BT Group

Carbon Reduction Plan 2025

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

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

Our net zero plan, includes near and long-term science-based targets (validated by the Science Based Targets initiative (SBTi)) and time-bound KPIs which are in line with limiting global warming to 1.5 degrees.

Our metrics and progress

Metrics	Progress FY25
By 31 March 2031, to cut our absolute carbon emissions by 90%, compared to 2016/17 levels[1]	52% reduction
By 31 March 2031, we aim to transition the majority of our fleet to zero emissions or electric vehicle (EVs) models	1,400+ vehicles added (EVs represent 18% of our total fleet)
By 31 March 2031, to be a net zero carbon emissions business (Scopes 1 and 2)	649,574 tonnes of CO_2e
By 31 March 2031, to reduce our supply chain carbon emissions by 42%, compared to 2016/17 levels[2]	25% reduction
By 31 March 2041, to be net zero for our supply chain and customer carbon emissions[3] (Scope 3)	2,853,536 tonnes of CO_2e
Support our customers to decarbonize through our products and services - cumulative carbon emissions savings since FY22	5,539,059 tonnes of CO_2e saved since FY22
By 31 March 2030, build towards a circular BT Group, and a circular tech and telco ecosystem by 31 March 2040	See our Annual Report page 33

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[1] Based on an absolute reduction in tonnes of CO_2e (carbon dioxide equivalent) in operational emissions (Scopes 1 and 2 greenhouse gas emissions), and replaces our previous carbon intensity goal.

[2] Supply chain emissions: Scope 3 - categories 1 to 8 (inclusive).

[3] Customer carbon emissions: Scope 3 - categories 11, 12 and 13.

BT Group's near-term (Scopes 1 and 2) science based ambition is aligned to a 1.5 degree pathway and aims to reduce the absolute carbon emissions of our operations by 90% by the end of March 2031.

This is supplemented by our ambition to reduce our supply chain emissions (Scope 3 categories 1-8) by 42% by the end of March 2031. We also commit to reach net zero greenhouse gas emissions across our full value chain by the end of March 2041, reducing our absolute Scope 1, 2 and 3 emissions by 90% and neutralising any residual emissions with carbon removals.

All of these ambitions have been validated and approved by the SBTi.

We've published our first Climate Transition Plan[4], which lays out in detail the objectives, strategy and governance required to help us decarbonise our business, manage climate related risks and support economy wide transformation.

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

Operational emissions (Scopes 1 and 2):

Fleet

BT Group and Openreach together operate one of the UK's largest commercial fleets. We have over 30,000 vehicles on the road (the majority of which are in Openreach) which keep homes and businesses connected. Nearly 20% of our operational emissions (Scopes 1 and 2) come from our fleet. We're working hard and investing to convert the majority of our commercial fleet to electric or zero emissions vehicles by the end of FY31, where it's the best technical and economic solution, and will pursue other ultra-low emission solutions where electric vehicles (EVs) are not viable.

This year, we continued to roll out electric vehicles (EVs), increasing the total to over 5,500, which now represents 18% of our total fleet . This continued electrification has cut fossil fuel-related emissions from our fleet by 13% compared to FY24.

We placed the largest ever UK commercial EV fleet order this year, of nearly 3,500 new EVs. By 2026, when they're all delivered, we'll have nearly 8,000 – one of the UK's largest EV fleets.

To support our growing EV fleet, we've installed more than 3,000 charge points in operational sites and at our engineers' homes, adding nearly 600 more this year. BT Group and Openreach have continued to work with others to advocate, through groups such as the UK Electric Fleets Coalition, for policy measures to support the transition to electric vehicles.

Purchasing renewable electricity, energy efficiency and transforming our buildings estate

This year we changed our approach to renewable energy procurement and reporting. This was because of concerns on transparency, lack of environmental benefits and price volatility around

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[4] Our Climate Transition Plan is published at https://www.bt.com/about/digital-impact-and-sustainability/our-approach/our-policies-and-report/climate-transition-plan

Renewable Energy Certificates (RECs). We highlight these in a report we commissioned this year with Cornwall Insight[5].

We support renewable power supply through our energy procurement. That includes long-term power purchase agreements (PPAs), which met 31% of our UK electricity demand this year. But due to the evidence highlighted in our report, we're scaling back on buying RECs to those only sourced directly from our PPAs or renewable supply contracts .

This means we're moving away from our previous approach of reporting the percentage of electricity that came from renewable sources. It'll help us be more transparent and focus on the activities that will most effectively support our own decarbonisation, such as electrifying our vehicle fleet, decarbonising our estate and building more energy-efficient networks.

And to more accurately reflect the real-world emissions from our electricity consumption, we're using the location-based methodology as the basis for our recently updated (SBTi approved) operational carbon reduction ambition. This reflects the average emissions intensity of grids on which energy consumption occurs and doesn't account for RECs.

Beyond our energy procurement approach, we're also reducing our electricity consumption by decarbonising our buildings and networks. In FY25, we cut our global energy consumption by a further 100 GWh compared to last year, a 4% drop. Our workplace transformation programme is based on a move to fewer, more sustainable and efficient buildings.

Value chain emissions (Scope 3)

Supply chain

Nearly 70% of our end-to-end carbon emissions come from our supply chain. We're partnering with suppliers to curb their emissions and ours. All our suppliers must meet our requirements on climate and environmental management, along with other generic standards (groupextranet.bt.com/selling2bt).

We encourage suppliers to join us in reporting climate-related data to CDP to enhance transparency and accountability. Today, suppliers representing more than 65% of our supply chain emissions are reporting to CDP. We continue to collaborate with major Openreach partners through a supplier engagement programme, supporting them through workshops and webinars to encourage carbon emissions reporting and to promote ways to reduce their own emissions.

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

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

Customer use of products

Our networks and products also have a big part to play in tackling climate change, with

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[5] Reviewing the future of REGOs for Corporates report, based on independent research carried out by Cornwall Insight, commissioned by BT Group

decarbonisation of the grid also playing an important role in reducing the emissions associated with the use of our products and services. We work closely with suppliers to improve the energy efficiency of our networks and products. We have published our Carbon Enablement Methodology, which provides detail on how we calculate the annual emissions we help our customers avoid through key products and services which we offer.

Future Carbon Reduction Initiatives

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

Operational emissions (Scopes 1 & 2):

- Continued focus on reducing our energy usage, improving energy efficiency and supporting UK renewable generation through long-term PPAs.
- Continue to transition our commercial fleet towards electric or zero-emission vehicles
- Transforming our buildings estate and networks, by:
  - Consolidating many of our offices from old, inefficient buildings into new ones designed to minimise environmental impact through energy-saving features
  - Implementing cost-effective low-carbon heating solutions for our existing buildings
  - Investing in more efficient and resilient cooling systems
  - Removing legacy equipment from our exchanges and decommissioning legacy networks
  - Optimising network energy efficiency through AI and Machine Learning

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

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

Low-carbon economy

- Helping customers reduce their carbon emissions through using technologies that enable reductions in personal or work-related travel, and that are more energy-efficient, such as FTTP, 4G/5G, cloud computing and IoT.
- Building towards a circular business by the end of March 2030 and a circular tech ecosystem by the end of March 2040, by:
  - Reshaping our products and packaging by using fewer and lower-impact materials, make devices last longer, and boost reuse and recycling by customers
  - Scaling up device lifecycle management solution to maximise the recovery of devices for future reuse and redeployment
  - Using materials more efficiently and recovering as much waste as we can from our network and estate
  - Utilising software updates over hardware updates to reduce resource use

      o   Collaborating with others to accelerate the transition to a circular tech sector.

Governance and assurance

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

Board oversight on climate change:

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

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

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

Management's roles and responsibilities

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

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

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

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

External reporting and assurance

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

Alignment with financial planning

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

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

Stakeholder engagement

We must keep meeting our shareholders' sustainability expectations. So, we talk with them regularly and incorporate feedback into our strategy through our investor relations team – including discussions on our ESG performance.

We check customers' preferences. We reflect this in how we engage with them and how we talk about our climate progress in customer communications and bids. Going forwards, we will continue to report on our performance each year as part of the ARA and through this Carbon Reduction Plan.

Baseline year and current year emissions

We have reduced our operational emissions (Scope 1 & 2) by 52% compared to the baseline year (FY17 – 1st April 2016 – 31st March 2017). We have also cut out supply chain emissions (scope 3 categories 1-8) by 25% and our total Scope 3 emissions by 30% over the same period.

Scope 1 & 2 GHG Emissions [1]	FY17 tonnes CO2e	FY23 tonnes CO2e	FY24 tonnes CO2e	FY25 tonnes CO2e	% change vs FY17
Scope 1 GHG emissions	181,903	183,885	160,715	146,600	-19%
Scope 2 GHG emissions (location-based method)	1,167,025	497,834	519,017	502,974	-57%
Scope 2 GHG emissions (market-based method) [2]	222,878	58	4	343,340	54%
Total Scope 1 and Scope 2 GHG emissions (location-based method)	1,348,927	681,719	679,731	649,574	-52%
Total Scope 1 and Scope 2 GHG emissions (market-based method)	404,780	183,943	160,719	489,939	21%
Scope 3 GHG Emissions					
1. Purchased goods and services	2,157,952	2,008,269	1,972,158	1,862,225	-14%
2. Capital goods	471,795	346,072	249,724	225,138	-52%
3. Fuel- and energy-related activities	304,763	233,844	237,979	229,263	-25%
4. Upstream transportation and distribution	114,356	17,762	13,561	17,651	-85%
5. Waste generated in operations	5,766	15,068	3,652	7,355	28%
6. Business travel	52,124	21,159	15,855	16,111	-69%
7. Employee commuting	60,319	42,316	58,042	42,559	-29%
8. Upstream leased assets	50,273	42,176	5,591	24,370	-52%
9. Downstream transportation and distribution [3]	0	0	0	0	
10. Processing of sold products	0	0	0	0	
11. Use of sold products	819,629	606,021	390,541	207,907	-75%
12. End-of-life treatment of sold products	627	1,223	1,631	413	-34%
13. Downstream leased assets [4]	27,506	26,693	183,921	220,544	702%
14. Franchises	0	0	0	0	
15. Investments	0	0	0	0	
Total Scope 3 GHG emissions	4,065,110	3,360,604	3,132,655	2,853,536	-30%

Notes:

[1] Excludes tenants/ 3rd parties' consumption

[2] From FY25 our renewable electricity strategy has changed: unbundled renewable energy attribute certificates (REAC's) are no longer purchased to achieve 100% renewable electricity. Our market-based renewable declarations are now only from PPA's and contractual agreements.

[3] Category 9, 'Downstream transportation and distribution', is not applicable to BT Group. Product distribution is either included in the supplier contract or provided through postal services. The associated carbon would be included in Category 1; Purchased Goods and Services' figures, where this is included as part of overall service, or Category 4: Upstream transportation and distribution, where purchased as a separate service.

[4] We have updated our emissions reporting methodology to better reflect the hardware for which we maintain ownership in accordance with the GHG Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Disclaimer

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

Declaration and Sign Off

This Carbon Reduction Plan has been completed in accordance with PPN 06/21[6] and associated guidance and reporting standard for Carbon Reduction Plans.

Emissions have been reported and recorded in accordance with the published reporting standard for Carbon Reduction Plans and the GHG Reporting Protocol corporate standard[7] and uses the appropriate Government emission conversion factors for greenhouse gas company reporting[8].

Scopes 1 and Scope 2 emissions have been reported in accordance with SECR requirements, and the required subset of Scope 3 emissions have been reported in accordance with the published reporting standard for Carbon Reduction Plans and the Corporate Value Chain (Scope 3) Standard[9].

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

Signed on behalf of the Supplier:

Edward Heaton

Director

British Telecommunications plc

Date: June 2025

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[6] https://www.gov.uk/government/publications/procurement-policy-note-0621-taking-account-of-carbon-reduction-plans-in-the-procurement-of-major-government-contracts

[7] https://ghgprotocol.org/corporate-standard

[8] https://www.gov.uk/government/collections/government-conversion-factors-for-company-reporting

[9] https://ghgprotocol.org/standards/scope-3-standard