BT Group

Climate Transition Plan 2025

BT Group plc

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Look out for these throughout the report

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A message from our Chief Executive

Allison Kirkby
Chief Executive

Net zero across whole business and value chain by end of March

2041

BT Group celebrates its 180th anniversary in 2026. In our long history, the world has witnessed radical technological advances, and this rate of change continues to accelerate. In more recent history the planetary impact from these human advances has become more fully understood, and the urgency to act is clear to all of us at BT Group and we remain committed to being part of the solution.

As the climate crisis worsens, we all need to step up and speed up the transition to a low carbon economy. No part is too small to play in the response to the global climate crisis, and BT Group is committed to its role in driving a national and global solution.

In 2017, BT Group was one of the first companies in the world to set a 1.5 degree target, with approval from the Science Based Targets initiative. I'm confident that the steps we're taking to modernise our networks, electrify our vehicle fleet, reduce our energy consumption and engaging with our suppliers will help us progress towards our target to be net zero across our full value chain by the end of March 2041. But to get there we rely on many policy, technological and market changes, including the energy transition and supply chain transformation.

In this, our first climate transition plan, we set out in detail the objectives, strategy and governance required to help us decarbonise our business, manage climate related risks and support economy wide transformation.

As you'll see in the report, we're making solid progress, but there's more to do. We remain committed to our climate targets, and to being transparent. Which is why we'll continue to provide progress updates each year through our Annual Report and every three years through our Climate Transition Plan.

Summary of our transition plan

Ambition

Our strategic objectives

See page 3 for more information.

Achieving net zero

Decarbonising our networks, buildings and fleets

Cutting carbon emissions across our value chain and building towards a circular business

Enhancing our long-term resilience

Responding to our material physical and transition risks

Developing solutions to support the low-carbon transition and provide commercial growth

Supporting economy-wide transformation

Engaging with peers, government, and industry, to support the net zero transition

Embedding a culture of sustainability across BT Group

Action

See page 9 for more information.

- Our estate and network
- Our supply chain
- Our products and services

Accountability

See page 19 for more information.

- Board-level oversight
- Employee engagement
- Transparent reporting

Our climate targets

Net zero by end of March

2041

minimum 90% emission reduction across scopes 1, 2 and 3 and neutralising any residual emissions with carbon removals

Near term

90%

minimum reduction in Scopes 1 and 2 by end of March 2031, and

42%

minimum reduction in Scope 3 supply chain emissions by end of March 2031
(Scope 3 categories 1-8 as defined by the GHG Protocol)

Targets above are against our base year of FY17.

Ambition

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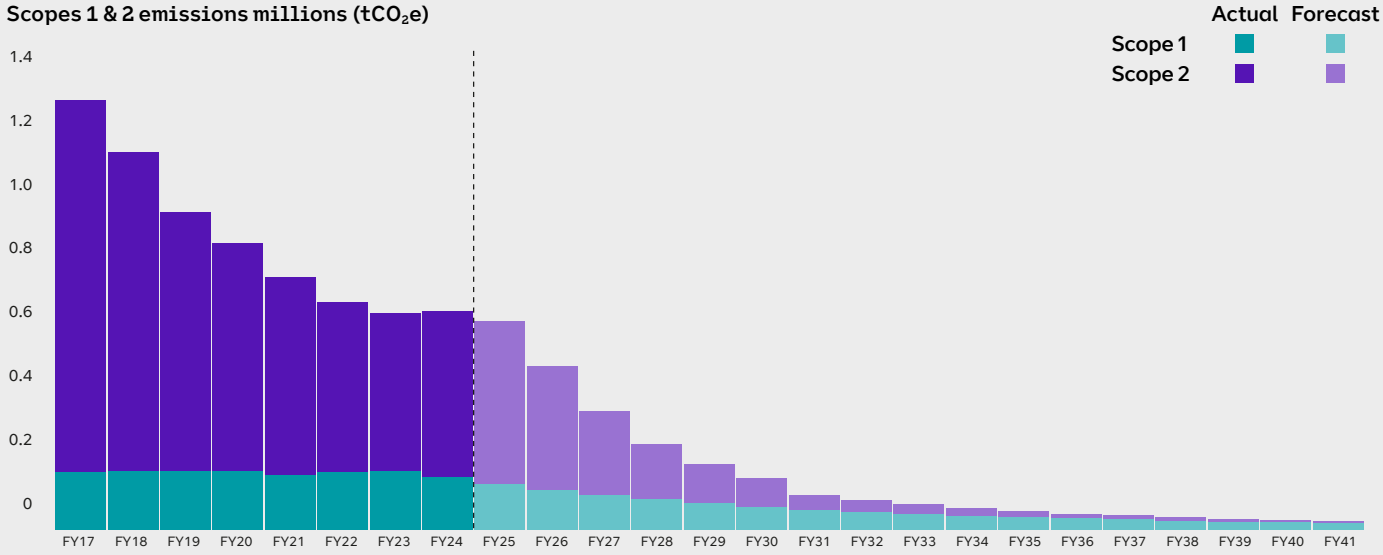
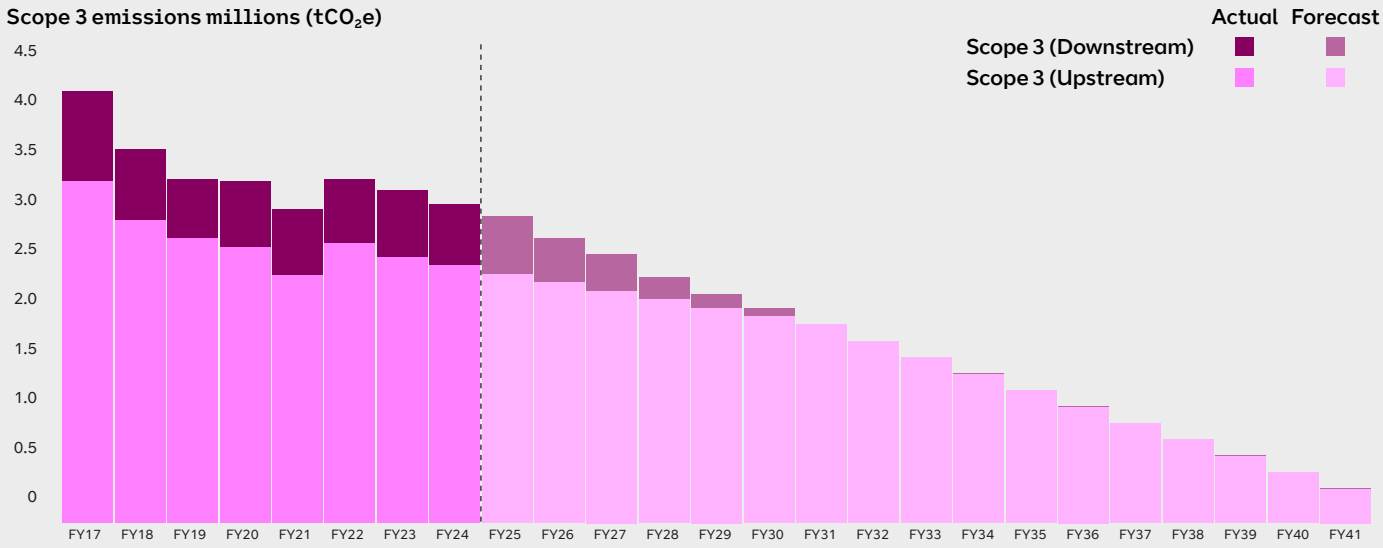
Our strategic objectives

Achieving net zero

Read more about how we plan to achieve our objectives on pages 9 to 19.





Scopes 1 and 2

Looking back:
- 528GWh reduction in worldwide energy consumption
- Increased fleet electrification mitigating carbon impact as fibre build scales

Looking forward:
- Continued network modernisation, rationalisation and improved efficiency
- Smaller, cleaner fleet
- Rapid decarbonisation of UK grid

Net zero by end of March 2031

Scope 3

Looking back:
- Improved supplier engagement on carbon reporting and actions
- Increased circularity for our own brand hubs and set-top boxes

Looking forward:
- Deeper engagement with key suppliers
- Reducing carbon-intensive procurement post-peak full fibre build
- Continued global grid decarbonisation

Net zero by end of March 2041

Note: Emissions shown for FY17 to FY24 reflect the GHG emissions as reported in our FY24 Annual Report and Accounts. From FY25 onwards, emissions projected are based on assumptions about the implementation actions stated in our transition plan and do not necessarily reflect the emissions reductions that will be delivered through these actions.

Our strategic objectives

Enhancing our long-term resilience

We're working to understand and manage the impact of climate-related risks and opportunities. This plan shares our priority actions to mitigate and adapt to our top physical and transition risks and opportunities. These include:

- increases in the frequency and severity of flooding, resulting in greater damage and disruption to our infrastructure and, in turn, customer access to our products and services;
- loss of customers due to changing customer preferences and expectations on climate action;
- accelerating climate action for customers by leveraging our products, services, and partnerships, leading to a growth in revenue; and
- product innovation in our business, such as sustainable buildings solutions and Carbon Network Dashboard, supporting brand value and revenue.

For more details on our full climate risk and opportunity disclosures, please see our FY24 Task Force on Climate-Related Financial Disclosures (TCFD) report[1].

Supporting customer decarbonisation and economy-wide transformation

Technology is key to accelerating the transition to net zero. This is why we prioritise activities that not only support emissions reductions in our own operations and value chain, but also activities that support economy-wide decarbonisation.

We have a key role to play in being at the heart of our customers' decarbonisation plans. For example, building mobile and broadband connectivity as a platform for green technology and offering solutions such as our 'Digital Carbon Calculator' which helps customers estimate their network's carbon footprint and the 'Carbon Network Dashboard' gives a real-time view of power consumption. Working with Johnson Controls, we help business customers in the UK and internationally benefit from smart buildings technology to digitally monitor, analyse and optimise energy use in workplaces. Buildings from offices to factories can all benefit, helping customers reach net zero faster while reducing operating costs.

We are also investing in power purchase agreements (PPAs) and onsite self-generation to increase the availability of renewable electricity in the UK.

Our engagement activity is focused on creating supportive policy environments for the areas where we have our largest decarbonisation challenges, such as commercial fleet decarbonisation and the supply of renewable electricity.

We prioritise activities that not only support emissions reductions in our own operations and value chain, but also activities that support global decarbonisation

1 BT Group Annual Report, 2024. See online at: https://www.bt.com/bt-plc/assets/documents/investors/financial-reporting-and-news/annual-reports/2024/2024-bt-group-plc-annual-report.pdf

Supporting our strategic objectives

Delivering a just transition

A low carbon economy needs connectivity. Our commitments to connect for good and transforming lives for the better present a significant opportunity to support a just transition through digitalisation. We're creating digital infrastructure that supports rural communities through better connectivity and access to devices.

By the end of 2026, we will provide full fibre broadband access to 25m homes and businesses, including 6.2m in rural communities. As we transition towards a net zero economy, we aim to ensure that no one is left behind.

Digitalisation brings an abundance of opportunities, for example, the development of digital skills which can give access to employment. We've helped more than 23m people and small businesses in the UK improve their digital skills since FY15 through a variety of interventions, ranging from intensive face-to-face activity like workshops and mentoring, to mass reach campaigns such as Top Tips on Tech, Let's Talk About and Hope United.

For under-resourced communities that are at higher risk of being physically affected or displaced by climate change, improved connectivity, paired with our flood and extreme weather monitoring services and emergency response teams, can increase resilience due to better response times and decreased risks of damage.

Aligning with science-based targets

We were an early adopter of science-based targets and one of the first businesses in the world to have our 1.5°C aligned Scopes 1 and 2 target validated by the Science Based Targets initiative (SBTi) in 2017.

Since then, we've continued to review and expand our targets, so they reflect our overall climate ambitions and align with the latest climate science and standards set by the SBTi. In 2024, we updated our Scopes 1 and 2 target to a 90% absolute reduction by March 2031, revising it from an 87% intensity-based target over the same period. We submitted this update along with our March 2031 near-term Scope 3 supply chain target of 42% reduction and net zero targets by March 2041 to the SBTi, who have validated and approved these as being aligned with the SBTi's 1.5°C mitigation pathways for reaching net-zero by 2050 or sooner.

By the end of 2026, we will provide full fibre broadband access to 25m homes and businesses, including 6.2m in rural communities

25m

Key dependencies of our plan

To achieve our Scopes 1, 2 and 3 targets, we have to navigate an uncertain climate future in which many policy, technological and market changes are outside our control. We need to understand the sensitivity of these factors and the impact they could have.

Since 2019, we've modelled our decarbonisation glidepath and the reductions required to meet our targets. We are exploring the impact of the most material assumptions, linked to our main emission drivers, to better understand our critical dependencies and future focus areas.

Decarbonising the grid

To reduce carbon emissions from our own operations and the use of the products we sell, decarbonisation of the UK electricity grid to zero carbon is critical.

The current government has committed to decarbonise the UK's electricity system by 2030, bringing forward this goal from 2035 set by the previous government. This is based on the mission to make the UK a clean energy superpower, scaling up the building of clean energy infrastructure, establishing GB Energy, a new publicly-owned clean energy company to support jobs and supply chain to deliver clean power projects. Along with setting up the National Wealth Fund to investing alongside the private sector in clean technologies such as green hydrogen and energy storage.

This 2030 scenario plays a key role in our decarbonisation pathway for our Scope 2 emissions, in conjunction with our continued efforts to build more energy efficient networks, to achieve our March 2031 target.

Additionally, the emissions associated with the use of products we sell will reduce from a cleaner electricity grid supporting our long-term net zero goal by March 2041.

We hope our long-term funding commitments to PPAs will encourage additional renewable electricity within the UK market and, while relatively small, contribute to the overall 2030 commitment.

To reduce carbon emissions from the use of our sold products, decarbonising the UK electricity grid to be zero carbon is critical

Our aim of 90% minimum reduction in Scopes 1 and 2 by the end of March 2031 will bring greater focus to our initiatives to reduce overall consumption, whilst increasing the energy efficiency of our networks which reduces our reliance on grid decarbonisation

90%

Key dependencies of our plan

Accelerating the decarbonisation of our commercial fleet

The key dependency to decarbonise our operational emissions is to reduce our commercial fleet emissions which represent 20% of our total operational emissions.

In 2020, BT Group launched the UK Electric Fleets Coalition together with Openreach and the Climate Group to call for the policies needed to achieve 100% electric car and van sales by 2030. Together, we have been setting out our key policy asks.

For more on this, see theclimategroup.org.

Some of our key dependencies for decarbonising our fleet include:
- Improved charging infrastructure network coverage and access. We need to ensure that people can charge their vehicles at or near their homes. For company drivers that take their vehicles home, the inability to charge due to lack of off-street parking is a major barrier.
- Planning rules, lack of local authority action and lack of data and information all contribute to a slower rollout of on-street charging. Also, electric van drivers find that some public electric vehicle (EV) charging stations can be too small or have charging cables that are too short for vans.
- Subsidies play a pivotal role in promoting EV uptake. Financial incentives lower the barrier to entry to new technologies and make it easier for large businesses to invest at scale, and the EV sector is no different. Globally, we've seen subsidies drive significant increases in EV adoption. In the UK, maintaining van subsidies is essential.
- Businesses rely on long-term financial models for large-scale switches like the ones we're undertaking with EVs, and they need forward-looking policies that give us certainty and clarity.
- Another vital tool is the zero emissions vehicle mandate, which requires vehicle manufacturers to increase the sale of zero emission vehicles each year, rising to 100% by 2035. We also support the Governments plan to bring forward the ban on the sale of new petrol and diesel cars after 2030.

Decarbonising our supply chain

We're reliant on transformation within our supply chain to achieve our net zero targets.

Other dependencies for decarbonising our supply chain, which accounts for approximately 80% of our Scope 3 footprint, include global access to renewable electricity and electric vehicles. We're members of the Climate Group's RE100 and EV100 initiatives to advocate for these decarbonisation levers.

RE100 supports companies to procure 100% renewable electricity by sending clear demand signals to governments around the world. By unlocking corporate renewable electricity sourcing, we're accelerating the transition to zero carbon electricity grids.

Through EV100, we work with other companies to signal increasing demand, influencing policy and driving take-up of electric vehicles globally.

Access to renewable electricity and electric vehicles is critical in reducing not only our own carbon emissions, but also those of our suppliers. However, this will not happen without the enabling policy environments to drive the transition to a low carbon economy.

In FY24 our commercial fleet accounted for 20% of our total operational emissions

20%

Our supply chain accounts for approximately 80% of our Scope 3 footprint

80%

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How we're decarbonising our business

As the UK's largest provider of fixed-line broadband and mobile services, almost 82% of BT Group's overall energy consumption takes place in our estate and networks. Given this scale, we are focused on improving efficiency and driving down our consumption.

Reducing our estate's carbon footprint

We're decarbonising our estate by consolidating many of our offices and contact centres – changing from old, inefficient buildings into new spaces designed to minimise environmental impact.

Our priorities for reducing our buildings' carbon footprint include:

- **Better Workplace programme** – Consolidating hundreds of BT Group buildings to around 30. New builds meet the BREEAM[1] Excellent standard. And we're improving energy efficiency when we refurbish existing sites.
- **Implement low carbon heating solutions** – A priority for our estate management team is rolling out more efficient, cost-effective electric heating systems and heat pumps to replace existing gas boilers.
- **Explore sensory technology** – We can optimise our spaces through smarter energy management. For example, at some of our exchanges, we're trialling solutions to switch off heat and lighting during periods when the building doesn't require maintenance.
- **Reduce and recycle water** – We're implementing measures across our buildings to reduce water use. For example, in our One Braham headquarters, we're collecting wastewater from sinks, which is treated and pumped back into the toilet systems.

Improving our energy performance

Each year we aim to improve the efficiency of our mobile, core and global networks and drive down energy consumption.

We cut our global energy consumption by around 140 GWh in FY24 – a 4% drop on FY23. We have reduced our global energy consumption by 17% since FY17.

We have several operational initiatives that contribute to this:

- **Modernising mobile technology** – We have completed the switch-off of our legacy 3G network, which will deliver energy savings of 17.44m KWh per year. We've also made great strides in upgrading to more energy-efficient radio access network (RAN) equipment, including the deployment of ultra-lightweight massive input, massive output (MIMO) technology which uses up to 40% less energy than the previous generation of radio equipment.
- **Efficiency through modernisation** – We continue to roll out more modern and energy efficient networks through 5G and FTTP (fibre to the premises) services. We're also upgrading our fixed networks infrastructure, using machine learning to deliver greater energy efficiencies.
- **Closing legacy networks and exchanges** – We will be closing legacy exchanges supporting traditional copper-based services as we modernise our network. As part of our focus on circularity, we're looking at ways to reuse and recycle our old copper and network equipment.
- **Leveraging digital twin technology** – Our Navitas Energy Model uses digital twin technology to track our fixed network energy use over time, enabling us to quantify the energy impact of each piece of equipment in every exchange. The model is helping us to identify equipment that can be retired and understand how we can reduce energy consumption and informs our ability to estimate the impact of extreme weather on energy consumption.
- **Energy-efficient infrastructure** – Whenever old infrastructure requires replacing, we ensure the new infrastructure meets minimum energy efficiency standards.

Our new approach to energy procurement

Taking action on energy is an important lever for us in our decarbonisation journey. Over the last eight years, we've cut our global electricity consumption by over 420GWh, achieved mainly through rationalising and upgrading our buildings and networks. We've also supported growth in the supply of renewables in the grid through several long-term corporate PPAs.

Under existing rules for corporate greenhouse gas reporting, electricity purchases can be reflected as zero emissions provided the volume is covered by renewable energy certificates (RECs). However, given intermittency in the supply of renewables in the grid, it means that businesses will, at times, be powered by electricity generated from fossil-fuel sources. Under current rules, this would not be reflected in reported emissions. RECs can also be sold separately to the physical electricity to which they relate, which further impacts on transparency.

Along with several other businesses, we've raised a number of concerns and recommendations for improvement relating to reporting transparency, delivery of environmental benefits and pricing volatility.

We're committed to supporting growth in renewable power supply through our energy procurement strategy including long-term PPAs. However, as a result of our concerns, we plan to scale back on the purchase of RECs to those only sourced directly from our PPAs or renewable supply contracts. Additionally, to accurately reflect the real-world emissions from our electricity consumption we've based our updated operational carbon reduction target on the location-based method. This reflects the average emissions intensity of grids on which energy consumption occurs.

This change will help ensure we're reporting in a transparent and impactful way that delivers real-world emission reductions and directs attention to the activities that will most effectively support our own decarbonisation and reduce consumption from the grid.

1 Building Research Establishment's Environmental Assessment Method, the world's leading sustainability assessment for infrastructure.

How we're decarbonising our business

Decarbonising our commercial fleet

We're working hard and investing to convert most of our commercial fleet to electric or zero emission vehicles by the end of FY31. As of December 2024, we've around 4,300 EVs in our fleet, including more than 1,700 that we added in FY24. In FY25, BT Group placed a new order for around 3,500 EVs – the largest order placed in the UK to date.

As of December 2024, we've installed over 3,000 EV charging points in our depots and the homes of our engineers. We're also exploring ways to ensure our existing diesel fleet has the least impact by looking at efficient route planning, driver skills training and reduced idling.

The number of EVs in our company car fleet has also increased, with nearly a third now fully electric.

We've introduced a salary-sacrifice scheme for UK colleagues to buy EVs through personal lease arrangements. And we're introducing EVs as part of our transport and shuttle passenger services for colleagues in India.

We've around 4,300 EVs in our commercial fleet

4,300

We've installed over 3,000 EV charging points in our depots and homes of our engineers

3,000+

How we're decarbonising our business

Decarbonising our supply chain

Our supply chain emissions, which includes Scope 3 categories 1 to 8[1], account for approximately 65% of our total GHG emissions. We have achieved a 25% reduction in supply chain emissions since FY17.

As of FY24, almost 90% of supply chain emissions came from categories 1 and 2[1]: our purchased goods and services and our capital expenditure.

We're reliant on transformation within our supply chain to achieve our net zero targets. In FY24, we refreshed our climate change policy, which forms part of our expectations and generic standards applicable to suppliers working with us. It requires them to conduct climate risk assessments, set 1.5°C aligned science-based targets and report on progress annually.

And we continue to engage with key suppliers on carbon reduction through contract clauses, for example, we've seen savings from Circet that reduced over 100t CO_2e in 2023 under its contract with BT Group and Openreach. Circet supports Openreach in building full fibre broadband rollout, and these saving came primarily from initiatives undertaken by Circet to switch to renewable electricity and reduce vehicle emissions, for example through improved fleet efficiency.

In FY24, we also:
- Launched a campaign asking suppliers to set 1.5°C aligned science-based targets, make them public and report on progress annually.
- Encouraged more key suppliers to report to CDP to improve visibility and action on emissions. Today, over 300 of them are doing that.
- Continued working with the Exponential Roadmap Initiative and 1.5°C Supply Chain Leaders to drive climate action across global supply chains – while supporting small and medium-sized enterprises through the SME Climate Hub.
- Joined the JAC (Joint Alliance for CSR) Board of Directors. It's an association of 27 communication providers working together to sustainably transform supply chains across the ICT sector.

In addition to our continual engagement with key suppliers through these activities, we see the provision of more specific data from suppliers as an important step in better understanding our own impact. This also enables us to direct our attention to the suppliers with the biggest potential for positive impact.

Shifting from spend-based to product-level supplier data collection will support better decision making around climate impact and focus our supplier engagement on specific carbon hotspots with suppliers, exploring innovations and solutions to make meaningful carbon reductions in the products and services we buy. Improving the carbon data ecosystem to allow suppliers and industry peers to easily share product and service-level data will be an important focus for us.

We have been a member of the CDP supply chain programme since its inception, and we encourage our suppliers to disclose their emissions to CDP. This provides more accurate insight for future plans to tackle value chain emissions.

We have achieved a 25% reduction in supply chain emissions since FY17

25%

We have been a member of the CDP supply chain programme since its inception, and we encourage our suppliers to disclose their emissions to CDP

1 As defined by the GHG Protocol.

How we're decarbonising our business

Becoming a circular business

We want to support the transition to a circular economy where materials never become waste and nature is regenerated[1]. By embedding circular principles across our value chain, products, and services, we aim to reduce demand for raw materials, cut emissions and build greater resilience into our supply chains.

We've a number of programmes in place to deliver on our ambition of building towards a circular BT Group by March 2030 and circular tech and telco ecosystem by March 2040.

In FY24, we:
- Collected over 166,000 used mobile devices through consumer and business trade-in schemes, of which 96% were reused and the rest recycled.
- Had a takeback rate of 5% for distributed mobile devices which we aim to increase to at least 20% by 2030 or earlier.
- Conducted over 58,000 repairs through our nationwide EE superfast in-store repair service.
- Reused or recycled 3,300 tonnes of network equipment, the majority of which was through our Exchange Clearance Operations (ECO) programme.
- Achieved a return rate for leased customer premises equipment of 67% which we aim to increase to 75% by FY26.
- Collected more than 2.3m home hubs and set-top boxes from our customers. Through our refurbishment operation, we reused 71% and recycled the rest.
- Generated over 69,000 tonnes of operational waste globally, with a reuse, recycling and recovery rate of 90%.

Copper is a critical metal for the green transition as we shift toward electrification, therefore our copper cable recovery programme plays a vital role in feeding this material back into global supply chains. Last year we removed and processed over 4,000 tonnes and agreed a deal with a leading bank and global recycler EMR to support the extraction and recycling of copper cable from our network until 2028.

As part of modernising our network, we continue to recover old or end-of-life network equipment to reuse or recycle, much of which was through our ECO programme allowing us to close-down legacy, inefficient networks and downsize the number of buildings we have.

Increasing circularity within our business and value chain is a key enabler to reduce our overall Scope 3 emissions.

Our Network teams have a prime opportunity to scale in this space. Last year they used over 10,000 pieces of refurbished network equipment, of which 17% were recovered and reused from within own network.

We'll continue to scale up our existing customer propositions around repair and trade-in to help keep devices in circulation for longer.

We're playing an active role in reducing the impact of electronic devices by implementing sustainable product design standards and expanding the range of refurbished devices on offer, which have a lower carbon footprint than new. By designing with circularity in mind, this enables resource efficiency, energy optimisation and increased lifecycles for devices.

Our engagement with suppliers and peers through industry working groups on the circular economy will play a pivotal role in the transition to lower carbon and more circular devices.

Read more about our engagement with suppliers and peers on page 18.

Conserving and restoring nature and natural resources

We assess our potential impacts on nature and biodiversity and the role we can play in restoring them. We're ramping up our conservation and restoration activities.

Reducing water usage is vital for the planet, which is why we're working hard to reduce our water consumption. Our UK water use fell by 12% in FY24, mainly from operating adiabatic cooling units more efficiently within network equipment operating limits, and the pinpointing and fixing of leaks in our water supply.

We use our Environmental Management System (EMS) to help us manage our environmental impact. We monitor wildlife-related incidents and risks at our sites and are committed to respecting legally designated protected areas and avoiding negative impacts on threatened and protected species.

We're working to understand our impact on nature and biodiversity, in line with the Taskforce on Nature-related Financial Disclosures (TNFD) framework.

Our impact assessment helps us better understand how our operations and procurement affect nature and biodiversity. We've also partnered with The Wildlife Trusts, and Openreach has created a business conservation partnership with the Royal Society for the Protection of Birds (RSPB).

In FY24, we collected over 166,000 mobile devices, of which 96% were reused and the rest recycled

96%

We conducted over 58,000 device repairs in FY24

58,000

This year, we converted over 94,000 surplus BT Smart Hub 2 routers into Plusnet Hub 2s instead of making new devices, which usually creates significant carbon emissions. This effort saved around 3,900tCO_2e.

3,900tCO_2e

1 What is a circular economy? | Ellen MacArthur Foundation.

How our products and services support the transition to net zero

Decarbonising through our products

In FY24, 19% of our Scope 3 emissions came from the use of products by our customers. We're targeting action in our product development processes, improving data collection and helping customers to tap into the potential of our networks, products, and services to cut carbon. Decarbonisation of electricity grids and our own efforts to decarbonise our operations will also help further reduce our customers' emissions from the use of our products and services.

Our products and services help customers to:

- **Decrease the need for travel** – Through connectivity-enabled products and services, such as audio, video and web-based conferencing, collaborative applications, machine to machine (M2M) and telematics solutions and remote network performance monitoring.
- **Lower energy usage** – FTTP, ethernet and cloud-based services, such as co-location or digital public cloud connectivity, all help to reduce energy use.
- **Reduce materials and manufacturing needs** – M2M, telematics, and eSIM capabilities help reduce energy use and emissions in manufacturing and other processes, while refurbished devices and device-as-a-service models extend lifespans to lower carbon impact.

Looking to the future, we're:

- **Expanding low carbon offerings** – These include FTTP, 4G/5G, cloud networking and IoT technologies. We also offer our business customers digital tools to help them track the energy usage and carbon footprint of their ICT devices. The 'Digital Carbon Calculator' helps customers estimate their network's carbon footprint and the 'Carbon Network Dashboard' gives a real-time view of power consumption.
- **Leveraging new technology** – Being on the front foot with innovation can help our customers to reduce their carbon footprint and support our growth, for example, telemedicine offers big benefits for patients and medical staff, as remote consultations save time and reduce travel-related emissions.

To estimate the GHG emissions we can avoid, we carry out in-depth carbon abatement calculations at product and functional unit level.

For more details on the principles that underpin this methodology, as well as how it has been applied to our differing technologies, please see our **BT Group Carbon Enablement Methodology**.

We've helped customers avoid nearly 3.8m tCO_2e since FY22. In FY24, the associated revenues from these carbon-saving products amounted to almost £6bn. We expect this to grow as we continue to see more of our customers move away from legacy networks and products.

In FY24, the associated revenues from these carbon-saving products amounted to almost £6bn

£6bn

We've helped customers avoid 3.8m tCO_2e since FY22

3.8m tCO_2e

Improving the climate resilience of our networks

We face significant physical threats to our business from climate change, such as flooding, extreme heat and extreme weather. This can cause damage to our network infrastructure, impact our people, and disrupt our supply chain and provision of services to our customers.

How we are responding to climate risks

- Rolling out full fibre and closing our legacy networks which will mean fewer physical network sites. That will cut our exposure to physical climate change risks, but does mean more services going through fewer operational locations.
- Reducing the risk of flooding, or extreme heat or weather damaging our equipment as full fibre is more 'passive', with no electronics between exchanges and connected properties.
- Ensuring our insurance policies cover claims on asset loss and damage which also lessens any potential financial impact of climate and weather events.
- Collaborating with the water industry to further protect our assets from mains water leaks and flooding. Our aim is for rapid repairs to any mains leaks that impact our critical infrastructure.
- We're adding resiliency in our mobile network using satellites. This means cell sites can remain connected to the network even if a link site goes down.
- Our extreme weather processes minimise service disruption. We continually scan the weather horizon to get early warning of potential weather-related risks, allowing us to prepare and launch defences. In extreme weather, our processes help us manage risks and prioritise restoring services so customer impacts are minimised.
- We have been undertaking a programme of cooling upgrades at our core network and mobile sites, which allow them to operate effectively in up to 45°C external temperatures.
- We're expanding our climate change flood risk assessments to help us make decisions on future strategic locations and to decide where to invest in measures to help us minimise or respond faster to flooding.
- Continuing to increase the amount of battery back-up at mobile sites to maintain service following power outages.

We're working with the water industry to further protect our assets from mains water leaks and flooding

We have been upgrading our core network and mobile sites to allow effective operation in 45°C external temperatures

45°C

Our supporting policies and approaches

We have policies and approaches to support our climate and environmental objectives.

Health, safety and environment policy

This covers our key priorities to ensure the health, safety and wellbeing of colleagues, contractors, suppliers, customers, visitors and the general public. It sets out our commitments to protect the environment and building a sustainable future, achieving effective energy and environmental management with particular focus on reducing our carbon emissions, which is BT Group's most significant environmental impact.

Health, Safety and Environment Policy

Our approach to plastics

This sets out our approach to reducing the environmental impact of our use of plastics and what becomes waste. As part of our approach, we are aiming to:

- Design all own brand products so that they have 100% plastic-free packaging by end of March 2026, where possible.
- Reduce the overall use of plastics, both single-use plastic products and from packaging used in our value chain.
- Increase our use of post-consumer recycled (PCR) plastic within our own brand products.
- Manage our plastic waste through appropriate waste management processes, whilst educating our colleagues on best practice and reusable alternatives in the workplace.

Our approach to plastics

Our supplier climate change policy

This is part of our generic supplier standards and provides the climate change expectations of suppliers working with us. It requires them to conduct climate risk assessments, set 1.5°C aligned science-based targets and report on progress annually.

Working With BT Group on Climate Change

Our product stewardship standard

This generic supplier standard is aimed at ensuring that the products we buy, use and sell are safe, comply with product legislation and have the lowest possible impact on the environment. This means we ask suppliers to minimise the environmental impact of their products throughout their life, from when, where and how they are sourced, made, used, recycled or disposed of. It is our aim to work with suppliers in the design and use of products to:

- Minimise the materials and energy consumed throughout their lifecycle (during manufacture, use and disposal).
- Reduce the use of hazardous materials.
- Enable their reuse, recycling and safe disposal at end of life.
- Ensure they're compliant with all relevant laws and standards.

Product Stewardship

How net zero affects our financial planning

Investing for the transition

The investments that support our transition plan are integrated within, and funded by, our business-as-usual financial planning processes through our financial medium term plan (MTP). Our MTP considers both capital and operating expenditure over a rolling five-year timeframe and is updated each year.

Some of the key investments that support our plan include:

- **Networks transformation** – We expect to invest over £15bn in the transition from copper to full fibre networks. More modern networks will help reduce energy usage.
- **Renewables** – To date, we've signed nine long-term PPAs totalling around 600 GWh a year, supporting additional renewable electricity infrastructure across the UK grid.
- **Decarbonising our fleet** – Each year we replace our older vehicles with lower carbon vehicles and have worked closely with our vehicle converters to reduce the weight of internal racking. We're actively looking to phase out diesel vehicles by replacing them with EVs at end of life and by only purchasing EVs wherever possible.
- **Climate resilience** – We continue to invest to protect critical assets at risk, restore service as quickly as possible and to provide emergency communications facilities.
- **Better Workplace programme** – Consolidating hundreds of BT Group buildings to around 30, and improving energy efficiency when we refurbish existing sites.

Carbon pricing

Assigning a value to carbon emissions within an organisation, known as internal carbon pricing, is a strategy that businesses can employ to steer their decision-making processes. This approach promotes investments in low carbon initiatives and projects.

At present, BT Group does not implement an internal carbon price, but recognises the potential benefits in the future and would explore introducing one where we could see it having a positive influence in purchasing decisions to support our emission reduction goals, complementing our existing procurement requirement of assigning a weighting to social and sustainability credentials in our supplier adjudication criteria.

Impact on our financial position

As part of our scenario analysis, we've linked some of our largest climate risks and opportunities with potential costs and benefits.

Based on this, climate risks don't currently have a material impact on our financial statements. We closely monitor them as part of our ongoing climate risk assessment.

As we implement our transition plan, our assets, and potentially their value, will change. For example, from diesel and petrol vehicles to EVs in our fleet, from gas boilers to heat pumps at our offices and sites, and investing in flood defences and resilience measures for our network.

Impact on our financial performance

Our financial performance could also change as we implement our transition plan.

Carbon abatement products

The development and expansion of our low carbon products and services, alongside growing demand, could result in increased revenues.

We include the estimated revenue from these products in our MTP, as well as the cost to realise these opportunities based on resource and development cost.

Energy efficiency

By investing in more energy-efficient network operations and buildings, we can reduce our indirect operating costs.

Our plans to close our legacy network and improve energy efficiency will have a significant cost saving, as will our estate rationalisation programme. We will continue to assess the savings of this initiative and other opportunities for efficiency.

Climate resilience

The impact of increasing extreme weather events may lead to higher operating costs and lower revenue from network disruption. Our plans to respond to these risks will lead to higher expenses.

How we engage with our stakeholders on net zero

Engaging with our stakeholders is key to supporting our net zero and circularity objectives. We believe that businesses have a responsibility to advocate for climate action to limit global warming to 1.5°C in line with the Paris Agreement but we need supportive policies to reach this objective.

During FY24 we continued participating in initiatives like RE100, the UK Electric Fleets Coalition and EV100, Race to Zero and the We Mean Business Coalition. We also supported the Fossil to Clean campaign to advocate for speeding up the shift from fossil fuels to clean energy.

Engaging with our suppliers

We have a large and complex supply chain, and this means it's important we champion our many smaller suppliers and support them to decarbonise. We work with the 1.5°C Supply Chain Leaders initiative to drive climate action across global supply chains and support small and medium-sized enterprises (SMEs) through the SME Climate Hub and the UK Business Climate Hub.

Engaging with our peers

Through GSMA, which represents the global mobile industry, we've signed up to a new set of targets on circularity. These new goals are designed to help the mobile industry move away from the traditional 'take-make-dispose' approach.

We work together with other UK telcos in the Digital Connectivity Forum (DCF) – the UK Government primary advisory group on seamless digital connectivity. Through the DCF's Climate & Sustainability Working Group, we're collaborating to drive climate action.

We're a member of the Joint Alliance for CSR (JAC), an association of telecom operators aiming to share resources and best practice to develop and implement long-term sustainability plans across our supply chains.

How we engage with Government, public sector, communities and civil society

Recognising that supportive policy environments are critical, we work with established industry associations, regulators, politicians and policy makers to advocate for standards, regulation and policies that will support both our company's transition and the transition of wider society to keep within the 1.5°C warming limit.

With the UK Electric Fleets Coalition, we have published policy papers. Signatories committed to transition over 750,000 vehicles to electric

750k

The BT Tower lit up with the warming stripes.

Created by Professor Ed Hawkins of the University of Reading in 2018, the stripes show the progressive heating of our planet in a visual manner with each stripe representing the average temperature for a single year over the last 170 years. To mark "Show Your Stripes" day, the BT Tower had the stripes projected onto it to raise awareness about how the climate is changing, the need for urgent action and the role BT Group is playing to tackle climate change.

UK Electric Fleets Coalition 2023 Policy Paper

Our key partners

We engage on key policy areas, both directly and through third parties via association memberships

1.5°C SUPPLY CHAIN LEADERS

ALDERSGATE GROUP LEADERS FOR A SUSTAINABLE ECONOMY

CDP DISCLOSURE INSIGHT ACTION

CLIMATE GROUP

DCF DIGITAL CONNECTIVITY FORUM

GSMA

ICC United Kingdom

JAC COOPERATION BEYOND COMPETITION

techUK FOR WHAT COMES NEXT

WE MEAN BUSINESS COALITION

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Metrics and targets

Be net zero across our full value chain by end of March 2041, achieving a 90% reduction in absolute Scopes 1, 2 and 3 emissions, and commit to neutralising any residual emissions

By end of March 2031, achieve a 90% reduction in absolute Scopes 1 and 2 GHG emissions

By end of March 2031, achieve a 42% reduction in absolute supply chain Scope 3 GHG emissions

Reduce our networks' energy consumption annually

By end of March 2031, the majority of our commercial fleet will be electric or zero emissions vehicles

Continue to engage with our key suppliers to set net zero targets and disclose on progress

Continue to support our customers to decarbonise through our products and services

Aim to build towards a circular BT Group by 2030 and a circular tech and telco ecosystem by 2040

Zero waste to landfill by 2030

By 2030, increase takeback rate for distributed mobile devices to at least 20%

By FY26, increase our return rate for leased customer premises equipment to 75%

Key

- Our estate
- Our networks
- Our commercial fleet
- Our supply chain
- Our products

To achieve our overall net zero objectives, we are committed to a number of business and operational metrics and targets.

By the end of March 2031, we aim to achieve a 90% reduction in absolute Scopes 1 and 2 GHG emissions, based on an FY17 baseline.

In line with the latest SBTi guidance, in FY24 we've registered our ambition for our supply chain (Scope 3 – categories 1 to 8) emissions reduction target:

– Achieve a 42% reduction in absolute Scope 3 GHG emissions, based on an FY17 baseline, by the end of March 2031.

Our long-term target remains the same:

– Achieve a 90% reduction in absolute Scope 3 GHG emissions, based on an FY17 baseline, and commit to neutralising any residual emissions to become net zero by the end of March 2041.

All our near-term and long-term net zero targets have been validated and approved by the SBTi. Please see our methodology documents for more information on our GHG methodology, and our environmental data within our ESG Addendum for a detailed breakdown of our energy emissions performance to date.

Our methodology and environmental data

How we use carbon removals and offsets

Our approach to carbon offsetting aligns to the principles outlined in the Oxford Principles for Net Zero Aligned Carbon Offsetting[1]. At present, our decarbonisation strategy and transition plan prioritises reducing emissions in our direct and indirect carbon footprint, minimising the need for offsetting and focusing on the tangible actions that will cut real world emissions.

BT Group is in alignment with the SBTi's definition of net zero and plans to offset any unavoidable emissions to meet our net zero target by the end of March 2041. We acknowledge the SBTi's call for companies to invest in mitigation activities beyond their value chain to help the global economy halve emissions by 2030. Recognising the need to transition to carbon removal offsetting for any residual emissions to ensure achievement of global net zero targets and scale up the technologies needed, BT Group will seek to increase the removal of any unavoidable emissions through carbon removal technologies, provided the projects and solutions are evidence based and robust.

Any carbon removal would need to ensure social and environmental integrity, therefore as a minimum, must be additional, monitored, verifiable, correctly accounted for, and have low risk of reversal or negative unintended consequences to ecosystems and communities. In alignment with the latest Oxford Principles, we would shift to removals with durable storage and low risk of reversal (Oxford categories IV and V) to compensate any residual emissions by our net zero target date.

Our objective is to utilise the most effective solutions in a cost efficient way. We view carbon removals as a compensation mechanism to be used rationally, with the main emphasis on decarbonising the value chain as much as possible. We will continue to review our position, disclose our strategy, targets and revising, where necessary, to ensure our approach aligns to best corporate practice.

1 Revised Oxford principles for net zero aligned carbon offsetting

Our performance

Our emissions performance from FY17 to FY24 is shown in the table on page 25. Targets and performance referred to within this plan, including the near-term and long-term decarbonisation targets, are measured from the base year of FY17, unless otherwise stated.

We've classified our emissions based on our four main impact areas. Further detail on the reporting approach and methodology used is available here (for our full emissions profile prepared in line with the GHG Protocol please see page 25).

	FY17 (Base year)	FY23	FY24	% change since base year
Global energy (GWh)*	3,091	2,657	2,563	-17%
Operations – estate and network (tCO_2e)	1,220,326	532,425	549,907	-55%
Operations – fleet (tCO_2e)	128,602	149,294	136,255	6%
Supply chain (tCO_2e)	3,217,348	2,499,641	2,424,820	-25%
Customer use of products (tCO_2e)	847,763	633,938	576,053	-32%
Total GHG emissions (tCO_2e)	**5,414,038**	**3,815,298**	**3,687,035**	**-32%**

* exclude transport, travel (except EVs) and refrigerants.

We're proud of our external ratings and continue to be recognised for our contribution to climate action

In 2024 we:

- remained on CDP's A list for our climate disclosure, our 9th consecutive year
- achieved an 'Advanced' score with EcoVadis
- rated A by MSCI for ESG investment risk and opportunities
- awarded a low risk score of 18.1 for ESG (top quartile) by Sustainalytics

Since FY17, BT Group has achieved a 32% reduction in total absolute carbon emissions, driven by:

- Improvements in the energy efficiency of our network, estate, and products
- Introduction of over 4,300 electric vehicles into our commercial vehicle fleet
- Increased circularity for own brand devices
- Influencing positive change within our supply chain
- Continued decarbonisation of the national grid.

32%

Our other sustainability disclosures

Our Annual Report includes non-financial sustainability disclosure, our Streamlined Energy and Carbon Report (SECR), and our Taskforce for Climate-related Financial Disclosures (TCFD)-aligned disclosure.

BT Group Annual Report, 2024

Our ESG Addendum contains various disclosures and data points, including Manifesto-related targets and progress, social and economic disclosures, detailed colleague and environmental data, and our SASB index.

ESG Addendum to the BT Group Annual Report, 2024

Our Carbon Reduction Plan has been completed in accordance with PPN 06/21 and associated guidance and reporting standard for Carbon Reduction Plans and is updated annually.

BT Group Carbon Reduction Plan

Our performance

Our estate and network

Our current impact
Our estate and network emissions are made up of the energy that we use to heat and cool our buildings, to power our network, as well as the fuel we use for our company cars. Our total base year GHG emissions in FY17 were 1,220,326 tCO_2e, which represented 68% of total operational (Scopes 1 and 2) GHG emissions. In FY24, we achieved a 55% reduction in estate and network GHG emissions.

	FY17 (Base year)	FY23	FY24	% change since base year
Oil and LPG (tCO_2e)	8,803	8,634	4,597	-48%
Natural gas (tCO_2e)	38,454	25,167	22,320	-42%
Refrigerants (tCO_2e)	6,043	790	1,566	-74%
Electricity (tCO_2e)	1,167,025	497,834	521,424	-55%
Gross estate and network emissions (tCO_2e)	**1,220,326**	**532,425**	**549,907**	**-55%**

Our fleet

Our current impact
Our fleet emissions is based on the fuel used in our fleet. In FY17, our total baseline year GHG emissions were 128,602 tCO_2e, which represented 9.5% of total operational (Scopes 1 and 2) GHG emissions. In FY24, our total fleet GHG emissions had increased by 6% due to growth in vehicle numbers to meet the demands of our full fibre build, but average emissions per vehicle have dropped by over 5%.

	FY17 (Base year)	FY23	FY24	% change since base year
Commercial fleet (tCO_2e)	116,685	142,556	130,400	12%
Company cars (tCO_2e)	11,917	6,738	5,855	-51%
Gross fleet emissions (tCO_2e)	**128,602**	**149,294**	**136,255**	**6%**
Number of EVs in fleet[1]	**10**	**2,414**	**5,117**	

1 Full electric vehicles (excludes hybrids)

Our supply chain

Our current impact
Our supply chain emissions (Scope 3 – categories 1 to 8) relate to emissions from our supplier spend, capital expenditure, upstream fuel and energy, upstream transport and distribution, waste, business travel, employee commuting, homeworking, and upstream leased assets.

Our total baseline supply chain GHG emissions in FY17 were 3,217,348 tCO_2e. In FY24, we achieved a 25% reduction in total supply chain GHG emissions.

	FY17 (Base year)	FY23	FY24	% change since base year
Purchased goods and services (tCO_2e)	2,157,952	1,867,194	1,929,827	-11%
Capital goods (tCO_2e)	471,795	313,482	234,260	-50%
Fuel- and energy-related activities (tCO_2e)	304,763	177,112	169,230	-44%
Upstream transportation and distribution (tCO_2e)	114,356	13,579	10,391	-91%
Waste generated in operations (tCO_2e)	5,766	16,853	3,139	-46%
Business travel (tCO_2e)	52,124	21,221	15,350	-71%
Employee commuting (tCO_2e)	60,319	41,147	55,506	-8%
Upstream leased assets (tCO_2e)	50,273	49,052	7,117	-86%
Gross supply chain emissions (tCO_2e)	**3,217,348**	**2,499,641**	**2,424,820**	**-25%**

Our performance

Customer use of products

Our current impact

Our customer use of products emissions (Scope 3 – categories 11, 12 and 13[1]) relate to emissions from the lifetime energy use of sold products, as well as the end-of-life treatment of our products.

In FY17, our baseline year, GHG emissions from customer use of sold products totalled 847,763 tCO_2e. In FY24, we achieved a 32% reduction in customer use of products GHG emissions.

	FY17 (Base year)	FY23	FY24	% change since base year
Use of sold products (tCO_2e)	819,629	606,021	390,541	-52%
End-of-life treatment of sold products (tCO_2e)	627	1,223	1,631	160%
Downstream leased assets (tCO_2e)	27,506	26,693	183,881	569%[2]
Gross customer use of products emissions (tCO_2e)	**847,763**	**633,938**	**576,053**	**-32%**

Through our products and services, we have an opportunity to reduce the impact of our customers' footprints. To support this, we've set several ambitions:

- Reach a return rate for leased customer premises equipment of 75% by 2026
- Increase mobile device takeback rate to at least 20% by 2030
- Grow sale of refurbished devices to consumer and business customers

1 As defined by the GHG Protocol.
2 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.

Our performance

Full breakdown of our operational and value chain emissions (tCO_2e)

Business Area	GHG Protocol Emission Inventory	Emission Source	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24	% Change on FY17 baseline
Operations (Network & Estate)	Scope 1	Oil/LPG (Electricity Generation)	5,714	8,312	7,143	5,298	8,398	6,873	7,271	3,605	-36.9%
	Scope 1	Oil (Heating)	3,090	2,990	2,379	2,259	2,438	1,554	1,363	992	-67.9%
	Scope 1	Natural Gas	38,454	40,469	36,191	35,281	30,512	30,342	25,167	22,320	-42.0%
	Scope 1	Refrigerant Gas	6,043	4,909	2,090	2,199	3,583	4,588	790	1,566	-74.1%
Operations (Fleet)	Scope 1	Company Cars	11,917	11,637	13,721	12,146	4,034	4,451	6,738	5,855	-50.9%
	Scope 1	Commercial fleet (Diesel)	115,731	114,667	122,353	125,747	122,270	131,203	142,134	129,965	12.3%
	Scope 1	Commercial fleet (Petrol)	954	950	1,005	239	185	343	423	435	-54.4%
	Scope 1 Total Emissions		**181,903**	**183,934**	**184,882**	**183,168**	**171,421**	**179,354**	**183,885**	**164,738**	**-9.4%**
	Scope 2 Total Emissions (Location-based)	Electricity	**1,167,025**	**1,000,031**	**811,254**	**717,931**	**621,445**	**534,310**	**497,834**	**521,424**	**-55.3%**
Supply Chain	Scope 3 – Category 1: Purchased goods and services	Purchased goods and services	2,157,952	2,047,206	1,835,442	1,822,867	1,710,556	1,955,025	1,867,194	1,929,827	-10.6%
	Scope 3 – Category 2: Capital goods	Capital goods	471,795	320,019	351,870	354,549	323,681	321,139	313,482	234,260	-50.3%
	Scope 3 – Category 3: Fuel and energy-related activities	Fuel and energy related activities	304,763	254,526	237,720	186,724	175,676	249,968	177,112	169,230	-44.5%
	Scope 3 – Category 4: Upstream transportation and distribution	Upstream transportation and distribution	114,356	52,277	80,229	63,228	19,423	16,920	13,579	10,391	-90.9%
	Scope 3 – Category 5: Waste generated in operation	Waste	5,766	15,967	20,963	21,357	19,450	16,530	16,853	3,139	-45.5%
	Scope 3 – Category 6: Business travel	Private vehicles, trains and planes travel	52,124	52,566	57,932	60,296	5,091	9,699	21,221	15,350	-70.6%
	Scope 3 – Category 7: Employee commuting	Employee commuting and homeworking emissions	60,319	53,924	50,621	47,308	28,480	27,106	41,147	55,506	-8.0%
	Scope 3 – Category 8: Upstream leased assets	Leased assets	50,273	52,234	46,702	42,001	48,047	37,993	49,052	7,117	-85.8%
Customer Use of Products	Scope 3 – Category 11: Use of sold products	Use of sold products	819,629	646,889	529,010	591,559	592,627	582,430	606,021	390,541	-52.4%
	Scope 3 – Category 12: End-of-life treatment of sold products	End of Life treatment of sold products	627	796	1,012	1,037	947	837	1,223	1,631	159.9%
	Scope 3 – Category 13: Downstream leased assets	Downstream Leased Assets	27,506	29,765	30,183	25,972	31,309	25,713	26,693	183,881	568.5%
	Scope 3 Total Emissions		**4,065,110**	**3,526,169**	**3,241,682**	**3,216,898**	**2,955,285**	**3,243,361**	**3,133,579**	**3,000,873**	**-26.2%**
	Total Emissions		**5,414,038**	**4,710,134**	**4,237,819**	**4,117,997**	**3,748,151**	**3,957,025**	**3,815,298**	**3,687,035**	**-31.9%**

Governance

Our Annual Report contains more about our climate change governance

We set out here the internal governance bodies, processes and ways in which we identify and manage climate-related risks and opportunities.

Board oversight on climate change

The Board
The Board is responsible for how we identify and manage climate-related risks. Matters reserved to the Board include items of big strategic importance – things that directly impact the group's funding position, reputation, integrity or ethical standards.

Responsible Business Committee
The Committee has overseen our climate change strategy, programme and goals on behalf of the Board, and monitored progress on our long-term responsible business goals, including climate change and net zero. As of FY27, as sustainability is fully embedded in our business strategy and across BT, oversight will move from a standalone committee to the Board and the *Audit & Risk Committee*, who monitor and assess climate-related risks, controls and reporting on behalf of the Board.

Audit & Risk Committee
This Committee monitors and assesses our risk management and internal control systems' effectiveness on the Board's behalf. That includes climate change risks which span a number of different Group Risk Categories (GRCs). The Committee Chair reports to the Board after each meeting.

Remuneration Committee
This Committee agrees the remuneration framework for the Chairman, Executive Directors, and members of the *Executive Committee*. It also monitors remuneration practices and policies for the wider workforce. In FY24 we updated our sustainability-linked remuneration and now include a sustainability underpin relative to the Restricted Share Plan for Executive Directors and *Executive Committee* members. The Committee Chair reports to the Board after each meeting.

Management's roles and responsibilities

Chief Executive
The Chief Executive is responsible for our environmental policy and performance. That includes climate-related issues. The Chief Executive approves our targets.

Group Health, Safety & Environment Sub-Committee
Our Group Health, Safety & Environment (GHSE) Sub-Committee meets quarterly and manages a range of risk and compliance issues – including climate change – on the *Executive Committee's* behalf and reports back regularly. It's chaired by our Chief Security and Networks Officer – an *Executive Committee* member – and made up of senior leaders from across the business. The GHSE Sub-Committee reports to the *Executive Committee* on performance and progress in enacting the company's strategy for Health, Safety, and Environment at least every six months and makes recommendations or reports to the Board as and when considered appropriate.

Executive Committee
The *Executive Committee* sets our operational strategy on climate change and sustainability. It also monitors associated progress, performance and risks – supported by our responsible business team.

Governance

Our Board oversight and reporting

The BT Group Board has overall responsibility for determining how we identify and manage our climate strategy and related risks. The Board delegates some of its duties to board-level committees, including the *Audit & Risk Committee* and the *Remuneration Committee*.

The *Responsible Business Committee* has overseen our climate change strategy, programme and goals on behalf of the Board, and monitored progress on our long-term responsible business goals, including climate change and net zero. As of FY27, as sustainability is fully embedded in our business strategy and across BT, oversight will move from the standalone *Responsible Business Committee* to the Board, who oversee this transition plan, and to the *Audit & Risk Committee*. As part of their role in overseeing BT's risk management and internal control system effectiveness, the *Audit & Risk Committee* will monitor and assess climate-related risks, which sit under several of our Group Risk Categories (GRCs), as well as related controls and reporting on behalf of the Board.

The *Remuneration Committee* agrees the remuneration framework, including our sustainability underpin relative to our Restricted Share Plan, for the Chairman, Executive Directors, and members of the Executive Committee.

Our individual roles, responsibilities and accountabilities

We have distributed responsibilities for achieving our climate goals across the organisation, in the places that are most relevant and critical to their success. Executive leadership and senior management are accountable for the delivery of this plan.

Our Chief Executive has ultimate responsibility for the company's environmental policy and performance, which includes approving programmes to deliver the strategic priorities outlined in our transition plan and addressing the most significant climate-related risks. These include investments in physical risks, like flood defences, and transition risks, like EV adoption.

The Chief Executive is advised by the *Executive Committee*, in setting the operational strategy on climate change and monitoring the associated risks. The *Executive Committee* comprises our Chief Financial Officer, Chief Security & Networks Officer, Group Corporate Affairs Director, Chief Executives of Consumer and Business, General Counsel, Chief Digital & Innovation Director, and HR Director, and is supported by our responsible business team.

Our GHSE Sub-Committee manages a range of risk and compliance issues (including climate change) on behalf of the *Executive Committee*. In the UK, our most significant environmental risks are managed by the Environmental Management Compliance working group.

The *Audit & Risk Committee* oversees progress and the risk management approach that's in place within our supply chain, as well as exploring opportunities for driving positive change through our procurement activities.

Our culture and people

We're integrating sustainability into our culture, and we seek input from our stakeholders to shape our climate action plans. In addition, we support our colleagues to reduce their own carbon footprint and to encourage engagement on sustainability initiatives and issues affecting us.

This year we introduced a salary-sacrifice scheme for UK colleagues to buy EVs through personal lease arrangements. And for colleagues in India, we're introducing EVs as part of our transport and shuttle services.

We regularly publish articles and videos about our climate journey, plans, goals and progress in our internal newsletters and newsfeeds. We also have internal groups dedicated to climate and environmental issues that support information sharing with external stakeholders, including suppliers, discussion, and action on climate issues at work and at home.

Our incentives and remuneration

Our approach to remuneration includes non-financial metrics. We have a sustainability underpin for awards made under our Restricted Share Plan for executive directors. This means that we must have made sufficient progress towards our sustainability commitments for awards to be made. This could include progress on carbon emissions, carbon avoidance and circularity goals. Relevant individual teams have goals relating to sustainability.

Skills, competencies and training

We support relevant colleagues to build the skills and knowledge needed to achieve our sustainability goals through various training programmes.

We provide a bespoke Environmental Compliance course for those who work in areas of the business where they could have a direct impact due to their role, for example, Openreach engineers.
The business team has curated a specific Sustainability Sales Training module to help our business colleagues upskill on foundational sustainability knowledge so they can have more informed conversations with our customers on this important topic.

We have also begun delivering Carbon Literacy training to our colleagues to upskill and motivate them to reduce their carbon impact both at work and in their personal lives. We plan to initially train core teams who have a direct influence on our carbon footprint and then roll out to all colleagues.

The *Nominations Committee*, on behalf of the Board, reviews the skills, experience and diversity needed on the Board to achieve our strategic goals. The Committee has selected board members with experience of sustainability.

Forward-looking statements caution

Certain information included in this Climate Transition Plan is forward looking and involves risks, assumptions and uncertainties that could cause actual results to differ materially from those expressed or implied by forward-looking statements. Forward-looking statements cover all matters which are not historical facts and include, without limitation, projections relating to results of operations and financial conditions and the company's plans and objectives for future operations. Forward-looking statements can be identified by the use of forward-looking terminology, including terms such as 'believes', 'estimates', 'anticipates', 'expects', 'forecasts', 'intends', 'plans', 'projects', 'goal', 'target', 'aim', 'may', 'will', 'would', 'could' or 'should' or, in each case, their negative or other variations or comparable terminology. Forward-looking statements in this Climate Transition Plan are not guarantees of future performance. All forward-looking statements in this Climate Transition Plan are based upon information known to the company on the date of this Climate Transition Plan. Accordingly, no assurance can be given that any particular expectation will be met and readers are cautioned not to place undue reliance on forward-looking statements, which speak only at their respective dates. Additionally, forward-looking statements regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. Other than in accordance with its legal or regulatory obligations (including under the UK Listing Rules and the Disclosure Guidance and Transparency Rules of the Financial Conduct Authority), the company undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future events or otherwise. Nothing in this Climate Transition Plan shall exclude any liability under applicable laws that cannot be excluded in accordance with such laws.

BT Group

We connect for good

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