Our social and environmental reporting methodology 2026

We report annually on our approach to managing our material social and environmental issues, and on progress towards our BT Responsible Business commitments through the BT Annual Report 2026 ('AR') and the Responsible Business Addendum ('Addendum') to the AR. Both cover the period 1 April 2025 to 31 March 2026, in line with our financial reporting.

Unless we state otherwise, our reporting covers BT Group's wholly owned and joint operations and subsidiaries.

Double materiality assessment

We conduct a double materiality assessment (DMA) in order to understand which environmental, social and governance (ESG) topics are most material to BT, and to inform on our responsible business strategy and reporting. DMA methodology (as well as 'materiality' definition and DMA frequency guidance) is informed by the EU's Corporate Sustainability Reporting Directive (CSRD) and related European Sustainability Reporting Standards (ESRS), and uses a range of quantitative and qualitative data to identify those most material ESG topics to an organisation.
Our DMA is conducted using these steps:

- Identify a list of relevant ESG topics, primarily based on BT's previous materiality assessment, but also consider:
  - CSRD and ESRS guidance
  - BT's risk management framework
  - Internal and external stakeholder engagement
  - Other external research, including peer reporting, and sustainability guidance and frameworks relevant to our sector.
- Explore potential impacts, risks and opportunities related to each ESG topic through review of internal and external resources.
- Assess each topic through a scoring process that looks at two elements: (1) financial impacts on BT as an entity ('financial' materiality), and (2) BT's impact on society and the environment ('impact' materiality). Scoring takes account of the likelihood and severity of impacts, risks and opportunities related to each topic area.
- Establish likelihood X severity scores for each ESG topic for both financial and impact materiality, using thresholds aligned to BT's risk framework assessment matrix.
- Confirm each topic's level of materiality against predefined thresholds. Where a materiality threshold is met for either dimension (financial or impact), then the topic is deemed to be material.

Engagement with key internal and external stakeholders is undertaken throughout the process to identify, review, refine and validate the impacts, risks, opportunities and the resulting materiality outputs for each topic. The results of our DMA are approved via the Executive Committee.

Our most material ESG topics are described in our Addendum (pages 3 to 4) at bt.com/addendum, 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 BT risk framework.

Digital inclusion

Our Digital Skills ambition methodology (to reach 25m people in the UK with help to improve their digital skills, by the end of March 2026):

As 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 activity, 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.

Going forward, we're extending that 25m goal to a new digital inclusion ambition - to reach

30 million people and businesses with digital skills, tools and support by 2030. We'll update our methodology to show how we measure impact and performance against that ambition next year.

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 colleague-related data within the Addendum (bt.com/addendum) is valid for the period 1 April 2025 to 31 March 2026, or the snapshot date of 31 March 2026, 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 (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 2025) and mean and median bonus gap (based on bonuses paid in the 12 months prior to the 05 April 2025).

Colleague 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, but including CEO Openreach), and their direct reports and any other senior leadership roles (excluding administrative roles). However, in line with the definition within the 2024 Corporate Governance Code our leadership totals 63 men and 32 women. 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). However, in line with the Companies Act 2026 definition of senior management, there are also 71 subsidiary directors (49 men and 22 women) who are not otherwise members of our senior leadership or senior management teams. This totals 479 men (65%) and 261 women (35%).

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.

Operational emissions: We've committed to reducing our absolute Scopes 1 and 2 emissions by 90% by 31 March 2031 from our FY17 baseline.

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.

Our near and long-term targets have 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 4 and 7 to 8).

GHG emissions: To calculate and report on our end-to-end CO_2e 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 at bt.com/our-approach.

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 CO_2e emission factors from electricity generation and fuel combustion, developed by the International Energy Agency (IEA)©, OECD/IEA 2018 (Note: any calculations undertaken by BT 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.

For air travel reporting:

- International Air Transport Association (IATA) CO2 Connect: IATA's proprietary climate emission solution, based on its RP1726 methodology.

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 re-categorised 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 UK Government mandatory Streamline Energy and Carbon Reporting (SECR) requirements introduced in 2019, our Scope 1 and 2 reporting includes all sites and countries where we consume energy, 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 CO_2e 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.

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Renewable electricity declaration: Our renewable electricity consumption is supported by GHG Scope 2 market-based compliant renewable energy attribute certificates (REAC's), 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/addendum.

Governance

Oversight

During the year, oversight of our Responsible Business strategy has taken place through our *Responsible Business Committee* (RBC), a Board sub-committee. The RBC has monitored the impact of those programmes, through regular reporting and updates (board papers, reporting of progress against targets/KPIs, updates on risks, etc.). 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, with the Audit & Risk Committee taking responsibility for climate-related risks, controls and reporting. More detail is included in our AR (bt.com/annualreport).

Aligning with standards

We report against the Sustainability Accounting Standards Board (SASB) Telecommunications Standard in our Addendum (pages 15 to 17).

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 in our AR (bt.com/annualreport pages 63 to 71).

Assuring our year-end reporting

Our year-end social and environmental reporting, which includes the Addendum, and the digital inclusion, sustainability and TCFD sections in the AR, is independently verified by LRQA, in accordance with the principles of the ISAE 3000 (inclusivity, materiality, responsiveness and reliability of performance data), to a 'reasonable' level of assurance. LRQA's verification statement is published at bt.com/addendum) and includes the terms of engagement (scope), LRQA opinion, approach and observations.

The assurance process helps us review and benchmark our performance, and provides valuable feedback on where we can improve. The observations section can be used by LRQA to identify recommendations and opportunities for improvement.

Prior to publication, the Addendum and AR are reviewed and approved by the BT Board (or its sub-committees) and Disclosure Committee.

Contact

We welcome feedback on our reporting. Our contact details can be found at: https://www.bt.com/about/contact-bt.

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