



Our social and environmental reporting methodology 2025

We report annually on our approach to managing our material social and environmental issues, and on progress towards our BT Group Manifesto commitments through the BT Group plc Annual Report 2025 ('AR') and the ESG Addendum ('Addendum') to the AR. Both cover the period 1 April 2024 to 31 March 2025, in line with our financial reporting.

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

Double materiality assessment

We conduct a double materiality assessment (DMA) in order to understand which ESG topics are most material to BT Group, to inform on our responsible business strategy and reporting.

DMA methodology is guided by the EU's Corporate Sustainability Reporting Directive and related standards, and uses a range of quantitative and qualitative data, coupled with internal and external stakeholder engagement, to identify those most material

ESG topics to an organisation.

Across a range of relevant ESG topics, our DMA considers:

- a topics' internal impact on our business from a financial and risk perspective ('financial' materiality)
- a topics' external impact on society and the environment ('impact' materiality).

Our methodology for conducting a DMA is as follows:

A long list of relevant ESG topics is identified, based on research from a range of standards and internal documents, including:

- CSRD guidance
- European Sustainability Reporting Standards (ESRS)
- Sustainable Development Goals
- SASB standard
- GRI framework
- Human Rights Conventions
- BT Group's risk management framework
- BT Group's previous materiality assessment

Potential impacts, risks and opportunities related to each of those ESG topics are then explored by reviewing internal and external resources covering a range of responsible business areas, including sustainability strategy, corporate risk, human rights, environment and business ethics.

Each topic is then assessed through a scoring process that looks at two things: (1) risks, opportunities and financial impacts on BT Group as an entity, and (2) BT Group's impact on society and the environment. The scoring takes account of the likelihood and severity of each topic area.

To estimate the potential impact of each topic on the financial performance or enterprise value of BT Group, the assessment focused on residual (net) risk, after BT Group applies management practices to the risk. Scoring was based on a set of severity and likelihood criteria, which is closely aligned to the thresholds used to assess risks in the BT Group risk framework.

To estimate the actual or potential impact of each topic on society and environment, the assessment focused on inherent or gross risk, before management practices are applied to address risk, aligned with the ESRS methodology. The outcomes of scores were assessed against a set of severity and likelihood criteria.

Once likelihood and impact scores are established for each ESG topic, a framework is used to determine whether a topic is material as a result of their likelihood x severity scores. Again, that framework closely aligns to BT Group's risk framework assessment matrix, used to distinguish between the level of risk.

Where a materiality threshold is met for either dimension of materiality (financial or impact materiality), then the topic is deemed to be material.

Further engagement with key internal and external stakeholders through interviews is then undertaken to review, refine and validate the impacts, risks, opportunities, and the scores provided for each topic. The results of the DMA are then validated and agreed through stakeholder workshops and with sign-off from the Responsible Business Committee, with delegated authority from the BT Group Board.

Our most material ESG topics are described at [bt.com/esgaddendum](https://www.bt.com/esgaddendum), (pages 3 to 4), and are cross-referenced to where we feature these topics across our year-end reporting. Many material topics have specific targets that are measured, monitored, and reported against, which demonstrate their impact. Some topics may not have specific targets, but their progress and impact are tracked under our wider Responsible Business programmes or through our group risk framework.

We aim to conduct a full materiality analysis at a BT Group level every two to three years, with a light refresh of analysis undertaken in the interim years to check that the DMA results remain current and relevant.

Digital skills

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

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

For larger campaigns, which may include TV advertising, we carry out independent research on a nationally representative sample to understand how many people's digital knowledge or confidence was improved because of the campaign.

Where we target a specific audience (e.g. job seekers), we may use public data sources, such as Office of National Statistics, to identify the relevant target audience, so that we only count those people who were targeted by the campaign.

Where possible, we count the number of unique people we reach with help through a particular intervention. Where that isn't possible, we may estimate an average duplication rate based on a sample of data, or data from a comparable activity, and discount this from our reach figure. For our large-scale campaigns, we also make allowances for people who we may have previously reached through similar campaigns.

It isn't generally possible to accurately measure if a person has been helped by more than one of our activities, as we don't typically require registration or capture personal data, as we want to make it as easy as possible for people to learn digital skills. The number of people we reach with help may therefore have an element of duplication.

Social contribution

Our social contributions include, but are not limited to:

- investment in infrastructure, activities and partnerships that support our ambitions, including people costs.
- donations, sponsorships, matched funding, and the value of in-kind support given to charities, not-for-profits, and social enterprises.
- payments made to organisations who run projects with us and on our behalf that are aligned with our ambitions.
- time volunteered by our people for good causes during working hours.

Our people data

Our employee-related data within the [bt.com/esgaddendum](https://www.bt.com/esgaddendum) is valid for the period 1 April 2024 to 31 March 2025, or the snapshot date of 31 March 2025, whichever is relevant. The exception to this is pay gap data (see below), where the reporting period aligns with that of our Gender pay gap statement 2024 ([bt.com/genderpaygap](https://www.bt.com/genderpaygap)).

Pay gap:

Our pay gap figures have been calculated in line with Government regulations. They

show the mean and median pay gap (based on hourly rates of pay at the snapshot date of 5 April 2024) and mean and median bonus gap (based on bonuses paid in the 12 months prior to the 05 April 2024).

Employee representation:

Representation data covers our global workforce for gender-related indicators, unless stated otherwise. Disability and ethnicity data is voluntarily self-declared and is UK only. Openreach information is separately shown due to their significantly different colleague demographics, more typical of an engineering business.

Leadership representation:

Our senior leadership team comprises of the Executive Committee (excluding Executive Directors on the Board but including the CEO, Openreach) and all Executive Committee direct reports (excluding admin roles). This totals 32 women (41%) and 47 men (59%).

Our senior management team comprises of those employees responsible for planning, directing and controlling the activities of the group, or a strategically important part of it (members of our senior leadership and senior management teams, and directors of the group's subsidiaries but excluding directors on the Board). This totals 251 women (38%) and 416 men (62%), which includes 104 subsidiary directors (29 women and 75 men) who are not otherwise members of our leadership or senior management teams.

Environmental data

Net zero absolute GHG emissions:

Our ambition is to reduce our absolute Scopes 1, 2 and 3 greenhouse gas (GHG) emissions by a minimum 90% and neutralise any residual emissions with carbon removals by 31 March 2041, from our FY17 base year. This long-term net zero target has been validated and approved by the SBTi. Our progress is reported in our AR (pages 31 to 33 and 71) and in our Addendum (pages 5 and 10 to 11).

Operational emissions: We have committed to reducing our absolute Scopes 1 and 2 emissions by 90% by 31 March 2031 from our FY17 baseline. This near-term target has been validated and approved by the SBTi.

Supply chain emissions: We have committed to reducing our absolute Scope 3 supply chain GHG emissions (categories 1-8) by 42% by 31 March 2031 from a FY17 baseline - also approved by the SBTi.

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. Our full Scope 3 accounting and reporting methodology is available on at [bt.com/esgaddendum](https://www.bt.com/esgaddendum).

GHG conversion factors:

For location-based reporting:

- **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 are 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 Group plc do not necessarily reflect the views of the IEA).

For market-based reporting in order of the GHG Protocol hierarchy;

- Supplier-specific emissions factors from fixed-contract suppliers
- Residual factors from AIB Residual Mixes and European Attribute Mix for countries where this is available.
- Location-based conversion factors as described above.

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

Tenants: exclude emissions from energy charged to our tenants.

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

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

Scope 3: all other indirect emissions.

To improve the accuracy of our downstream emissions reporting, we have recategorised hardware that isn't sold to the end users (leased customer premises equipment

(CPE) and devices under managed services) from the 'Use of sold products' category into the 'Downstream leased assets' category in accordance with the GHGP Corporate Value Chain (Scope 3) Standard.

SECR: In compliance with FY20 UK Government mandatory Streamline Energy and Carbon Reporting ([SECR](#)) requirements, our Scope 2 reporting includes all sites and countries where we consume electricity, updated back to FY17. Where our actual consumption is unknown, mainly in landlord-controlled sites, we take the following approach:

- in non-UK countries network electricity consumption is based on the physical inventory of network racks installed and office consumption is based on Full Time Equivalent (FTE) presence
- in the UK, it is based mainly on average building type consumption or third-party supplier statements, where available.

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 to be a material impact, we will make specific reference to this within our published data tables.

Renewable electricity declaration: Our renewable electricity consumption is supported by GHG Scope 2 market-based compliant renewable energy attribute certificates (REAC's), including directly purchased electricity supply certified with bundled renewable certification, power purchase agreements (PPAs) with bundled renewable supply certification, or otherwise

through unbundled contracts and certificates.

Restating past data

We restate historical years' data to replace estimates with actual figures and/or when we think subsequent information is materially significant as determined during audit (typically variances greater than one percentage point at category level). All restatements of previous estimates or corrections of environmental data are recorded in the environmental data tables located at [bt.com/esgaddendum](#).

Governance

Oversight

Oversight of our Manifesto and responsible business strategy takes place through our *Responsible Business Committee* (RBC), a Board subcommittee. The RBC monitors the impact of those programmes, through regular reporting and updates (board papers, reporting of progress against targets/KPIs, updates on risks, review of our Manifesto reporting, etc.).

Aligning with standards

We report against the Sustainability Accounting Standards Board (SASB) Telecommunications Standard in our Addendum (pages 19–22).

We've been a signatory to the United Nations Global Compact (UNGC) since 2000. We reaffirmed our support of its ten principles this year. Our UNGC 'Communication on Progress' can be found on the UNGC website at <https://unglobalcompact.org/what-is->

[gc/participants](#).

We report under the Task Force on Climate related Financial Disclosures (TCFD) framework within our AR ([bt.com/annualreport](#) pages 62 to 71).

Assuring our year-end reporting

Our year-end environmental and social reporting, which includes the ESG Addendum, and the Manifesto and TCFD sections in the AR, is independently assured by LRQA, in accordance with the principles of the AccountAbility AA1000ASv3 standard (inclusivity, materiality, responsiveness, reliability, and impact), to a 'high' level of assurance.

The assurance process helps us review and benchmark our performance, as well as providing valuable feedback on where we can improve.

The observations section of this year's LRQA Independent Assurance Statement (published at [bt.com/esgaddendum](#)) identifies specific areas that we'll look to address over the next year.

Prior to publication, our Addendum and AR is reviewed and approved by the BT Group Board (or its subcommittees) and Disclosure Committee.

Contact

We welcome feedback on our reporting. Please contact us via our Twitter account @BTGroup.