same time. We also promoted the use of renewable energy.

Working with others

We work through industry partnerships to promote business action on climate change and the environment.

One of our senior managers chairs the Global e-Sustainability Initiative's (GeSI) Climate Change Committee and we co-sponsored its latest research on the potential of ICT to tackle climate change globally – the SMARTer2030 report. This report looks at ICT as a whole and a second study looks at the role of mobile communications in particular.

We've made good progress on our commitment to purchase 100% renewable power in our own operations as part of the [RE100](#) business coalition formed in 2014 ([see page 47](#)). We also promoted wider use of renewable energy through the 100% Sport campaign. Launched with Olympic and America's Cup sailor, Sir Ben Ainslie, during Climate Week in New York, 100% Sport aims to use the power of sport and sports stars to encourage people to switch to clean energy. Within five months, the campaign slogan #go100percent, used by BT and other campaigners, had more than 200 million Twitter impressions.

Clean energy was also promoted through the "We Got Power" campaign run by [Collectively](#) in late 2015.

We're a founding partner of this online platform that aims to inspire young people to embrace more sustainable ways of living.

We're also participating in a project by the [World Business Council for Sustainable Development](#) to understand how business, including ICT, can help to support sustainable lifestyles as demographics change. The initial [research reports](#) focus on Brazil, China and India.

BT is a member of several other groups that bring businesses together to deal with environmental challenges. These include the [Aldersgate Group](#), the [Confederation of British Industry \(CBI\) Energy and Climate Change Board](#), [The Prince of Wales' Corporate Leaders Group](#), the [We Mean Business coalition](#) and the Environment Strategy Council of industry association [Tech UK](#). We're also a member of the [Ellen MacArthur Foundation](#) CE100 initiative that explores how to accelerate the transition to a circular economy.

Road to Paris

June 2015

Calling for climate action from the UK Government

We signed an [open letter](#) in the Financial Times from environmental group WWF, and more than 80 businesses. It urged the UK Government to step up efforts on climate change and build a green economy that creates jobs and enhances the UK's ability to compete.

September 2015

Taking action during Climate Week New York

We spoke at the signature Climate Week New York event, promoted the GeSI SMARTer2030 report and launched our 100% Sport campaign (see above).

Endorsing investment in clean energy

We signed an [open letter](#) urging the leading nations of the world to support the [Global Apollo Programme](#) that aims to make renewable energy cheaper than coal within ten years. To do this, it needs governments to collectively invest £10.5bn a year in clean energy.

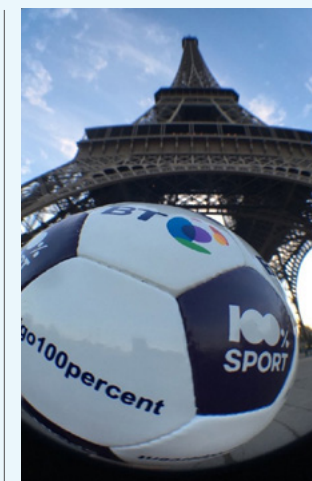
November 2015

Promoting a switch to clean energy in London

We used BT Tower's prominence on the London skyline to support the global People's Climate March. It displayed a simple message for everyone to see: make your goal to go 100% renewable energy.

Calling for firm agreement at COP21

Together with 78 other CEOs, our Chief Executive Officer Gavin Patterson signed the World Economic Forum's [open letter](#) urging world leaders to agree an ambitious climate deal. He also joined other business leaders to stress that a firm agreement at Paris would be critical for private sector investment in low-carbon solutions, based on the findings of a [report](#) by the UN Global Compact and Accenture.



December 2015

Contributing at COP21

During the negotiations at COP21, we took part in working sessions on sustainability, supply chain and sustainable innovation in sport. The events were hosted by organisations such as CDP, Climate Action and the UN Framework Convention on Climate Change. We also promoted our 100% Sport clean energy campaign at the Earth to Paris event organised by the UN Foundation.

Researching how our industry can enable carbon savings

ICT has great potential to enable carbon reductions. That's well established. The first forecast from the Global e-Sustainability Initiative (GeSI) in 2008 predicted that ICT could cut global emissions by 15% by 2020, and its latest research raised this to 20% by 2030.

GeSI's SMARTer2030 report identifies opportunities for ICT to save 12 billion tonnes of CO₂e by 2030. This would keep global CO₂e emissions at 2015 levels – even allowing for increases in the sector's own emissions to support the services required.

The technologies that make these emissions savings possible range from tools to manage fleets and use energy more efficiently, to smartphones and mobile apps. Connectivity is a prerequisite for most of them. The opportunities identified by the SMARTer2030 report could not only save emissions, they could also generate an estimated \$11 trillion through a combination of cost savings and growth opportunities across our industry and the wider economy.

With more than 7 billion mobile connections worldwide, mobile technology can play an important role in this. In Europe and the USA alone, mobile already enables more than 180 million tonnes of carbon savings a year; and a study by GeSI expects this to triple over the next five years. Now that EE has joined our business, we'll look for opportunities to capitalise on this potential and bring its mobile services into our 3:1 methodology (see our [Download Centre](#)).

We built on GeSI's research to produce our own report on the Role of ICT in Reducing Carbon Emissions in the UK. It found that ICT could cut UK emissions by 24% by 2030 – and in doing so create around £122bn in economic value for the UK. These kinds of reductions would go a long way to helping the UK Government meet its commitments as part of the global climate deal in Paris.

We're promoting the use of ICT to achieve this potential. And we're using the opportunities identified in these research studies to investigate how specific BT products and services can contribute to carbon savings.

Helping customers cut carbon

We're using our technology to help customers cut their emissions, harness the power of communications and lay the groundwork for a low-carbon economy.

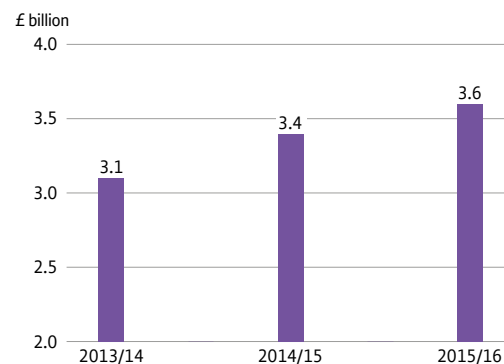
Our technology can make a big contribution to global action on climate change. And we can grow our business in the process.

This year, we generated £3.6bn revenue from products and services that help our customers reduce their carbon emissions. That's a number that has grown by 16% over the last two years.

By getting more people connected to broadband, we're helping them to get the things they need online and in some cases to telecommute. This avoids emissions from travel.

Global portfolio revenue from products and services

Year ended 31 March



Superfast broadband cuts carbon in Cornwall

Our superfast connections in Cornwall could save more than half a million tonnes of CO₂e emissions over nine years to 2020. That's a staggering 25 times the emissions from running this network.

Situated at the southwest tip of England, Cornwall is famed for its rugged cliffs and pretty, but narrow, country lanes. Since 2011 we've been working to make this county, with its hard-to-reach villages dotted around the countryside, into one of the most digitally connected rural areas in Europe.

Together with the European Union and Cornwall Council, we've built a fibre broadband network that passes 95% of Cornish homes and business premises,

with nearly 90% now connecting with superfast speeds. By 2020, we want to bring access to superfast broadband to 99% or more in this region.

With superfast connections, 12,000 of Cornwall's businesses can now compete on the world stage. This is good for the Cornish economy – contributing more than £200m in economic impact.

People have cheaper, more reliable access to cloud technology and videoconferencing, and those living in isolated places don't need to get in their cars to go to the shops. Instead, they can order goods online and download books and movies digitally.

See more [online](#).



Many of our customers in the public and private sector have their own carbon reduction targets to meet – and they all want to cut costs and work more efficiently. By offering products and services that can help them do that, we're also building our commercial relationships and opening up new revenue streams.

We're already enabling customers to save an estimated 7.6 million tonnes of carbon, mainly by helping them use less fuel and energy. That's 9% more than last year. And it's increasing all the time.

Enabling customers to cut carbon

Our internet connections enable people to purchase and use online services that replace physical products and the need to travel to access services. Examples include music streaming and online shopping. Superfast broadband makes it even easier for them to do this.

We're also helping businesses and organisations cut their carbon emissions by enabling their employees to work from home, meet and collaborate remotely, and manage information in the cloud. This saves energy, fuel and carbon, by improving efficiency and avoiding the need to travel.

The new [BT Carbon calculator for business](#) lets customers in the public and private sector go online and estimate the carbon, costs and time we could save them. All they have to do is enter a few basic details like number of staff, vehicles or miles travelled. They'll get an instant report that lets them know what they could save. This is presented in a clear and simple graphic.

The online calculator had more than 350 unique hits within the first few weeks of its launch. Customers can find the tool on our website and click through to ask for more information from our experts. Our sales teams are able to use the tool more widely to promote the environmental benefits our products and services can deliver.

So far, the BT Carbon calculator can be used to explore the impacts of four different types of products and services: collaboration solutions, data centre and cloud solutions, flexible working solutions and productivity solutions. See table (right) for more on how these and other BT solutions help customers cut carbon in practice.

How we help customers cut carbon

Solution		What it is and how it helps	Key impact
Broadband		<p>With broadband, people can work from home or remotely (telecommuting), saving time, fuel and emissions from travelling to and from an office every day.</p> <p>Broadband also enables a range of technologies that remove or replace the use of physical products (dematerialisation) and the need to travel to get these products and to access services. Examples include use of online news replacing newspapers, music and movie streaming to replace CDs and DVDs, and online services such as banking, shopping and training.</p> <p>Superfast broadband makes it even easier for people to telecommute and make the change from physical to virtual products and services.</p> <p>Broadband also supports e-commerce, reducing the need for physical shops and commercial space.</p>	<p>Reduces travel</p> <p>Reduces emissions from the manufacturing of physical products</p> <p>Reduces need for commercial space and associated energy use</p>
Flexible working solutions		<p>We offer a range of services, like secure remote access to an organisation's systems, that let staff work flexibly.</p> <p>Desks can be shared as people aren't all in at once, reducing the need for office space and cutting the amount of energy required to power, heat and cool buildings.</p> <p>Flexible working also reduces commuting by giving people the option to work from home. This can result in significant savings overall, even after factoring in the additional energy employees use to power, light and heat their homes when they're working there.</p>	<p>Reduces travel for commuting</p> <p>Reduces office space and energy use</p>
Collaboration solutions, audio and video conferencing		<p>Our audio and video conferencing let people meet remotely from anywhere, so they don't have to travel to meet up. We also offer organisations a single global network to support all communications – including voice, email, web and videoconferencing, and mobile devices – so that teams can work together effectively whether they are sitting across a table or across the world.</p>	Reduces travel emissions
Data centre and cloud solutions		<p>Our cloud services release organisations from the burden of having their own IT servers taking up space and using energy on their premises.</p> <p>Instead, we host their data. And because we host such vast quantities of data, we can achieve economies of scale and reduce energy used to power and cool our data centres.</p> <p>On top of that, we make them as efficient as possible, well above the industry average for energy efficiency (see page 46).</p>	Reduces energy use
Productivity solutions		<p>Field Force Automation improves efficiency and productivity for organisations with staff who have to travel around to various appointments during their working day, such as sales teams, engineers or district nurses.</p> <p>Online services and automated scheduling mean they don't have to go to their base to get their call sheet in the morning and report in at the end of the day. It also means staff can be allocated to tasks near them to reduce travel. This lets workers do less mileage and fit more visits into their day.</p>	Reduces travel

We're continuing to explore how more of our products and services can help us deliver carbon savings for our customers and grow our business. This year, we asked the Carbon Trust to help us evaluate the savings we could bring through IP communications, mobility, cloud, remote collaboration and machine-to-machine (M2M) technology as part of our 3:1 methodology ([see page 41](#)).

Many new opportunities come from connecting not just people but things like buildings, vehicles and equipment. Through M2M technology, these things are able to send and receive real-time data and equipment can be controlled remotely. M2M acts as an enabler for the Internet of Things (IoT), which has great potential to deliver energy, fuel and carbon savings by improving efficiency, and is revolutionising a wide range of areas – from electricity grids and logistics to homes and cities (see feature).

We know that any risks associated with new technologies need to be explored carefully before they're put into wider use. We've joined a group of universities and private partners to set up a new research hub to look at the acceptability, ethics and reliability of IoT technologies and how to address any concerns about issues such as privacy and security.

This hub is just one of the ways we're supporting the UK Government's [IoTUK](#) programme that seeks to make the UK a global leader in IoT by increasing the adoption of high-quality IoT technologies by public and private organisations nationwide. Our wired and mobile connections will play an essential role in this effort.

Making cities smarter

ICT can help cities save energy, cut costs and reduce waste by making services like education, healthcare, roads and other infrastructure more efficient. We're working with partners to test out specific opportunities for technology to make cities smarter.

Milton Keynes is one of the UK's fastest-growing cities and this is putting strain on its infrastructure. MK: SMART is a pioneering three-year project to explore how connectivity and IT can transform the city. BT is the major IT partner in the project consortium led by the Open University. The objective is to use the latest technologies to overcome constraints on the city's growth and improve quality of life for the people living and working there.

The project gathers real-time information from a range of sources across the city and provides innovative analysis tools to enable much more efficient use of transport, water and energy infrastructure. The data collected offers opportunities for citizens, councils and entrepreneurs to develop innovative applications and services that could bring economic and environmental benefits. Focus areas could include traffic management, parking, street lighting, waste collection, irrigation and pollution control.

We're also installing sensors on our Openreach telephone poles in Milton Keynes, to monitor pollution from traffic by measuring nitrogen dioxide, nitric oxide (nitrogen monoxide) and carbon monoxide; as well as temperature, humidity and noise pollution. This trial will help us explore how and where to position sensors for effective environmental monitoring. The poles used for streetlights can also be used to house air quality sensors and other equipment, or even transmit wi-fi.

We're testing how streetlights could be made to work harder in this way through the BT Sense programme. The programme is also looking at making street lights smarter, so they turn on or off when they sense

variations in traffic volumes, or get brighter when someone walks past. We're also working with Suffolk County Council to test out responsive street lighting that reacts to vehicles driving past, which could reduce council energy bills by around 10–15%.

We'll also be using sensor technologies and more as part of a new project in Manchester, called [CityVerve](#). The partnership won a £10m UK Government award this year to deploy IoT technologies. This includes plans for talkative bus stops, that will let people tell bus companies where and when they're waiting; and a network of "community wellness" sensors, positioned along commuter routes and elsewhere, to encourage people to participate in fun physical activities.



Driving smart with Driver Assist

With the new Driver Assist app that BT helped to develop, haulage companies can use smartphones to help them drive smarter. That means better fuel efficiency and reduced emissions.

The app continuously checks vehicle location, speed, route, weather and road gradient. It then tells drivers when to use cruise control and when they can take their foot off the accelerator and coast safely – staying in gear – to avoid wasting fuel.

A trial with Turners (Soham) Ltd, one of the largest haulage companies in the UK, indicated potential savings of £16 worth of diesel, and around 810 grammes of CO₂, per 1,000 miles for heavy goods vehicles.

Reducing our end-to-end emissions

We're working hard to reduce emissions from every element of our business – our supply chain, our own operations and customers' use of our products.

Our products and services help customers cut their carbon footprints. But to meet our 3:1 ambition, we also need to cut our own. That means working with suppliers to reduce their impacts, improving the energy efficiency of our buildings and networks, using renewable energy wherever we can, and minimising the impact of our products when our customers use them.

Our supply chain

The bulk of our end-to-end emissions are related to the products and services we buy from suppliers – from manufacturing network equipment, to providing data centre services. This year, emissions from our supply chain increased by 5.1% to 2.9 million tonnes of CO₂e. However, supply chain expenditure has increased by 8.2%, so the average carbon intensity of procurement has decreased.

We buy products from thousands of suppliers and each of them has their own chain of suppliers. This makes it hard to measure the emissions from our entire supply chain. But we're working with climate change specialists Small World Consulting to estimate these as accurately as we can ([see page 41](#)).

The information that suppliers provide through the CDP Supply Chain programme helps us build real data into our model. This year, 150 of our key suppliers completed the CDP questionnaire, a 70% response rate. Together, these suppliers represent 46% of our total spend. Results show that most are working hard to reduce their emissions:

- 76% have set targets to cut emissions;
- 87% have initiatives in place to cut emissions;
- 86% have integrated climate change into their business strategy; and
- 64% are engaging with their own suppliers on climate change.

We share best practice with suppliers and work together to reduce the environmental impacts of our products through the Better Future Supplier Forum. Members supply us with products we sell to consumers, like the BT Home Hub and equipment we use in our networks.

New members complete an assessment of their sustainability performance and approach. That helps them identify specific opportunities to improve. Since the forum began in 2012, participating suppliers have saved 894,000 tonnes of carbon. One supplier of cordless phones and baby monitors has cut energy use by 7% per unit produced – and water use by 15%. We're extending this approach through our supply chain using an online assessment tool ([see page 16](#)).

We considered energy consumption or other environmental impacts in the bidding process for 96% of competitive contracts this year, and we included our [climate change procurement standard](#) in 89% of applicable new contracts. This standard sets out our expectation that each supplier should have a policy and targets to address climate change, and measure and report greenhouse gas emissions.

[See page 16](#) for more on how we manage risks in the supply chain.

Our operations

We have call centres, data centres, depots, offices and telephone exchanges at more than 8,800 sites worldwide – including more than 7,000 in the UK. All of them need energy for power, lighting, heating and cooling. We also run one of the biggest vehicle fleets in the UK. This makes energy and fuel efficiency key to cutting our costs and carbon emissions.

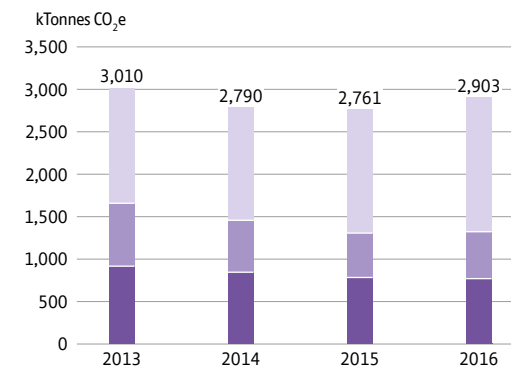
This year, we cut our net¹ total worldwide carbon emissions by 10% to 349,170 tonnes of CO₂e.

- Scope 1 (direct emissions) decreased 1% to below 172,500 tonnes;
- Scope 2 (emissions from purchased electricity) decreased 21% to nearly 51,000; and
- operational Scope 3 (indirect emissions) decreased 15% to below 126,000 tonnes.

As part of our commitment to climate stabilisation, we aimed to slash the carbon intensity of our business by 80% by 2020 from the 1996/97 baseline. This year we hit this climate stabilisation intensity (CSI) target, by achieving an 81% reduction. Next year, we'll incorporate EE into the numbers and set a new target.

Supply chain emissions

(breakdown of upstream Scope 3 emissions)
Year ended 31 March



● Other supply chain emissions (materials, cable, fuels & services)
● Other telco & interconnect
● Embodied emissions of ICT equipment

Source: EEIO model

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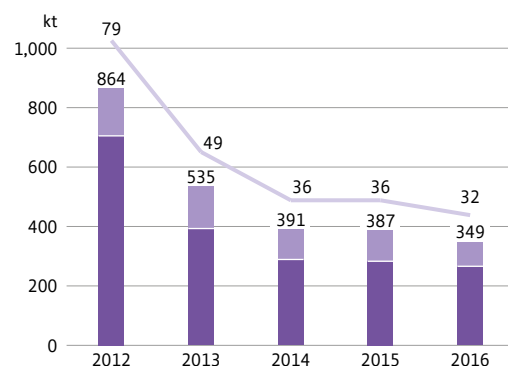
By incorporating real world data from suppliers' CDP submissions into its model to calculate emissions across its entire supply chain, BT reporting is more up to date than those modelled on historical data alone. This approach also encourages more action from suppliers because they can see how their efforts to improve their carbon management and lower their emissions are helping their customer meet its stretch targets.”

Sonya Bhonsle
Director, CDP's supply chain programme

¹ Net is equivalent to Market-based method emissions accounting: see [Our reporting methodology](#).

BT's worldwide operational CO₂ equivalent emissions

Year ended 31 March



Carbon intensity
Rest of the world net emissions
UK net emissions

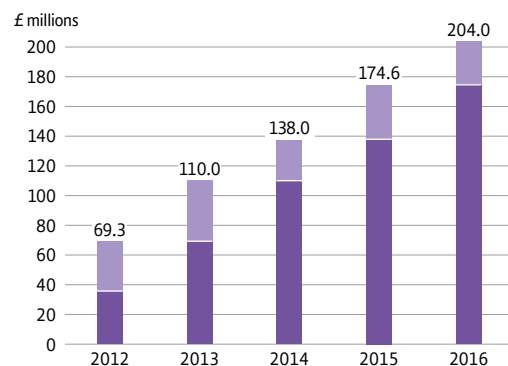
Source: BT carbon model
Note: updated in line with latest DEFRA conversion factors

Carbon intensity = CO₂e/value added (= EBITDA + employee costs)

Net emissions = equivalent to Market-based emissions accounting method – see [Our reporting methodology](#)

Cumulative worldwide energy savings

Year ended 31 March



Additional in year

Source: BT TSO finance
Based on 2015/16 UK energy costs

Sourcing renewable power

Our goal is to purchase 100% of our electricity from renewable sources, where markets allow. This year, 95% of the electricity we purchased worldwide was from renewable sources (100% in the UK).

Around 16% (31.3GWh) of this comes from solar and wind that we invest in directly through Power Purchase Agreements in the UK. These agreements support the development of renewable energy by committing to buy it from the source.

Energy efficiency

We've cut our energy use every year since 2008. This year our energy savings programme helped us cut consumption by 74.7 GWh – that's a 3.1% reduction compared with last year.

To deliver further reductions, we've invested a further £16m in energy management projects. These include:

- installing a further 15,700 energy-efficient lights;
- replacing energy-intensive air conditioning with 246 adiabatic cooling units;
- upgrading our power infrastructure by installing 3,330 energy-efficient rectifier units, and
- de-powering more than 53,000 network assets that were no longer needed.

With more than 80,000 smart meters across our sites, we can monitor our energy use in real-time and spot even more ways to improve efficiency. Our people can also help us find ways to save. Since 2012, more than 12,700 people have signed up as Energy Champions to encourage people to save energy and reduce environmental impacts.

Business travel

Emissions from our worldwide business travel fell by 18% to below 51,000 tonnes of CO₂e this year. We encourage employees to use our audio, video and web conferencing services to avoid having to travel to meetings. This helps to keep costs down and avoid carbon emissions. In the UK, more than 2,000 employees take part in our car share scheme, reducing fuel use and emissions from commuting and business travel.



Transport

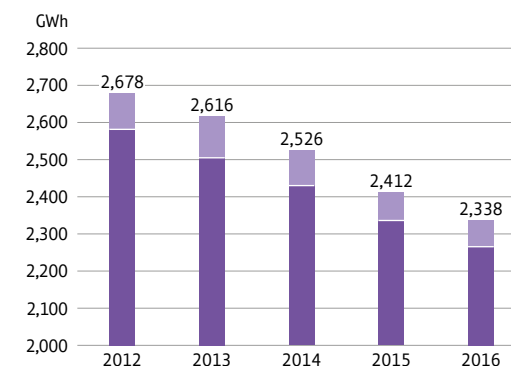
Our engineers travel over 5 million miles a week to maintain our network and keep our customers connected. We're investing heavily in more efficient vehicles in our fleet. This year, we replaced 2,781 cars and vans with more efficient vehicles. This will save on fuel costs and cut emissions by an estimated 854 tonnes of CO₂e emissions per year. We aim to improve the fuel efficiency of our fleet by 20% by 2020 (from the 2011/12 baseline).

We began a trial of ten electric vehicles in December 2014. A year on, they've saved three tonnes of CO₂e and more than £17,000 in fuel. We're now investing in more.

We're also working to change driver behaviour. More than 450 people from Openreach entered our annual Better Future Driver competition this year. They got tips on fuel-efficient driving and competed for an opportunity to test out their skills in simulated motorway and urban situations. The winner achieved the most improved average fuel efficiency throughout the day.

Energy consumption (worldwide)

Year ended 31 March

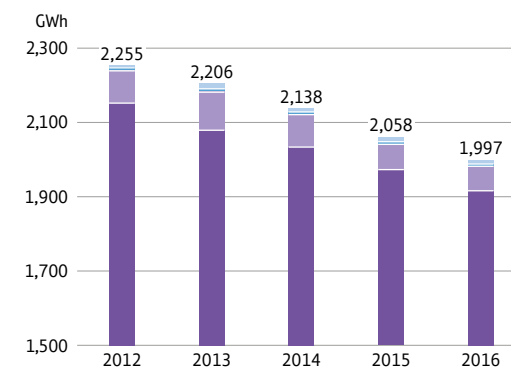


Gas and oil
Electricity

Source: BT TSO Energy & Environmental management system

Energy consumption (UK)

Year ended 31 March



Electricity generated by BT
Heating oil
Gas
Electricity

Source: BT Energy management system. Figures exclude BT tenants Heating energy converted to electricity equivalent for comparison

Customer use of our products

Our end-to-end emissions don't stop with our supply chain, operations, travel and transport. We also include emissions from the energy our customers use to power BT products in their homes or businesses.

Apart from some cables, we don't manufacture our products ourselves, so we work with suppliers to reduce their impacts. Our online [design checklist](#) helps to ensure our product managers and suppliers consider environmental criteria in the design and specification of new products and packaging.

Suppliers of electrical and electronic equipment also have to complete our [product stewardship questionnaire](#). This requires them to comply with environmental legislation such as the European Directives on Waste Electrical and Electronic Equipment (WEEE), the Restriction of the Use of Certain Hazardous Substances (RoHS) and the Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH).

We supported one of our suppliers, Narada, in its development of innovative energy storage solutions such as batteries that can tolerate high temperatures. This cut emissions in the use of equipment by reducing the need for cooling when in use. Narada was awarded the 2015 International Carbon-Valued Award for innovative value at the World Economic and Environmental Conference sponsored by the United Nations.

As part of our commitment to the principles of the circular economy, we're exploring ways to use recycled materials and ensure materials are recyclable when a product is no longer needed. For example, we're working with De Montfort University to research the potential to use recycled plastics in our consumer devices like the BT Home Hub, and with Cranfield University to understand how network components can be effectively recovered, repurposed and recycled to create commercial and environmental value.

Adapting to climate change

Climate change poses a threat to infrastructure worldwide – including ours. We build in resilience and respond rapidly in emergencies to keep people connected.

The resilience of our IT systems, networks, data centres and exchanges is essential to our commercial success. We consider anything that threatens that resilience – including climate risks like flooding and extreme temperatures – among the biggest risks to our business ([see page 10](#)).

The full effects of climate change are as yet unclear, but we apply the precautionary principle to mitigate anticipated risks. Our Environmental Policy includes guidance to help us adapt to climate change and build resilience.

Extreme weather is becoming more frequent. We use a tool based on forecasts from the UK Met Office to plan for weather that could cause problems. We conduct preventative measures and regular checks of back-up equipment at all our exchange sites – more than 5,500 of them. This helps us mitigate the risk of service outages from extreme weather.

Building on our work to address the risk of soaring summer temperatures, this year we focused on the potential for storm damage ([see page 11](#)). In 2015, severe storms were named in the UK for the first time. Abigail hit first, followed in quick succession by her brothers and sisters. High winds and rain left many communities cut off by flooding and damage from fallen trees. Our engineers worked tirelessly, often in horrendous conditions, to make emergency repairs and get people reconnected quickly.

Rapid response to flooding in Scotland

New Year's Eve preparations were put on hold when Storm Frank struck the east of Scotland on 29 December 2015. Torrential downpours fell on saturated ground and the River Dee burst its banks. Homes and businesses were devastated and the main road near Ballater was completely washed away, taking BT cables with it.

Neighbouring villages of Braemar and Crathie, home of the Queen's Scottish residence at Balmoral, were cut off. We stepped in immediately, working with the Red Cross to provide emergency satellite communications to these isolated communities while we worked to repair the damage.

Our team braved the storms to lay over a kilometre of new cables. One of the biggest challenges was getting a new cable across fast-flowing flood waters 95 metres wide. The solution? A rocket-propelled speed wire courtesy of the Royal National Lifeboat Institution.

Thanks to the hard work and quick thinking of our engineers, we were able to keep disruption to a minimum.



We work closely with the emergency services, UK Government organisations and other utilities to prepare for and respond to major incidents and emergencies. During widespread flooding in the north of England and Scotland this winter, we deployed temporary communications while our engineers worked together with emergency services to get our exchanges back up and running. And we came up with ingenious ways to restore phone lines – using fishing rods and rockets to get cables across swollen rivers (see case study).

Managing environmental impacts

With help from our employees, we aim to cut waste and use only what we need.

Our environmental management systems help us reduce risks, comply with regulations and continually improve performance. In the UK, Belgium, Colombia, France, Germany, Ireland, Italy, the Netherlands and Spain, these systems are certified to the international ISO 14001 standard.

We can make the biggest difference to the environment by cutting our carbon footprint and helping customers cut theirs. This is where we focus our efforts ([see page 41](#)). But we're also working to minimise other impacts like waste and water use, prevent leaks from our fuel storage tanks, replace ozone-depleting refrigerants and do our part to support biodiversity.

To manage our impacts, we need help from our employees. We get them thinking about the environment right from the start of their BT career as part of their induction training. We raise awareness through our intranet and encourage employees to share their stories about reducing impacts through an online forum.

More than 1,700 employees from 13 countries have completed our Energy Accredited Learning Pathway since 2013. They learned about our environmental impacts, management systems and efforts to support a circular economy. In February 2016, we introduced new training for our 30,000 engineers to help them manage some of our biggest environmental risks like waste, emissions and the handling of fuel.

We also encourage people to share ideas about how to reduce our impacts through our employee suggestion scheme, our Challenge Cup and our Chairman's Awards ([see page 23](#)).

Waste and recycling

We want to operate as efficiently as possible. By using only the materials we need, we can cut costs and reduce pressure on natural resources. We support the principles of the circular economy – turning waste into resource – and we ask our suppliers to apply these when they design our products and packaging.

We aim to minimise the amount of waste we send to landfill. From cables to cardboard, we reuse or recycle materials and equipment wherever possible. As we increasingly use fibre optic cables, over the years we've been recovering large quantities of older – mainly copper – cables rather than leaving them in the ground. By recycling the metal within them, we're reducing demand for the energy-intensive mining and processing of mineral ores. We're also recycling more rubbish, thanks to better signs and more engagement across the business to encourage people to use the correct bins.

Overall, the waste we've produced in the UK has reduced by 16%, to 34,300 tonnes this year; and we've recovered or recycled 97% of it. We just missed our UK target to send zero qualifying¹ waste directly to landfill, with only 0.34% of our total waste going direct to landfill. Worldwide, we recovered or recycled 94% of our waste. We use specialist contractors to ensure hazardous waste is managed responsibly in compliance with relevant regulations.

We reuse or recycle electronic equipment that we use in our own operations, and we also offer a take back scheme for customers to send their old products back to us, in some cases free of charge. These measures help us comply with the EU Waste Electrical and Electronic Equipment (WEEE) Directive.

Water use

Most of our water usage is for office and catering facilities, or to cool equipment (for example, in telephone exchanges). This year, we reduced our UK water consumption by 10%. We will continue to target

and reduce leaks using our half-hourly meter readings, provided by our automatic monitoring and reporting programme.

Refrigerants

Some of the equipment we use to cool our network and data centres contain either ozone-depleting hydrochlorofluorocarbon (HCFC) or global warming hydrofluorocarbon (HFC) types of refrigerant gases. This year, we replaced a further 403 refrigerant systems with 246 energy-efficient adiabatic units that use water, instead of these gases, to cool the air. This improved technology provides the cooling needed during periods of hot weather. We have now installed these energy-efficient cooling and fresh air systems at more than half of our sites.

Fuel storage

Within the UK we have fuel in tanks at many of our sites for use in heating and standby generators, along with oil for our fleet vehicles – this poses a risk of leaks and spillages that could harm the environment. Throughout the year, we've been conducting further assessments of our storage facilities, and have a programme in place to improve resilience where this may be necessary. Additionally, in the light of new environmental regulations in Wales – which include a four-year transitional period – we've developed a plan which will make sure we comply with this legislation across all Welsh sites.

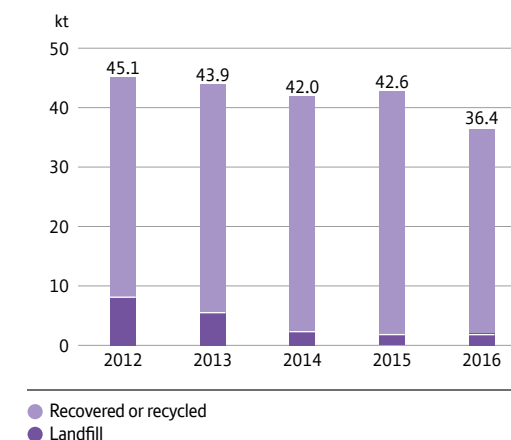
Biodiversity

We promote biodiversity at BT sites by using our land to provide natural habitats such as wildflower meadows that support rare flora, insects and wildlife. This year, we began working with the UK National Allotment Society to develop allotments on BT land for employees, communities, charities and schoolchildren to use. Some of our employees are working in partnership with the Hawk and Owl Trust to install a number of nesting boxes for owls and kestrels on BT sites.

¹ Excludes waste from non-business as usual major projects, some hazardous waste and from a small number of remote sites based on an assessment under the Waste (England and Wales) Regulations 2011.

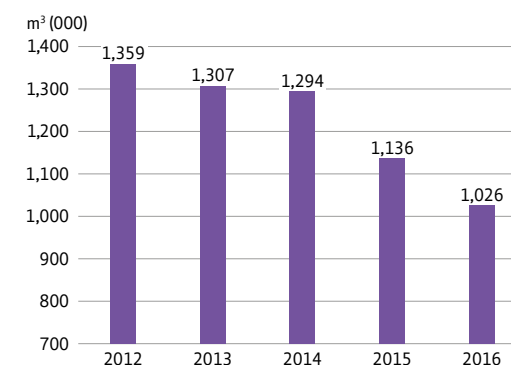
Waste generated and recycled (BT facilities worldwide)

Year ended 31 March



Water use (UK only)

Year ended 31 March



Find out more

See our [website](#) for detailed environmental data.

Appendices

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Key Performance Indicators 2015/16

	Our 2020 ambitions	2014/15 performance	2015/16 performance	Status	Target for 2016/17	Financial indicators and results	2014/15	2015/16
Creating a connected society	More than 9/10 people in the UK will have access to fibre-based products and services	7.5/10 people can access fibre-based products & services	8.5/10 people can access fibre-based products and services	➤	Continue to deliver against 9/10 target			
	Help 10m people overcome social disadvantage through the benefits our products and services can bring	n/a – new target	2.6m benefiting from our products & services	➤	Continue to deliver against 10m target			
Building a culture of tech literacy	Help 5m children receive better teaching in computing and tech skills	n/a – new target	344k children helped in 2014/15 school year	➤	Continue to deliver against 5m target			
Supporting charities and communities	Use our skills and technology to help generate more than £1bn for good causes	Over £83m generated for good causes	£94m generated for good causes	➤	Continue to deliver against £1bn target	Cumulative total against £1bn target, since 2012	£234m ¹	£327m
	Inspire 66% (two-thirds) of our people to volunteer by 2020	26% of BT people volunteering	27% of BT people volunteering	➤	Continue to deliver against 66% target	In-kind value of BT people volunteering	£16.6m	£15.1m
Delivering environmental benefits	Help our customers reduce carbon emissions by at least 3 times the end-to-end carbon impact of our business	1.5:1 achieved	1.6:1 achieved	➤	Continue to deliver against 3:1 target	Global portfolio revenue from products and services contributing towards our 3:1 goal	£3.4bn	£3.6bn

Our foundations for being a responsible and sustainable business

	Our foundations	2014/15 performance	2015/16 performance	Status	Target for 2016/17	Financial indicators and results	2014/15	2015/16
Our investment	Investment to accelerate our purposeful business approach; to be more than 1% of adjusted profit before tax (PBT)	1.15% of PBT invested	1.10% of PBT invested	✓	Maintain 1% of PBT invested	Investment in society of cash, time volunteered and in-kind contributions	£32.5m	£35.0m
Our customers	Customer service: Right First Time (RFT) measure across our entire customer base	4.7% improvement	3% reduction	✗	Improve RFT from 2015/16 performance	BT Group plc revenue ²	£17,851m	£18.909m ³
Our employees	Employee engagement index: a measure of our relationship with our employees	3.82/5 achieved	3.81/5 achieved	✓	Maintain or improve from 2015/16 performance	Number of employees	88,500	89,700
	UK sickness absence rate: % of calendar days lost to sickness absence	2.23% calendar days lost in sickness	2.33% calendar days lost in sickness	✗	Maintain or improve from 2015/16 performance	UK sick pay costs	£80.7m	£85.9m
	Ethical performance: a measure of our employees' awareness and training	4.33/5 achieved	4.31/5 achieved	✓	Maintain or improve from 2015/16 performance	Employee costs	£4,551m	£4,639m ³
Our suppliers	Ethical trading: a measure of our supply chain review, with specific focus on human rights	96% follow-up within 3 months	100% follow-up within 3 months	✓	100% follow-up within three months, for all those suppliers identified as high/medium risk	% of procurement contracts where suppliers agree we'll work with them to improve sustainability impacts ⁴	84% of suppliers agree	76% of suppliers agree
Our environmental impact	CO ₂ e emissions: a measure of our climate change impact	79% reduction in net CO ₂ e emission intensity against 1996/7 levels	81% reduction in net CO ₂ e emission intensity against 1996/7 levels	➤	Incorporate EE into numbers and set a new target	Total GB energy and water costs – costs include fleet fuel, electricity, gas, oil, water and CLL (climate change levy or levies)	£306m	£307m

Key: Target met Target failed Ongoing

¹ indicates numbers restated from 2013/14. All targets have an end date of 31 March 2015 unless we say otherwise.

² before specific items

³ numbers include EE since point of acquisition (all other data points quoted here exclude EE)

⁴ % of suppliers who agree with the statement: "BT works with its suppliers to ensure its purchases are made, delivered, used and disposed of in a socially and environmentally responsible manner."

Our reporting methodology

This 'Delivering our purpose – update on our progress in 2015/16' report provides information on our approach to managing our material social and environmental issues. Unless we state otherwise:

- our data covers the year 1 April 2015 to 31 March 2016, in line with our financial reporting. Our previous report covered the year to 31 March 2015;
- having completed the acquisition of EE on 29 January 2016, this report does not include non-financial EE data;
- diversity data is based on UK employees only, with disability and ethnicity data being voluntarily self-declared; and
- otherwise the report covers all BT's wholly-owned operations and subsidiaries worldwide, including our worldwide employee base at 31 March 2016 of 89,700 employees (excluding EE), and uses 'full-time equivalent' data, not 'people in post'.

References to 'BT Group', 'BT', 'the group', 'the company', 'we' or 'our' are to BT Group plc (which includes the activities of British Telecommunications plc) and its subsidiaries and lines of business, internal service units, or any of them as the context may require.

Reporting on our 2020 ambitions

Supporting our communities

We want to use our skills and technology to help generate more than £1 billion for good causes by 2020. We've defined what will count towards this goal, and track progress each year. This includes:

- money raised using MyDonate for fundraising, telethons and appeals (including Gift Aid), through payroll giving, and by BT employees fundraising during their working hours;
- time volunteered by our people to good causes during working hours. We've calculated the value of volunteering time to our communities by multiplying the hourly salary of the volunteer by the number of hours volunteered. We've then applied a multiplier to this, which takes account of other pay-related costs (e.g. pension and other benefits);

- membership fees, donations, sponsorships, matched funding and the value of in-kind support given to charities, not-for-profits and social enterprises;
- payments made to these organisations to run projects aligned with our ambition;
- funds raised by charities as a result of our financial support and the use of our technology, skills and assets, including money raised by BT-sponsored fundraising events and where our BT assets such as the BT Tower in London are used in fundraising events; and
- investment in infrastructure, such as the set up and running of MyDonate and its associated internal administration costs.

We want our people to play an active part in society, and aim to have 66% of our people volunteering by 2020. Employees can take up to three days. We believe that both the individual and BT benefits from volunteering irrespective of when this takes place. That's why our 66% target includes the volunteering our people do in their own time as well.

We aim to improve the teaching of computing and tech skills of 5 million children by the end of the 2020/21 academic year. Initially we'll do this through a 'train the teacher' model, using average class sizes in the UK as the multiplier for each teacher trained.

Connecting society

Our ambition is to give more than nine out of ten people in the UK access to fibre-based products and services by 2020. We use the number of premises passed by Openreach's fibre broadband roll-out, and calculate this figure as a number out of ten. This understates the total fibre roll-out across the UK, as we do not include the reach provided by other communication providers.

We've developed a methodology that helps assess contribution towards our goal of helping 10m people overcome social disadvantage. We've piloted it on four propositions – broadband, satellite, BT Basic and Mobile Health Worker – giving UK and global representation. We're currently testing the methodology further before publishing it.

Delivering environmental benefits

Our ambition is to help our customers reduce their carbon emissions by at least three times the end-to-end carbon impact of our business (3:1) by the end of 2020.

We've been working with several expert organisations to calculate our end-to-end carbon emissions, and our 3:1 methodology is shared on our [website](#).

To calculate our carbon emissions, we:

- use the World Resources Institute (WRI) Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition);
- report our emissions under the Scope 1 to 3 categories which define boundaries in relation to indirect and direct GHG emissions:
Scope 1: direct emissions (e.g. from combustion in owned or controlled boilers, furnaces, vehicles, etc.)
Scope 2: indirect emissions associated with the generation of electricity, heating/cooling, or steam purchased for our own consumption
Scope 3: all other indirect emissions;
- now report our Scope 2 emissions, in line with the revised GHG protocol guidelines, using both the 'market-based method' (formerly reported as our Net emissions), and 'location-based method' (formerly reported as our Gross emissions);
- include emissions from acquisitions (excluding EE) since our base year (1996/7), where they are considered material;
- exclude emissions from energy provided by a landlord as part of a full service buildings contract and emissions from energy charged to our tenants;
- don't report emissions data on countries where we use less than 250MWh of electricity each year, or on joint ventures or partnerships where we do not have a controlling interest; and
- exclude data from divestments from operational emissions unless the divestment is sourcing a service, where the associated emissions may be included in our Scope 3 reporting.

To calculate the CO₂ equivalent (CO₂e) figures we use, we convert other GHG emissions into the amount of CO₂ having equivalent environmental impact:

- in the UK we use conversion factors published annually by the Department for Environment, Food and Rural Affairs (Defra); and
- for other countries, we use Defra and International Energy Agency (IEA) conversion factors unless specific national or contract factors exist.

Materiality methodology

Our approach

We engage our stakeholders to build their trust in us, enhance our reputation and increase our customers' loyalty. Understanding their expectations helps us meet their needs better. For example, we use our stakeholders' insights to develop more attractive products and services, which in turn help us grow our business. These insights also help us identify and address emerging risks.

Since 2006 we have conducted a materiality review each year to assess the trends and issues identified by our stakeholders. We use this analysis to decide which issues are most important and should be publicly reported on.

Methodology

In November of each year, we draw on around 50 to 100 sources of qualitative and quantitative information that have been gathered throughout the preceding 12 months. This is to determine the relevance and significance of issues identified through stakeholder engagement.

These sources of information include day-to-day interactions by phone, in meetings, through online discussion forums, focus groups, social media, and participation in industry collaborations. We also work with more than 60 organisations that represent different stakeholder groups and issues, such as the Confederation of British Industry, World Business Council on Sustainable Development and the World Economic Forum.

Analysis of content from blogs, social media and TV, radio and online news gives us a broad understanding of the issues that are important to a wide group of stakeholders.

We aim to fill gaps in our understanding through targeted primary or secondary research. For example, through online surveys of consumer perceptions, or interviews with subject matter experts. Reviewing peer companies' sustainability reports helps us check that we have a comprehensive list of the relevant issues for our sector, and challenges us to further improve our reporting.

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

- is there wider societal interest in this issue? This is quantified through evidence of mentions online and offline;
- are our key stakeholders consistently expressing an interest in this issue? This is quantified by evidence from each of key stakeholder groups; customer, employees, suppliers, investors, governments/regulators;
- to what extent is BT already managing this issue through policy, principles and procedures? And
- what financial impact is this issue expected to have on BT over the next three years?

We verify this process against the AA1000 Assurance Standard 2008 every year that we complete with LRQA.

The issues that emerge as the most material are mapped onto a matrix to help visualise their relative importance to BT and our stakeholders. This prioritisation supports our strategic decision-making and directs our reporting.

Restating past data

Every year, we replace any estimates in the previous year's reporting with actual figures. This year's list of such changes comprises:

- **Helping customers stay safe online** – last year we incorrectly reported our goal to run 600 workshops on The Right Click as having a target date of March 2016. We've now repositioned this correctly as March 2017;

- **Supporting good causes** – the £83.7m reported in 2014/15 against our goal to generate £1bn has been restated to £85.7m, following the confirmation of additional contributions following publication of last year's report;

- **Building skills** – the targets data table in our [website](#) now clarifies that the target date for our 2020 ambition, to help 5m children gain improved computer skills, is the end of the 2020/21 academic year; and

- **Energy and carbon** – all restatements of previous estimates are recorded in the Environment Data table on our [website](#).

Complying with standards and guidelines

This report contains Standard Disclosures from the GRI (G4) Sustainability Reporting Guidelines. We have also assessed the report content and our performance against the ISO 26000 'Guidance on social responsibility' framework.

We have been a signatory to the United Nations Global Compact since 2000. We reaffirmed our support of its ten principles in 2015/16. Our UNGC index shows how this report represents our Communication on Progress.

We're also a signatory to the CDSB fiduciary duty and climate change disclosure. Our CDSB index shows how we've integrated the CDSB reporting framework across both this report and our Annual Report and Form 20-F (2016).

Assuring our report

Our report is externally assured by LRQA against the AA1000 AccountAbility Assurance Standard 2008. The LRQA assurance statement is available on our [website](#).

This lets us review and benchmark our performance, as well as receive valuable feedback on areas we can improve upon next year.

The principles of inclusivity, materiality, responsiveness and reliability were all reviewed by LRQA, across the whole of our report.

Two areas that LRQA highlighted this year, and that we'll look to improve in 2016/17 are:

- increasing the internal verification performed on the international energy data to improve its reliability; and
- improving the clarity of methods used, to determine how beneficiaries of the Connecting Society 2020 ambition to help 10 million people overcome social disadvantage are measured, to enhance repeatability and comparability year-on-year.

Contact information

We welcome feedback on this report, on how we're delivering social and environmental benefits, and on our performance as a responsible and sustainable business. Please complete the [online feedback form](#) or contact us via our Twitter account [@BTGroup](#)

LRQA statement

Relating to BT Group plc's Delivering Our Purpose 2015/16 Report for the 2015/16 financial year.

This Assurance Statement has been prepared for BT Group plc in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance Ltd. (LRQA) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Delivering Our Purpose 2015/16 Report' ("the Report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS).

Our assurance engagement covered BT's worldwide operations and specifically the following requirements:

- Reviewing adherence to AA1000AS's Accountability Principles of Inclusivity, Materiality and Responsiveness and evaluating the reliability of the specified sustainability performance information (Type 2 engagement).

Our terms excluded data and information:

- Accessed through links that take the reader out of the Report, including video streams
- Presented by BT but originated from a second party. Here LRQA corroborate only that data and information was transcribed accurately and the correct reference was provided
- Communicated via social networks
- Included in BT's indexes for United Nations Global Compact, ISO 26000:2010 and Global Reporting Initiative.

LRQA's responsibility is only to BT. LRQA disclaims any liability or responsibility to others as explained in the end footnote. BT's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of BT.

LRQA's Opinion

Based on LRQA's approach, we believe that BT has:

- Met the requirements above
- Disclosed accurate and reliable performance data and information
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a high level of assurance and at the materiality of the professional judgement of the verifier.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:

- Assessing BT's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing minutes of meetings and reviewing associated documents and records.
- Reviewing BT's process for identifying and determining material issues to confirm that the right issues were included in the Report. We did this by benchmarking reports written by BT and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether BT makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing BT's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.
- Reviewing BT's Internal Audit Division's (IAD)¹ process and evidence files to confirm that their internal verification was performed thoroughly. IAD checked the validity of data and information in the following sections of the Report:
 - Delivering our purpose: Overview and Highlights, Integrating EE's reporting, Our Business, Our Strategy;

- Being Ethical and Responsible;
- Investing in Our People

Observations

Further observations and findings, made during the assurance engagement, are:

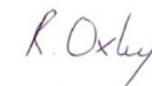
- **Stakeholder inclusivity:** We are not aware of any key stakeholder groups that have been excluded from BT's stakeholder engagement process. BT demonstrated that they have incorporated these stakeholder concerns into their management approach and decision-making processes in order to develop a structured engagement approach and response to sustainability issues.
- **Materiality:** We are not aware of any material issues concerning BT's sustainability performance that have been excluded from the report. It should be noted that BT has established extensive criteria for determining which issue is material and that these criteria are not biased to the company's management. BT present material aspect performance in relation to the broader concepts of sustainability and the aspect boundaries appropriately reflect the material economic, environmental and social impacts.
- **Responsiveness:** BT has processes in place to respond to its stakeholders especially government authorities, employees and the public, partners and suppliers, shareholders and investors.
- **Reliability:** Data management systems are considered to be well defined and implemented. However, further consideration should be given to:
 - Increasing the internal verification performed on the international energy data to improve its reliability.
 - Improving the clarity of methods used to determine how beneficiaries of the Connecting Society 2020 ambition to help 10 million people overcome social disadvantage are measured to enhance repeatability and comparability year-on-year.

LRQA's competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is BT's certification body for ISO 9001, ISO 14001, ISO 27001, ISO 22301, ISO 20000 and OHSAS 18001. We also provide BT with a range of training services related to management systems. The verification and certification assessments, together with the training, are the only work undertaken by LRQA for BT and as such does not compromise our independence or impartiality.

Dated: 06 May 2016



Richard Oxley
LRQA Lead Verifier



Graham Colebeck
LRQA Verifier

On behalf of Lloyd's Register Quality Assurance
1 Trinity Park, Bickenhill Lane, Birmingham
LRQA reference: LRQ0772591

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¹ IAD is an independent, objective, review function for the BT Group. Its role is to provide independent and objective assurance to senior management and the Board as to the adequacy and effectiveness of key controls and of risk management activities across the organisation. The Director Internal Audit retains the right to report to the Board Audit & Risk Committee instances where the department's independence or objectivity is impaired by the activity or behaviour of audit.

The UN Global Goals

The Global Goals for Sustainable Development call on governments, businesses and others around the world to meet three key objectives by 2030: to end extreme poverty, fight inequality and injustice, and limit climate change. They translate into 17 goals and 169 targets.

Read more at www.globalgoals.org



End poverty in all its forms everywhere.



End hunger, achieve food security and improved nutrition and promote sustainable agriculture.



Ensure healthy lives and promote well-being for all at all ages.



Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.



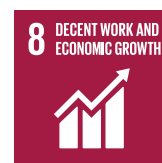
Achieve gender equality and empower all women and girls.



Ensure availability and sustainable management of water and sanitation for all.



Ensure access to affordable, reliable, sustainable and modern energy for all.



Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.



Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.



Reduce inequality within and among countries.



Make cities and human settlements inclusive, safe, resilient and sustainable.



Ensure sustainable consumption and production patterns.



Take urgent action to combat climate change and its impacts.



Conserve and sustainably use the oceans, seas and marine resources for sustainable development.



Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.



Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.



Strengthen the means of implementation and revitalize the global partnership for sustainable development.



THE GLOBAL GOALS
For Sustainable Development

Global Reporting Initiative (GRI)

The GRI Sustainability Reporting Framework is widely used by organisations around the world.

Delivering our purpose – update on our progress 2015/16 contains standard disclosures from the GRI Sustainability Reporting Guidelines.


The Framework, including the Reporting Guidelines, sets out the principles and indicators organisations can use to report their economic, environmental, and social performance. GRI promotes the use of sustainability reporting as a way for organisations


to become more sustainable and contribute to sustainable development.


We have used the SDG Compass tool to map our response and increase transparency. GRI/Global Goals mapping is based on analysis available [here](#).









Key





M	material
NM	not material
Y	fully reported
P	partially reported
N	not reported
















	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Strategy and analysis	G4-1		Provide a statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and the organisation's strategy for addressing sustainability	Y	See, Introduction from our Chairman and Chief Executive, page 2	
	G4-2		Provide a description of key impacts, risks, and opportunities	Y	See, Our priorities, pages 9-11	See, Our risks, pages 49-56
Organisational profile	G4-3		Report the name of the organisation	Y	BT Group plc	
	G4-4		Report the primary brands, products, and services	Y	See, Our business, page 6	See, Group businesses
	G4-5		Report the location of the organisation's headquarters	Y	London (UK)	
	G4-6		Report the number of countries where the organisation operates, and names of countries where either the organisation has significant operations	Y	We're one of the world's leading communications services companies. We're based in the UK but we serve customers across 180 countries	See, BT UK and Worldwide
	G4-7		Nature of ownership and legal form	Y	British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York	See, Governance, page 109
	G4-8		Report the markets served (including geographic breakdown, sectors served, and types of customers and beneficiaries)	Y	See, Our business, page 6	See Group businesses
	G4-9		Report the scale of the organisation	Y	See, Our business, page 6	See, Who we are and what we do, page 4
	G4-10		Report the total number of employees	Y	See, BT's people data in the Download Centre	See, A global workforce, page 31 and Our lines of business, page 58 for breakdown


















	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
	G4-11		Report the percentage of total employees covered by collective bargaining agreements	Y	In the UK, 77% of our employees, we recognise two main trade unions. The Communication Workers Union represents people in engineering, administration and clerical positions. Prospect represents managerial and professional people	We only work with people who choose to work freely. We respect their rights to equal opportunities, freedom of association and collective bargaining. See, our statement of business practice , page 32
	G4-12		Describe the organisation's supply chain	Y	See, Sourcing responsibly, page 16	See, Our suppliers, pages 39–40
	G4-13		Report any significant changes during the reporting period regarding the organisation's size, structure, ownership, or its supply chain	Y	EE in this report – We completed the EE acquisition on 29 January 2016, ten months into our financial year. We'll integrate the new business into our reporting for 2016/17. The information and data in this report don't include EE, unless we say otherwise	We completed the acquisition of EE. We are now the UK's leading communications provider, bringing together the UK's largest 4G network with the UK's biggest fibre network
Organisational profile: Commitments to external initiatives	G4-14		Report whether and how the precautionary approach or principle is addressed by the organisation	Y	See, Adapting to climate change, page 48	
	G4-15		List externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or which it endorses	Y	See, Respecting Human Rights, page 17 and Collaborating with others, page 42 for examples	
	G4-16		List memberships of associations (such as industry associations) and national or international advocacy organisations	Y	Memberships are covered throughout our report – for example; Collaborating with others, page 42	
Identified material aspects and boundaries	G4-17		List all entities included in the organisation's consolidated financial statements or equivalent documents	Y	Our update covers all BT's wholly-owned operations and subsidiaries worldwide, with the exception of EE which was acquired on 29 January 2016. The information and data in this report don't include EE, unless we say otherwise	See, Our lines of business, page 5
	G4-18		Explain the process for defining the report content and the Aspect Boundaries	Y	See, Our reporting methodology, in the Download Centre	
	G4-19		List all the material Aspects identified in the process for defining report content	Y	See, Stakeholder materiality analysis, page 9	
	G4-20		For each material Aspect, report the Aspect Boundary within the organisation	Y	See, What matters to our stakeholders, page 11	
	G4-21		For each material Aspect, report the Aspect Boundary outside the organisation	Y	See, What matters to our stakeholders, page 11	
	G4-22		Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements	Y	See, Our reporting methodology, in the Download Centre	
	G4-23		Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	Y	See, Our reporting methodology, in the Download Centre	
























	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Stakeholder engagement	G4-24		Provide a list of stakeholder groups engaged by the organisation	Y	See, Listening to stakeholders, page 9	
	G4-25		Report the basis for identification and selection of stakeholders with whom to engage	Y	See, Listening to stakeholders, page 9	
	G4-26		Report the organisation's approach to stakeholder engagement	Y	See, Listening to stakeholders, page 9	
	G4-27		Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns, including through its reporting	Y	See, What matters to our stakeholders, page 11	
Report profile	G4-28		Reporting period	Y	See, Our reporting methodology, in the Download Centre	
	G4-29		Date of last report	Y	See, Our reporting methodology, in the Download Centre	
	G4-30		Reporting cycle	Y	See, Our reporting methodology, in the Download Centre	
	G4-31		Provide the contact point for questions regarding the report or its contents	Y	See, Our reporting methodology, in the Download Centre	
Report profile: GRI content index	G4-32		Report the 'in accordance' option the organisation has chosen	Y	Delivering our purpose – update on our progress 2015/16 contains Standard Disclosures from the GRI Sustainability Reporting Guidelines	
Report profile: assurance	G4-33		Report the organisation's policy and current practice with regard to seeking external assurance for the report	Y	Delivering our purpose – update on our progress 2015/16 is assured to AA1000 (AS) 2008 by LRQA. See LRQA assurance statement, in the Download Centre	See, Auditors' reports – consolidated financial statements, pages 158-163
GOVERNANCE: Governance, structure and composition	G4-34		Report the governance structure of the organisation, including committees of the highest governance body Identify any committees responsible for decision-making on economic, environmental and social impacts	Y	See, Our governance, page 12	See, Governance section from page 109 and Our Board
	G4-35		Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	Y	See, Our governance, page 12	
	G4-36		Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	Y	BT's Chief Sustainability Officer, reports to the Group Director Strategy, Policy and Portfolio who reports to our Chief Executive	
	G4-37		Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	Y	Our Board-level Committee for Sustainable and Responsible Business oversees our purposeful business strategy. It's led by our Chairman and includes our Chief Executive. Key stakeholder issues are reported to this Committee	All shareholders are invited to attend our Annual General Meeting and meet the Chairman and the Board of Directors






























	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
	G4-38	 	Report the composition of the highest governance body and its committees	Y	See, Our governance, page 12	See, Governance section from page 109 and Our Board
	G4-39		Report whether the Chair of the highest governance body is also an executive officer	Y	The roles of the Chairman and Chief Executive are separate	See, The Board, page 114
	G4-40	 	Report the nomination and selection processes for the highest governance body and its committees	Y		See, Nominating and Governance Committee Chairman' report, page 122
	G4-41		Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	Y		See, Conflicted Matters Committee, page 115
Highest governance body's role in setting purpose, values and strategy	G4-42		Report the highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	Y	See, Our governance, page 12	See, Operating Committee, page 26
Highest governance body's competencies and performance evaluation	G4-43		Report the measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics	Y		See, Nominating and Governance Committee Chairman' report, page 122
	G4-44		Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	Y		See, Nominating and Governance Committee Chairman' report, page 122
Highest governance body's role in risk management	G4-45		Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities	Y	See, Our governance, page 12	
	G4-46		Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	Y	See, Our governance, page 12	
	G4-47		Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks, and opportunities	Y	See, Our governance, page 12	
Highest governance body's role in sustainability reporting	G4-48		Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all material Aspects are covered	Y	The Disclosure Committee reviews and assesses our reporting on delivering our purpose as part of its oversight of all our annual corporate reporting	























	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Highest governance body's role in evaluating economic, environmental and social performance	G4-49		Report the process for communicating critical concerns to the highest governance body	Y	See, Our governance, page 12	
	G4-50		Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	Y	See, Our governance, page 12	
Remuneration and incentives	G4-51		Report the remuneration policies for the highest governance body and senior executives	Y		Report on Directors' Remuneration, page 128
	G4-52		Report the process for determining remuneration	Y		Report on Directors' Remuneration, page 128
	G4-53		Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	Y		All shareholders are invited to attend our Annual General Meeting and meet the Chairman and the Board of Directors. We welcome this opportunity to report on our performance and answer any questions
	G4-54		Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees (excluding the highest-paid individual) in the same country	N	We do not report this information	
	G4-55		Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees (excluding the highest-paid individual) in the same country	N	We do not report this information	
Ethics and integrity	G4-56		Describe the organisation's values, principles, standards and norms of behaviour such as codes of conduct and codes of ethics	Y	See, Doing business ethically, page 15	See, Our Purpose , our statement of business practice and Code of Ethics
	G4-57		Report the internal and external mechanisms for seeking advice on ethical and lawful behaviour, and matters related to organisational integrity, such as helplines or advice lines	Y	We provide advice on our intranet pages as well as providing advice lines for employees and external stakeholders	See, our statement of business practice (page 11)
	G4-58		Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	Y	Our Speak Up channel – a confidential and independent telephone and online service – is available to all BT employees, contractors, sub-contractors and suppliers globally to report concerns about ethical business practices	See, our statement of business practice (page 11)




















Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in <u>Annual Report and Form 20-F 2016</u> and elsewhere
ECONOMIC: Economic Performance			M	Our Annual Report and Form 20-F 2016 covers our financial performance for the year	www.bt.com/annualreport
G4-EC1	    	Direct economic value generated and distributed	Y		See, Financial statements, page 157
G4-EC2		Financial implications and other risks and opportunities for the organisation's activities due to climate change	Y	See, Managing risk, page 10 and Adapting to climate change, page 48	See, Security and resilience risk, page 49
G4-EC3		Coverage of the organisation's defined benefit plan obligations	Y	See, Rewarding performance, page 23	See, Pensions, page 48
G4-EC4		Financial assistance received from government	Y		Under the BDUK programme we're investing alongside public funding to bring fibre broadband to rural communities. See, page 87
ECONOMIC: Market Presence			NM	This has not been identified as a material aspect this year	
G4-EC5	  	Ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation	NM	This has not been identified as a material issue this year	
G4-EC6		Proportion of senior management hired from the local community at significant locations of operation	NM	This has not been identified as a material issue this year	
ECONOMIC: Indirect Economic Impacts			M	BT contributes to national and local economies, in terms of jobs, output and Gross Value Added (GVA) supported	
G4-EC7	    	Development and impact of infrastructure investments and services supported	Y	See, Investing in broadband, page 36 and Connecting the world, page 37	






Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
G4-EC8	     	Indirect economic impacts	Y	See, Delivering social benefits, page 35	We have published several research papers on this subject, which can be found here and Valuing Digital Inclusion
ECONOMIC: Procurement Practices			NM	To work with us, suppliers must demonstrate they are ethical and responsible. In return, we treat them fairly and support them if needed. See, Sourcing responsibly, page 16. This has not been identified as a material aspect this year	
G4-EC9		Proportion of spending on local suppliers at significant locations of operation	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Materials			NM	We consider sustainability, including packaging, in our design process, see Customer use of our products on page 48. The SSDs in this aspect have not been identified as material	
G4-EN1	 	Materials used by weight or volume	NM	This has not been identified as a material issue this year	
G4-EN2	 	Percentage of materials used that are recycled input materials	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Energy			M	BT is not in an energy intensive sector, it is subject to the UK CRC Energy Efficiency Scheme. We are also subject to the UK Climate Change Levy (CCL) on the electricity and the Natural Gas that we use	
G4-EN3	   	Energy consumption within the organisation	Y	See Energy efficiency, page 47, and BT's environmental data in the Download Centre	BT TSO is responsible for managing the group's energy consumption, see page 90
G4-EN4	  	Energy consumption outside the organisation	P	This has not been identified as a material issue this year, although this is part of our Scope 3 activities, see Reducing our end-to-end emissions, page 46	





Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
G4-EN5	   	Energy intensity	NM	This has not been identified as a material issue this year	
G4-EN6	   	Reduction of energy consumption	Y	See, Energy efficiency, page 47, and BT's environmental data in the Download Centre	See page 44
G4-EN7	   	Reductions in energy requirements of products and services	Y	See, Customer use of our products, page 48	
ENVIRONMENTAL: Water			NM	Water use has not been identified as a material aspect this year	
G4-EN8		Total volume of water withdrawn by source	Y	We are not large users of water; most use is for personal hygiene and catering facilities in our buildings, and to cool equipment across our estate. See, Water use, page 49, and BT's environmental data in the Download Centre	See, Conserving natural resources, page 44
G4-EN9		Water sources significantly affected by withdrawal of water	NM	This has not been identified as a material issue this year	
G4-EN10	  	Percentage and total volume of water recycled and reused	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Biodiversity			NM	This has not been identified as a material aspect this year. We promote biodiversity at BT sites by using our land to provide natural habitats such as wildflower meadows that support rare flora, insects and wildlife. See page 49 for other examples	
G4-EN11	  	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	NM	This has not been identified as a material issue this year	
G4-EN12	  	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	NM	This has not been identified as a material issue this year	









Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in <u>Annual Report and Form 20-F 2016</u> and elsewhere
G4-EN13	  	Habitats protected or restored	NM	This has not been identified as a material issue this year	
G4-EN14	  	Total number of IUCN red list species and national conservation list species with habitats in areas affected by operations, by level of extinction risk	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Emissions			M	We use the World Resources Institute (WRI) Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition). GHG emissions are a material issue; however, other SSDs in this aspect are not	
G4-EN15	    	Direct greenhouse gas (GHG) emissions (scope 1)	Y	See, Reducing our end-to-end emissions, page 46, and BT's environmental data in the Download Centre	See, Our own energy use and carbon footprint, page 44
G4-EN16	    	Energy indirect greenhouse gas (GHG) emissions (scope 2)	Y	See, Reducing our end-to-end emissions, page 46, and BT's environmental data in the Download Centre	See, Our own energy use and carbon footprint, page 44
G4-EN17	    	Other indirect greenhouse gas (GHG) emissions (scope 3)	Y	See, Reducing our end-to-end emissions, page 46, and BT's environmental data in the Download Centre	
G4-EN18	  	Greenhouse gas (GHG) emissions intensity	Y	See, Reducing our end-to-end emissions, page 46, and BT's environmental data in the Download Centre	See, Our own energy use and carbon footprint, page 44
G4-EN19	  	Reduction of greenhouse gas (GHG) emissions	Y	See, Our operations, page 46, and BT's environmental data in the Download Centre	See, Our own energy use and carbon footprint, page 44
G4-EN20	 	Emissions of ozone-depleting substances (ODS)	NM	This has not been identified as a material issue this year. See, Refrigerants, page 49	











Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
G4-EN21	   	NOX, SOX, and other significant air emissions	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Effluents and Waste			M	Waste generation is a material issue and is managed within the scope of our Environmental Management System; however, some SSDs in this aspect group are not material to BT	
G4-EN22	   	Total water discharge by quality and destination	NM	This has not been identified as a material issue this year	
G4-EN23	  	Total weight of waste by type and disposal method	Y	See, Waste and recycling page 49, and BT's environmental data in the Download Centre	See, Conserving natural resources, page 44
G4-EN24	    	Total number and volume of significant spills	P	See, Fuel storage page 49	
G4-EN25	  	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention 2 ANNEX I, II, III, and VIII	NM	This has not been identified as a material issue this year	
G4-EN26	  	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the organisation's discharges of water and runoff	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Products and Services			NM	This has not been identified as a material aspect this year. We don't manufacture our products ourselves, so we work with suppliers to reduce their impacts. See, Better Future Supplier Forum	





Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
G4-EN27	     	Extent of impact mitigation of environmental impacts of products and services	NM	This has not been identified as a material issue this year	
G4-EN28	 	Percentage of products sold and their packaging materials that are reclaimed by category	NM	This has not been identified as a material issue this year	
ENVIRONMENTAL: Compliance			M	Our environmental policy sets out our commitments	
G4-EN29		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations	Y	None reported in the year. See, Delivering our purpose targets in the Download Centre	
ENVIRONMENTAL: Transport			M	We operate a large fleet of commercial vehicles and company cars and any associated environmental issues are managed within the scope of our Environmental Management Systems	
G4-EN30	  	Significant environmental impacts of transporting products and other goods and materials for the organisation's operations, and transporting members of the workforce	P	See, Our operations, pages 47, and BT's environmental data in the Download Centre	
ENVIRONMENTAL: Overall			NM	Our aims, guiding principles and environmental commitments are laid out in our Environmental Policy. The SSD in this aspect not been identified as material	Our policies (including environmental)
G4-EN31	      	Total environmental protection expenditures and investments by type	NM	This has not been identified as a material issue this year	






Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
ENVIRONMENTAL: Supplier Environmental Assessment			M	Working with responsible suppliers reduces risks to our reputation and helps us meet our business goals. We share best practices and tools to help key suppliers improve through our Better Future Supplier Forum . Our criteria for selecting new suppliers includes environmental and social factors, such as energy use, labour standards and diversity and inclusion	See Supply chain risk, page 50
	G4-EN32	Percentage of new suppliers that were screened using environmental criteria	Y	See, Our supply chain, page 46	
	G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	Y	See, Our supply chain, page 46	
ENVIRONMENTAL: Environmental Grievance Mechanisms			NM	Our aims, guiding principles and environmental commitments are laid out in our Environmental Policy. The SSD in this aspect has not been identified as material	Our policies (including environmental)
	G4-EN34 	Number of grievances about environmental impacts	NM	This has not been identified as a material issue this year	Details of how to contact BT can be found on our website
SOCIETY: Local Communities			NM	This has not been identified as a material aspect this year	
	G4-S01  	Percentage of operations with implemented local community engagement, impact assessments, and development programs	NM	This has not been identified as a material issue this year	
	G4-S02	Operations with significant actual and potential negative impacts on local communities	NM	This has not been identified as a material issue this year	
SOCIETY: Anti-corruption			M	See, Doing business ethically, page 15, which describes our approach to charitable donations, sponsorship, gifts and hospitality. We do not tolerate bribery or corruption in any form	Our policies
	G4-S03 	Total number and percentage of operations assessed for risks related to corruption and the significant risks identified	P	See Doing business ethically, page 15 for our approach	
	G4-S04 	Communication and training on anti-corruption policies and procedures	Y	See Doing business ethically, page 15 for our approach	







	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
	G4-S05		Confirmed incidents of corruption and actions taken	N	We do not report this data	
SOCIETY: Public Policy				NM	We support policies and partnerships that will help to create a low-carbon economy. See, Collaborating with others, page 42. This has not been identified as a material aspect this year	BT's Public Affairs Team engage on policy development in key locations, for example in the last year on EU Digital Single Market, EU Telecoms Framework Review and Open Internet & Net Neutrality
	G4-S06		Total value of political contributions by country and recipient/beneficiary	Y	Our policy is that no company in the group will make contributions in cash or kind to any political party, whether by gift or loan	See Political Donations, page 153
SOCIETY: Anti-Competitive Behaviour				M	We compete vigorously but fairly, being honest, respectful and trustworthy in all our dealings	See page 36 of our of statement of business practice
	G4-S07		Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes	N	We do not report this data	
SOCIETY: Compliance				M	We compete vigorously but fairly, being honest, respectful and trustworthy in all our dealings	See page 36 of our of statement of business practice
	G4-S08		Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	N	We do not report this data	
SOCIETY: Supplier Assessment for Impacts on Society				M	Helping our suppliers manage their social and environmental impacts reduces risk to our own business, improves our performance and helps us meet stakeholder expectations. Our criteria for selecting new suppliers includes environmental and social factors, such as energy use, labour standards and diversity and inclusion	
	G4-S09		Percentage of new suppliers that were screened using criteria for impacts on society	Y	See, Sourcing responsibly, page 16	
	G4-S010		Significant actual and potential negative impacts on society in the supply chain and actions taken	Y	See, Sourcing responsibly, page 16	





	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
SOCIETY: Grievance Mechanisms for Impacts on Society				NM	This has not been identified as a material aspect this year	Details of how to contact BT can be found on our website
	G4-S011		Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	NM	This has not been identified as a material issue this year	
LABOUR PRACTICES AND DECENT WORK: Employment				M	To work with us, suppliers must demonstrate they are ethical and responsible. In return, we treat them fairly and support them if needed. See, Sourcing responsibly, page 16	Our supply chain initiative, Sourcing with Human Dignity, outlines a set of standards based on the United Nations Universal Declaration of Human Rights and International Labour Organisation Conventions. You can read more here
	G4-LA1	 	Total number and rates of new employee hires and employee turnover by age group, gender and region	P	See BT's people data in our Download Centre	See, Our people, pages 31-34
	G4-LA2		Benefits provided to full-time employees that are not provided to temporary or part-time employees, by significant locations of operation	NM	This has not been identified as a material issue this year	
	G4-LA3	 	Return to work and retention rates after parental leave, by gender	P	See, Promoting gender balance, page 23	See, Diversity at work, page 33
LABOUR PRACTICES AND DECENT WORK: Labour/ Management Relations				NM	This has not been identified as a material aspect this year	
	G4-LA4		Minimum notice periods regarding operational changes, including whether these are specified in collective agreements	NM	This has not been identified as a material issue this year	
LABOUR PRACTICES AND DECENT WORK: Occupational Health and Safety				M	Managing occupational risks is a fundamental responsibility for us as an employer. And we go beyond this by helping our people address risk factors outside work, intervening early when things are going wrong and supporting their recovery to be able to work productively again following sickness or injury. See, Promoting wellbeing, page 25	
	G4-LA5		Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on OHS programs	P	We engage with employees and their representatives through our European Consultative Council, and discussions with the Communication Workers Union and Prospect in the UK	See, Engaging our people, page 33

	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
	G4-LA6	 	Type of injury and rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities, by region and by gender	P	See, Promoting wellbeing, page 25 and BT's people data in the Download Centre	
	G4-LA7	 	Workers with high incidence or high risk of diseases related to their occupation	P	See, Promoting wellbeing, page 25	
	G4-LA8		Health and safety topics covered in formal agreements with trade unions	N	Not reported	
LABOUR PRACTICES AND DECENT WORK: Training and Education				NM	We provide a wide choice of training, events and opportunities to share information. This has not been identified as a material aspect this year	We invest in learning and development to allow our people to build skills and careers to deliver successfully for our customers. The BT Academy helps them do this. See, Investing for growth, page 32
	G4-LA9	  	Average hours of training per year per employee by gender, and by employee category	NM	This has not been identified as a material issue this year	
	G4-LA10		Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings	Y	See, Developing talent, page 22	See, Investing for growth, page 32
	G4-LA11	 	Percentage of employees receiving regular performance and career development reviews	Y	See, Developing talent, page 22	
LABOUR PRACTICES AND DECENT WORK: Diversity and Equal Opportunity				M	We don't discriminate against anyone on any grounds. And we want to make sure our people don't either. Our Global Inclusion Steering Group drives our efforts to make inclusion part of the way we work every day. See, Creating an inclusive workplace, page 23	See, Diversity at work, page 33
	G4-LA12	 	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity	Y	See, Promoting gender balance, page 23 and BT's people data table in the Download Centre	See, Nominating & Governance Committee Chairman's report, page 122 for gender diversity policy for the Board
LABOUR PRACTICES AND DECENT WORK: Equal Remuneration for Women and Men				NM	This has not been identified as a material aspect this year	
	G4-LA13	  	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	NM	This has not been identified as a material issue this year	

Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in <u>Annual Report and Form 20-F 2016</u> and elsewhere
LABOUR PRACTICES AND DECENT WORK: Supplier Assessment for Labour Practices			M	We ask suppliers to complete a questionnaire on sourcing with human dignity. We use their responses to assess the level of risk and work with them to tackle areas of concern. See, Sourcing responsibly, page 16	
	G4-LA14 	Percentage of new suppliers that were screened using labour practices criteria	Y	See, Sourcing responsibly, page 16	See, Ethical standards in our supply chain, page 40
	G4-LA15 	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	Y	See, Sourcing responsibly, page 16	
LABOUR PRACTICES AND DECENT WORK: Labour Practices Grievance Mechanisms			NM	This has not been identified as a material aspect this year	Our Speak Up channel – a confidential and independent telephone and online service – is now available to all BT employees, contractors, sub-contractors and suppliers globally to report concerns about ethical business practices
	G4-LA16 	Number of grievances about labour practices filed, addressed, and resolved through formal grievance mechanisms	NM	This has not been identified as a material issue this year	
PRODUCT RESPONSIBILITY: Customer Health and Safety			M	Mobile phones and wi-fi routers use electromagnetic fields (EMF) to transmit information wirelessly. Some people are worried about potential health impacts. See, Managing risk, page 10	See, Transmission of radio waves from mobile telephones, transmitters and associated equipment, page 56
	G4-PR1	Percentage of significant product and service categories for which health and safety impacts are assessed for improvement	NM	This has not been identified as a material issue this year	
	G4-PR2 	Total number of incidents of non-compliance with regulations and voluntary codes concerning the health and safety impacts of products and services during their life cycle, by type of outcomes	NM	This has not been identified as a material issue this year	

	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in <u>Annual Report and Form 20-F 2016</u> and elsewhere
PRODUCT RESPONSIBILITY: Product and Service Labelling				M	Customer experience is a material issue; however, other SSDs are not	
	G4-PR3		Type of product and service information required by the organisation's procedures for product and service information and labelling, and percentage of significant product and service categories subject to such information requirements	NM	This has not been identified as a material issue this year	User guides (including technical specifications) are published on our website
	G4-PR4		Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcomes	NM	This has not been identified as a material issue this year	
	G4-PR5		Results of surveys measuring customer satisfaction	Y	See, Putting customers first, page 10	See, Deliver superior customer service, page 22
PRODUCT RESPONSIBILITY: Marketing Communications				NM	This has not been identified as a material aspect this year	See our Customer related codes of practice
	G4-PR6		Sale of banned or disputed products	NM	This has not been identified as a material issue this year	
	G4-PR7		Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications	NM	This has not been identified as a material issue this year	
PRODUCT RESPONSIBILITY: Customer Privacy				M	Privacy remains a key concern for our stakeholders. We must be open about our approach and make sure our people, products and services protect customers' privacy	We have to maintain a balance of protecting information, providing valuable services efficiently, and supporting police and other government agencies in their fight against terrorism. This year, we published our latest thinking on achieving this balance
	G4-PR8		Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	Y	See, Protecting customers' privacy, page 17	
PRODUCT RESPONSIBILITY: Compliance				M	Our Compliance Programme Panel is chaired by the Group General Counsel and Company Secretary. See, Our governance, page 12	
	G4-PR9		Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services	Y	None reported in the year. See, Our targets in the Download Centre	

	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
HUMAN RIGHTS			Our approach	M	Our Human Rights Steering Group includes senior representatives from across the business to oversee the implementation of our human rights programme. See, Our governance, page 12, and Respecting human rights, page 17	Our statement of business practice , gives guidance to our employees, suppliers and anyone working on our behalf, on how we expect them to behave and on our values
HUMAN RIGHTS: Investment	G4-HR1		Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	NM	This has not been identified as a material issue this year	
	G4-HR2		Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations	NM	This has not been identified as a material issue this year	
HUMAN RIGHTS: Non-discrimination				M	We respect the dignity, liberty and equality of everyone we work with. Our policies and procedures are based on the United Nations' Universal Declaration of Human Rights	See, our statement of business practice , page 32
	G4-HR3	  	Total number of incidents of discrimination and corrective actions taken	Y	See, Discrimination litigation cases, BT's people data, in our Download Centre	
HUMAN RIGHTS: Freedom of Association and Collective Bargaining				M	We only work with people who choose to work freely. We respect their rights to equal opportunities, freedom of association and collective bargaining	See, our statement of business practice , page 32
	G4-HR4		Operations and suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and measures taken to support these rights	Y	See, Sourcing responsibly, page 16	
HUMAN RIGHTS: Child Labour				M	We don't use child labour and we demand the same of our suppliers and their suppliers	See, our statement of business practice , page 32
	G4-HR5	 	Operations and suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour	Y	See, Sourcing responsibly, page 16	

	Index	Global Goal(s)	Brief requirement	Reported	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
HUMAN RIGHTS: Forced or Compulsory Labour				M	We don't use or accept forced, bonded or involuntary prison labour	See, our statement of business practice , page 32
	G4-HR6		Operations and suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour	Y	See, Sourcing responsibly, page 16	
HUMAN RIGHTS: Security Practices				NM	This has not been identified as a material aspect this year	
	G4-HR7		Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	NM	This has not been identified as a material issue this year	
HUMAN RIGHTS: Indigenous Rights				NM	This has not been identified as a material aspect this year	
	G4-HR8		Total number of incidents of violations involving rights of indigenous peoples and actions taken	NM	This has not been identified as a material issue this year	
HUMAN RIGHTS: Assessment				NM	This has not been identified as a material aspect this year	
	G4-HR9		Total number and percentage of operations that have been subject to human rights reviews or impact assessments	NM	This has not been identified as a material issue this year	
HUMAN RIGHTS: Supplier Human Rights Assessment				M	We are committed to implementing the UN Guiding Principles on Business and Human Rights. See, Respecting human rights, page 17	Our statement of business practice sets out our commitment, as an original signatory to the United Nations Global Compact principles, to embrace, support and respect human rights and ensure we're not complicit in human rights abuses
	G4-HR10		Percentage of new suppliers that were screened using human rights criteria	Y	See, Sourcing responsibly, page 16	
	G4-HR11		Significant actual and potential negative human rights impacts in the supply chain and actions taken	Y	See, Sourcing responsibly, page 16	
HUMAN RIGHTS: Grievance Mechanisms				NM	This has not been identified as a material aspect this year	Our Speak Up channel – a confidential and independent telephone and online service – is now available to all BT employees, contractors, sub-contractors and suppliers globally to report concerns about ethical business practices
	G4-HR12		Number of grievances about human rights impacts filed, addressed, and resolved through formal grievance mechanism	NM	This has not been identified as a material issue this year	

United Nations Global Compact

We have been a signatory to the Global Compact since 2000 and we reaffirm our support for the Ten Principles of the United Nations Global Compact in the areas of Human Rights, Labour, Environment and Anti-Corruption.

This annual Communication on Progress (see table) summarises the key sections of our report as they relate to the Global Compact's principles and our business strategy, culture and operations. There are links to further information such as measures, lessons learned and our future plans.

Principles	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	See, Respecting human rights, page 17, which summarises our approach to protecting human rights	Our commitment to the Global Compact is reinforced in our statement of business practice , which gives guidance to our employees, suppliers and anyone working on our behalf, on how we expect them to behave and on our values
Principle 2: Businesses should make sure that they are not complicit in human rights abuses	See, Respecting human rights, page 17, which summarises our approach to protecting human rights. Our Human Rights Steering Group includes senior representatives from across the business to oversee the implementation of our human rights programme	Our commitment to the Global Compact is reinforced in our statement of business practice . We have to maintain a difficult balance of protecting information, providing valuable services efficiently, and supporting police and other government agencies in their fight against terrorism. This year, we published our latest thinking on achieving this balance
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We respect rights to equal opportunities, freedom of association and collective bargaining. See, Listening to our people, page 22	Our statement of business practice gives guidance to our employees, suppliers and anyone working on our behalf, on how we expect them to behave and on our values
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	We don't use or accept forced, bonded or involuntary prison labour. We don't demand or hold on to deposits or identity papers for our workers, or deal with businesses that do. We only work with people who choose to work freely. See, Sourcing responsibly, page 16	Our Sourcing with Human Dignity standard , introduced in 2001, specifies the minimum standards we expect of our suppliers
Principle 5: Businesses should uphold the effective abolition of child labour	We don't use child labour and we demand the same of our suppliers and their suppliers. See, Sourcing responsibly, page 16	Our Sourcing with Human Dignity standard , introduced in 2001, specifies the minimum standards we expect of our suppliers
Principle 6: Businesses should uphold the elimination of discrimination in respect of employment and occupation	We don't discriminate against anyone on any grounds. Our Global Inclusion Steering Group drives our efforts to make inclusion part of the way we work every day. See, Creating an inclusive workplace, page 23	We are an equal opportunities employer. As a Two Ticks employer, in the UK, we actively encourage the recruitment, development and retention of disabled people
Principle 7: Businesses should support a precautionary approach to environmental challenges	Our environment policy and management systems are designed to ensure we comply with environmental legislation and continually improve our performance in these areas. See Managing environmental impacts, page 49, Adapting to climate change, page 48, and Customer use of our products, page 48	Our policies (including environmental)
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	See, Managing environmental impacts, page 49, for our approach to environmental issues, including our environmental policy and our work to reduce the impacts of our products	Our Supplier Forum is a collaborative, learning and development forum set up to identify, collect, disseminate and implement best practice and drive innovative sustainable product and proposition development
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	We're using our technology to help customers cut their carbon emissions, harness the power of communications and lay the groundwork for a low-carbon economy. See, Helping customers cut carbon, page 43. We work with suppliers to reduce their environmental impacts. See, Customer use of our products, page 48	We are part of the Net Positive movement , led by Forum for the Future, WWF UK and The Climate Group, which seeks to clarify, develop and drive adoption of the Net Positive concept
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	We do not tolerate bribery or corruption in any form. See, Doing business ethically, page 15	Our statement of business practice gives guidance to our employees, suppliers and anyone working on our behalf, on how we expect them to behave and on our values

ISO 26000

ISO 26000 ‘Guidance on social responsibility’ provides a guidance framework to help businesses and organisations operate in a socially responsible way.

This is the sixth year that we have cross referenced our report to the core subjects and issues of the guidance.

Core subject	Clause	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Organisational governance	6.2	See, Our governance, page 12	Our Board-level Committee for Sustainable and Responsible Business has a duty to maintain and grow world class corporate responsibility performance, to minimise any Corporate Responsibility and Sustainability (CR&S) risks to BT’s operations and reputation, and to help maximise business opportunities from CR&S
HUMAN RIGHTS: Issue 1: Due diligence	6.3.3	See, Respecting human rights, page 17	Our statement of business practice guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations. It states our commitment to the United Nations’ universal declaration of human rights
Issue 2: Human rights risk situations	6.3.4	See, Sourcing responsibly, page 16	Like all businesses, we are affected by a number of risks and uncertainties. These may be impacted by internal and external factors and we have a group-wide risk management process to identify and mitigate these. See, our risks, page 46
Issue 3: Avoidance of complicity	6.3.5	See, Doing business ethically, page 15	Our statement of business practice guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations. It states our commitment to the United Nations’ universal declaration of human rights
Issue 4: Resolving grievances	6.3.6	See, Doing business ethically, page 15	The Contact BT pages on our website provide access for external stakeholders to contact us for any queries about the company. Our employees have access to a confidential hotline to report any concerns
Issue 5: Discrimination and vulnerable groups	6.3.7	See, Doing business ethically, page 15, Creating an inclusive workplace, page 23, and Sourcing responsibly, page 16	We communicate our business principles to all employees, agents, contractors and others in statement of business practice . We are an inclusive employer and treat all our people fairly and actively encourage and celebrate difference
Issue 6: Civil and political rights	6.3.8	See, Doing business ethically, page 15	We respect the dignity, liberty and equality of every BT employee and everyone who has dealings with us
Issue 7: Economic, social and cultural rights	6.3.9	See Delivering social benefits, page 35, and Building skills, page 28	Our web pages provide links to our free Tech Literacy and getting work ready resources. Our Including You website contains a wealth of information on the products and services we offer to people who need extra help with communications
Issue 8: Fundamental principles and rights at work	6.3.10	See, Doing business ethically, page 15	Our statement of business practice guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations. This includes our commitment to International Labour Organisation (ILO) standards
LABOUR PRACTICES: Issue 1: Employment and employment relationships	6.4.3	See, Creating an inclusive workplace, page 23	We don’t discriminate against anyone on any grounds. And we want to make sure our people don’t either

Core subject	Clause	Information in this report	Information in <u>Annual Report and Form 20-F 2016</u> and elsewhere
Issue 2: Conditions of work and social protection	6.4.4	See, Rewarding performance, page 23	We compare pay and benefits for our people with companies of similar size and complexity to ensure our remuneration is competitive
Issue 3: Social dialogue	6.4.5	See, Listening to our people, page 22	Twice a year, more than 72,000 people provide feedback on working for BT through our employee engagement survey. It helps us develop a focused people strategy and support action planning at a local level
Issue 4: Health and safety at work	6.4.6	See, Promoting wellbeing, page 25	Our first priority is to keep people safe by managing risks in the workplace. But we also want to help them stay active, energised and well
Issue 5: Human development and training in the workplace	6.4.7	See, Developing talent, page 22	We invest in our future success by continually developing the skills and knowledge of our people
THE ENVIRONMENT: Issue 1: Prevention of pollution	6.5.3	See, Managing environmental impacts, page 49	Our environmental management systems cover our worldwide operations
Issue 2: Sustainable resource use	6.5.4	See, Managing environmental impacts, page 49	Our environmental management systems cover our worldwide operations
Issue 3: Climate change mitigation and adaption	6.5.5	See, Reducing our end-to-end emissions, page 46	We have been measuring and reporting on our efforts to reduce our carbon emissions since 1992. In 2013 we set an ambition to help customers reduce their carbon emissions by at least three times the end-to-end carbon impact of our business by 2020
Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	6.5.6	See, Our priorities, pages 9-11 and Biodiversity, page 49	We are not a major landowner. We have procedures in place to reduce the impact of our operations in the environment
FAIR OPERATING PRACTICES: Issue 1: Anti-corruption	6.6.3	See, Doing business ethically, page 15	We have specific policies covering anti-corruption and bribery, gifts and hospitality, and charitable donations and sponsorships. These cover our people around the world
Issue 2: Responsible political involvement	6.6.4	See, Collaborating with others, page 42	We aim to be transparent about our public policy activities; current public policy issues can be found on our website
Issue 3: Fair competition	6.6.5	See, Doing business ethically, page 15	We compete vigorously but fairly, being honest, respectful and trustworthy in all our dealings. Our statement of business practice guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations
Issue 4: Promoting social responsibility in the value chain	6.6.6	See, Sourcing responsibly, page 16	BT has procurement standards on environment, climate change and labour rights, for example. For more information see how we engage with our suppliers or our procurement website

Core subject	Clause	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Issue 5: Respect for property rights	6.6.7	BT is not a significant land owner, either in the UK or its international markets	
CONSUMER ISSUES: Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	6.7.3		Our web pages include our Codes of Practice, covering our customer, sales and marketing activities
Issue 2: Protecting consumers' health and safety	6.7.4	See, Customers' use of our products, page 48	Apart from some cables we don't manufacture our own products, so we work closely with our suppliers to ensure that the products and services we provide are to the highest standards. Our Product Stewardship Standard details the standards that we apply
Issue 3: Sustainable consumption	6.7.5	See, Waste and recycling, page 49	As part of our commitment to the principles of the circular economy, we're exploring ways to use recycled materials and ensure materials are recyclable when a product is no longer needed. Our consumer products are labelled to provide customers with information on energy use and disposal
Issue 4: Consumer service, support, and complaint and dispute resolution	6.7.6	See, Putting customers first, page 10	Getting the customer experience right, and improving the quality of our customer relationships, is at the heart of our strategy for growth. The different methods to contact us are summarised on our Contact BT page
Issue 5: Consumer data protection and privacy	6.7.7	See, Protecting customers' privacy, page 17	As a communications provider, we process vast amounts of customers' personal data. To maintain trust, it's important that we keep that data private and are clear how we use it. Our Privacy Centre explains simply and openly why we collect customer data and what we do with it
Issue 6: Access to essential services	6.7.8	We recognise the importance of internet and telephone services and try to avoid disconnecting customers. We offer flexible payment options to help people budget for their bills and work with customers having temporary payment difficulties to agree repayment plans. See, Supporting online access for all, page 36	BT Basic is our low-cost telephone service. Our Codes of Practice describe our procedures for requesting payment and the help customers can expect if they have problems paying
Issue 7: Education and awareness	6.7.9		We use many channels to engage with our customers on sustainability-related issues, from the labelling on our products through to our marketing communications and our Purposeful business report. Increasingly we are using social media channels such as YouTube and Facebook to engage with a wider audience
COMMUNITY INVOLVEMENT AND DEVELOPMENT: Issue 1: Community involvement	6.8.3	See, Supporting our communities, pages 27-33	We engage with all our stakeholders throughout the year. Throughout our report we offer readers the opportunity to comment and engage with us

Core subject	Clause	Information in this report	Information in Annual Report and Form 20-F 2016 and elsewhere
Issue 2: Education and culture	6.8.4	See, Building skills, page 28 and Supporting good causes, pages 29–31	We are helping people across the UK develop the skills, knowledge and confidence they need to use the internet. Our people are supporting the communities that we live and work in through our volunteering initiatives
Issue 3: Employment creation and skills development	6.8.5	See, Developing talent, page 22 and Building skills, page 28	We are an equal opportunities employer. We have longstanding apprentice and graduate entry programmes and provide skills for work training for young people to help prepare them for their working lives. Through our digital skills programme we are helping people gain the digital skills and confidence to create possibilities for everyone
Issue 4: Technology development and access	6.8.6	See, Connecting the world, pages 37–38	Improved literacy, better job prospects and higher incomes are some of the benefits our services bring people around the world
Issue 5: Wealth and income creation	6.8.7	We've created a methodology to measure the social value we bring. It assesses the potential impact – positive and negative – of different types of products or services. This includes impacts on wellbeing, education, financial prospects and savings. See, Delivering social benefits, page 35	BT actively supports the communities in which it operates. Our purchasing stimulates economic and social development. Our Social Study 2015 – the Economic Impact of BT looks at our Gross Value Added across the UK. Our community activities are targeted at areas of most need
Issue 6: Health	6.8.8	See, Promoting wellbeing, page 25 and sourcing responsibly, page 16	Protecting health and safety is a priority for BT. Not only for our people but our customers, contractors and suppliers
Issue 7: Social investment	6.8.9	See, Supporting good causes, pages 29–32	We have wide ranging partnerships with organisations (for example charities) who are best equipped to address social inequalities. We support charities by sharing our skills, supporting fundraising and providing technology

CDSB Framework

for reporting environmental information & natural capital

We are signatories to the Climate Disclosure Standards Board (CDSB) Statement on fiduciary duty and climate change disclosure. We are committed to producing and using climate change-related information in mainstream corporate reporting as a matter of fiduciary duty.

We report on our material environmental impacts and performance on an annual basis in our Annual Report and Form 20-F and our Delivering our Purpose report.

These two reports aim to serve different stakeholder groups, and we aim not to duplicate information unnecessarily. So we have provided this index showing how and where our environmental and natural capital reporting meets the principles and requirements of the CDSB Framework.

		Comments	BT Annual Report 2016 and Form 20-F	Information in this report
P1	Relevance and materiality	To understand which issues are most important to our stakeholders and our business, we gather information from around 100 sources. These include input from all stakeholder groups, multi-stakeholder organisations, the media and social media. We have identified carbon emissions reductions as significant environmental issues to our business and relevant to our investors	See, Our shareholders, page 39. Our investor relations programme is aimed at keeping existing investors informed and attracting new ones	See, Our priorities pages 9-11, which covers material environmental information to a wider range of stakeholders
P2	Faithful representation	We aim to provide a balanced view of our progress and challenges. We ask LRQA to review and comment on our report using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS)	Our Annual Report and Form 20-F performance is aligned to our Delivering our Purpose report	See, LRQA Assurance Statement, in the Download Centre
P2	Connected with other information	We recognise that our use of natural resources present both cost and risk to our business as well as opportunities to develop solutions to help others minimise their use of natural resources	See, Natural resources, page 44, Our performance as a sustainable and responsible business, page 45, Our risks, page 46 and Protecting the environment, pages 43-44	See, Delivering environmental benefits, page 40
P4	Consistent and comparable	We have been reporting on our environmental performance for over 25 years. Annually we provide 5 year trend information on progress and disclose the methodology that we use	See, Protecting the environment, pages 43-45	See, Delivering environmental benefits, pages 40-49, Our reporting methodology, and BT's environmental data in the Download Centre
P5	Clear and understandable	We produce all our external communications in line with BT Brand guidelines and work hard to ensure that our reporting is concise and clear to understand	BT is committed to communicating openly with each of its stakeholder audiences in the manner most appropriate to their requirements. Investors can contact us at ir@bt.com	We welcome feedback on our report, how we are delivering social and environmental benefits, and our performance as a responsible and sustainable business. Please complete the online feedback form or contact us via our Twitter account @BTGroup
P6	Verifiable	We ask LRQA to review and comment on our natural capital reporting using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS)		See, LRQA Assurance Statement in the Download Centre
P7	Forward looking	We have set ourselves long-term, ambitious goals to deliver improved performance	See, Our 2020 ambitions, page 45	See, Overview, page 5
REQ-01	Policy, strategy and targets	Our environmental policy sets out our aims to reduce the environmental impact of our operations, supply chain and customer solutions, and to help our customers reduce their own environmental impact	See, Our 2020 ambitions, page 45	See, Our 2020 ambition, page 40 and, Our targets in the Download Centre

Comments			BT Annual Report 2016 and Form 20-F	Information in this report
REQ-02	Risks and opportunities	We aim to mitigate the risks of Climate Change – our 2020 ambition sets out our approach to minimising our GHG emissions and helping our customers to reduce their emissions. We recognise climate change as an increasingly likely trigger to some of our main business risks, and are adapting our business accordingly	See, our risks, page 46. In particular we recognise flooding and extreme weather events within the Security and Resilience risk, and climate risks within the Supply Chain risk	See, See, Our 2020 ambition, page 40, Managing risk, page 10 and Adapting to Climate Change, page 49
REQ-03	Governance	BT's purpose is to use the power of communications to make a better world. Our Board Committee for Responsible and Sustainable Business focuses on BT's programmes to support this purpose. The Chief Executive of BT Group has ultimate responsibility for the company's environmental policy and performance	See, Committee for Responsible and Sustainable Business, page 124	See, Our governance, page 12
REQ-04	Sources of environmental impact	Our annual materiality review has determined that greenhouse gas emissions and energy use are of most relevance to investors and shareholders	We report our energy use, GHG emissions, waste generated and water use. See, Protecting the environment, pages 43–45	We report on a wider range, relevant to a wider stakeholder group, of environmental impacts. See, Delivering environmental benefits, pages 40–49 and our environmental trend data
REQ-05	Performance and comparative analysis	Annually we provide 5 year trend information on progress against our targets and disclose the methodology that we use	See, Protecting the environment, pages 43–45	See, Delivering environmental benefits section, page 40–49 and Our reporting methodology, in the Download Centre
REQ-06	Outlook	<p>Climate change is one of the greatest global challenges of our time. We can make a big difference by cutting our own carbon footprint and enabling others to cut theirs.</p> <p>We are mitigating our impacts by reducing our carbon emissions and our products and services help our customers cut theirs too.</p> <p>Our ambition is to help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business by 2020.</p> <p>We are managing other risks and impacts such as waste. We promote a circular economy and aim to turn our waste into resources wherever possible.</p> <p>The resilience of our IT systems, networks, data centres and exchanges is essential to our commercial success. We consider anything that threatens that resilience – including climate risks like flooding and extreme temperatures – among the biggest risks to our business. We are adapting to climate change by conducting preventative measures and regular checks of back-up equipment at our exchange sites. This helps us avoid and reduce the length of service outages from extreme weather</p>	See, Protecting the environment, pages 43–45 and our risks, page 46	See, Delivering environmental benefits, page 40, Helping customers cut carbon, page 43, Adapting to climate change, page 48 and Managing environmental impacts, page 49
REQ-07	Organisational boundary	Our reports cover all BT's wholly-owned operations and subsidiaries worldwide, unless stated otherwise		Our update covers all BT's wholly-owned operations and subsidiaries worldwide, with the exception of EE which was acquired on 29 January 2016. The information and data in this report doesn't include EE, unless we say otherwise

Comments			BT Annual Report 2016 and Form 20-F	Information in this report
REQ-08	Reporting policies		Our Annual Report complies with UK regulations and comprises part of the Annual Report of Form 20-F for the US Security and Exchange Commission to meet US regulations. This is the second year that we've applied an Integrated Reporting (IR) approach to how we structure and present our Annual Report	Our report adheres to Accountability's AA1000AS principles of Inclusivity, Materiality and Responsiveness
REQ-09	Reporting period	We report annually on performance to year ending 31 March		
REQ-10	Restatements	Every year, we replace any estimates in the previous year's environmental reporting with actual figures	Our Annual Report performance is aligned to our Delivering our Purpose report	See, Our reporting methodology, in the Download Centre
REQ-11	Conformance	We have provided this table to demonstrate our conformance	See, Protecting the environment, page 43	See, Our reporting methodology, in the Download Centre
REQ-12	Assurance	Our reported information is audited to provide assurance to stakeholders	See, Auditors' report, page 156	Our report is externally assured by LRQA against the AccountAbility AA1000 Assurance Standard 2008. in the Download Centre