

Our reporting methodology

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We report annually on our approach to managing our material social and environmental issues. This report, 'Building better digital lives – Digital impact and sustainability report 2018/19', covers the year 1 April 2018 to 31 March 2019, in line with our financial reporting. Our previous report covered the financial year to 31 March 2018.

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

Reporting on our ambitions and measures Building better digital lives

10 million ambition: We've set a new target to reach 10m people in the UK with digital skills training by 2025. This supersedes our previous target – to help 10m people overcome social disadvantage through the benefits our products and services can bring – with a more focused and measurable programme.

5 million ambition: We measure progress towards our ambition to improve the teaching of computing and tech skills of five million children using average class sizes in the UK as the multiplier for each teacher who uses our resources. This will now form part of the new 10 million ambition.

£1bn ambition: As we realign our charity partnerships to focus on digital skills, we've taken the tough decision to close our fundraising platform, MyDonate, from June 2019. We'll keep reporting on progress on use our skills and technology to generate more than £1bn for good causes by 2020, but it will no longer be a business priority. Contributions that we include are as follows:

- money raised using MyDonate for fundraising, (until closure), telethons and appeals, (including Gift Aid), text to donate services and payroll giving, and by BT employees fundraising during working hours
- time volunteered by our people for good causes during working hours. We calculate the value of volunteering time to our communities by multiplying the hourly salary of the volunteer by the number of hours volunteered. We then apply a multiplier to take account of other pay-related costs (e.g. pension and other benefits)
- 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 that are aligned with our ambitions
- 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 BT assets such as the BT Tower in London are used in fundraising events
- investment in infrastructure and partnerships that support our ambition, including the running of MyDonate and its associated internal administration costs.

66% ambition: This year we took the decision to no longer focus purely on the proportion of our people who volunteer. Instead we will refocus our volunteering efforts on digital skills – the area we think will deliver the greatest impact for the UK and BT. Our colleagues can still take up to three working days each year to volunteer and we record the working time they use for volunteering in order to calculate the associated value in kind. We include any volunteering that our people do in their own time because we believe that both the individual and BT benefit from volunteering, irrespective of when this takes place.

Climate change and the environment

Net zero absolute GHG emissions: Our ambition is to reduce our absolute scope 1 and 2 greenhouse gas (GHG) emissions to zero by 2045, from our 2016/17 base year.

3:1 ambition: 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 2020/21 financial year. We've been working with several expert organisations to calculate our end-to-end carbon emissions. Our 3:1 methodology is shared on our [website](#).

GHG intensity: Our carbon emissions intensity ambition is that, by 2030, we'll reduce our GHG scope 1 & 2 emissions by 87% compared with 2016/17. This is measured in tonnes of CO₂ equivalent (CO₂e) per unit of gross value added; where value added = EBITDA adjusted (before specific items) + employee costs. This ambition was approved by the Science Based Target Initiative (SBTI) in 2017 as being BT's share of the reductions needed to limit global warming to no more than 1.5°C.

Supply chain emissions: We are committed to reducing our scope 3 supply chain GHG emissions (categories 1–8) by 29% by 2030 from a 2016/17 base line. SBTi approved.

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

- report GHG covered by the Kyoto Protocol, using the World Resources Institute Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition), and the GHGP Corporate Value Chain (scope 3) Standard
- use conversion factors:
 - **in the UK:** as published annually by the Department for Business, Energy and Industrial Strategy ([BEIS](#))
 - **for other countries:** specific national or contract factors where appropriate, or else based on World CO₂e emission factors from electricity generation and fuel combustion, developed by the International Energy Agency (IEA), © OECD/IEA 2018 (Note: any calculations undertaken by BT plc do not necessarily reflect the views of the IEA).
- report our emissions in relation to indirect and direct GHG emissions:
 - **scope 1:** direct emissions (such as from combustion in owned or controlled boilers and vehicles)
 - **scope 2:** indirect emissions associated with electricity, heating/cooling or steam for our own consumption, which we report – in line with the GHG scope 2 guidelines – using both the market-based and (in the environmental data tables on our website) location-based methods
 - **scope 3:** all other indirect emissions.

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- exclude emissions from energy provided by a landlord as part of a full service buildings contract and emissions from energy charged to our tenants
- exclude emissions data from most countries where we've never reached 250MWh per year, and from joint ventures or partnerships where we do not have a controlling interest.

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

Our people measures: Diversity data covers UK employees only. Disability and ethnicity data is voluntarily self-declared. All other employee data covers the whole of BT, except where specifically stated otherwise.

Materiality methodology

Since 2006, we've conducted an annual materiality review at the end of each calendar year to assess the trends and issues identified by our stakeholders. We draw on multiple sources of qualitative and quantitative information that have been gathered throughout the preceding 12 months. This is to determine the relevance and significance of issues identified through stakeholder engagement, such as day-to-day interactions by phone or in meetings, as well as through online discussion forums, focus groups, social media and participation in industry collaborations.

These sources of information include:

- interactions with multiple organisations we work with that represent different stakeholder groups and issues, such as the 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
- targeted primary or secondary research to help fill gaps in our understanding, such as online surveys of consumer perceptions or interviews with subject matter experts
- reviews of peer companies' sustainability reports to help us check that we've a comprehensive list of the relevant issues for our sector and challenge us to further improve our reporting.

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

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

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

Restating past data

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

All restatements of previous estimates or corrections of environmental data are recorded in the environmental data tables on our [website](#).

Aligning with standards and guidelines

- This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.
- We've also assessed the report content and our performance based on the ISO 26000 Guidance on social responsibility.
- We've been a signatory to the United Nations Global Compact (UNGC) since 2000. We reaffirmed our support of its ten principles this year. Our UNGC index represents our Communication on Progress.
- We're also a signatory to the Climate Disclosure Standards Board (CDSB) fiduciary duty and climate change disclosure. Our CDSB index shows how we've integrated the CDSB reporting framework across both this report and our Annual Report and Form 20-F (2019).

Assuring our report

Our report is externally assured by Lloyd's Register (LR) against the AA1000 Assurance Standard (2008). The AA1000 principles of inclusivity, materiality, responsiveness and reliability were all reviewed by LR across the whole report. The assurance process helps us review and benchmark our performance, as well as providing valuable feedback on where we can improve. The Observations section of this year's LR Assurance Statement identifies specific areas that we'll focus on next year.

Contact information

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

Stewart Cowling

Editor