BT

Building better digital lives

BT Group plc
Digital impact and sustainability report 2018/19

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In this report

This report sets out our new strategy on digital impact and sustainability,
and the progress we've made during 2018/19.

Online Appendices
Governance
Environmental management
Global Reporting Initiative (GRI)
UN Global Compact
UN Sustainable Development Goals
LR independent assurance statement

Find out more
Supporting documents at our online download centre provide further
information on our key non-financial metrics, our digital impact and
sustainability targets, our BT people data and our environmental data.

Tell us what you think
We welcome feedback on this report or its contents. Please complete the
online feedback form or contact us via our Twitter account @BTGroup.

Using this report

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Introduction from our Chairman and Chief Executive

Using the power of communications to make a better world.

People are using more data, in more places and on more devices than ever before. Ten years ago, there were just three connected devices in the average UK home. In five years' time, it could be as many as 50.

The UK aims to be a leading digital economy, but faces a major digital skills challenge that's costing an estimated £63bn a year.

BT's expertise and reach make us uniquely qualified to help tackle this. That's why we've put digital skills at the heart of our new strategy on digital impact and sustainability. It will help grow the pipeline of digital talent and, over the long-term, increase demand for our products and services.

We have set a goal to reach 10 million people in the UK with digital skills training by 2025, building on our work in primary schools.

Through our Barefoot Computing programme, we've already trained over 70,000 teachers over the past five years, enabling more than two million children to get a head start on computational thinking. And more young people than ever took part in our Work Ready programme, gaining hands-on tech skills and experience to help them as they enter the world of work.

And we're stepping up our efforts.

This year, we worked with Code First: Girls to train more women as software developers, and BT Sport partnered with Google Digital Garage to provide digital training for small businesses.

The UK is not alone in lacking digital skills and we aim to extend our impact in other key markets. In India, for example, we're working with the British Asian Trust to empower half a million adolescent girls through technology and education.

Building better digital lives is one of the biggest contributions we can make to society and to the UN Sustainable Development Goals, together with championing human and digital rights, and tackling climate change and environmental challenges.

We remain committed to upholding the principles of the UN Global Compact and are helping to drive the conversation on human rights issues like privacy and free expression. We're also exploring how technology can be used to combat human trafficking, and a new smartphone app we helped to develop is enabling the charity, Unseen, to extend the reach of the UK Modern Slavery Helpline.

The urgent need for action on climate change was underlined by the latest report from the Intergovernmental Panel on Climate Change this year. We responded by leading the industry with a new ambition to become a net zero carbon business by 2045. Decarbonising our energy use will help us achieve this and 87% of our electricity now comes from renewable sources.

Our digital impact and sustainability strategy is underpinned by strong foundations: keeping people safe and healthy, behaving ethically and developing diverse talent. It's no coincidence that these foundations focus on our people. Our people are our biggest strength, and will be key to enabling to us achieve our ambitions as we transform BT and use the power of communications to make a better world.

Jan du Plessis
Chairman

Philip Jansen
Chief Executive

"

Business has an important role in delivering long-term value for stakeholders and society. BT's focus on digital skills will help to prepare people for an increasingly digital world, equip them for the jobs of the future, and support the UK's productivity."

Jasmine Whitbread
Non-Executive Director and Chair of BT's
Digital Impact & Sustainability Committee

Using the power of communications to make a better world

Our new digital impact and sustainability strategy will help us achieve "win-wins" for communities and our business and contribute towards global goals.

We've updated our strategy to focus on the UK and global challenges that we can make the most meaningful contribution to through our technology, our reach and our people (see graphic).

The three main pillars of our strategy are supported by strong foundations:
- Keeping people safe and healthy
- Behaving ethically
- Developing diverse talent

Supporting our business model
Our business model is based on providing customers with communications and connectivity services, while delivering great experiences and maintaining long-term relationships.

The new digital impact and sustainability strategy will support this by helping us grow demand for our products and services, build and enhance our reputation, manage risks, develop talent, make BT the best place to work, and create long-term value for our business and the UK.

"

Our digital impact and sustainability strategy underpins our goal to deliver sustainable growth. Unless everyone is able to understand and make use of the technology that surrounds us, people risk being left behind. BT's focus on digital skills aims to address this challenge. It will help people and businesses get the best out of technology and at the same time develop the pipeline of talented people we need to grow our business."

Michael Sherman
BT's Chief strategy & transformation director

Our purpose – we use the power of communications to make a better world

Our strategic focus areas

- Building better digital lives
- Championing human and digital rights
- Tackling climate change and environmental challenges

Our ambitions

- Reach 10 million people in the UK with digital skills training by 2025
- Keeping people safe and secure online, whilst protecting privacy and freedom of expression
- A sector-leading approach to climate change, with a target for net zero carbon emissions by 2045

Supporting the UK's ambitions

- Giving everyone access to the digital skills they need is a key strand of the UK Government's Digital Strategy
- The UK Government is committed to tackling the crime of modern slavery that affects an estimated 40m people globally
- The UK Government's target is to reduce emissions by 80% by 2050 (from 1990 levels)

Contributing to the UN Global Goals

- 4 QUALITY EDUCATION — Target 4.3, 4.4
- 5 GENDER EQUALITY — Target 5b
- 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE — Target 9.1, 9c
- 8 DECENT WORK AND ECONOMIC GROWTH — Target 8.7
- 10 REDUCED INEQUALITIES — Target 10.2
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Target 12.5, 12.7
- 13 CLIMATE ACTION — Target 13a

Our priorities

We prioritise what matters most to our stakeholders and our business.

Every year, we listen to our stakeholders to understand their concerns and we map these against the opportunities we see to make a difference and the potential risks to our business. This materiality analysis includes looking at how we can contribute to global challenges, such as the UN Sustainable Development Goals.

Our most material issues remained largely unchanged this year, with cyber/data security continuing to top the list. In line with our new strategy, we've brought together the issues of digital skills, accessibility and online safety under the topic of digital lives, and combined privacy and data security with other issues grouped under human and digital rights. Both these wider topics are among our most material issues, together with climate change which is the third pillar of our strategy.

We address our most material issues in this report, with the exception of network investment, customer experience and economic impacts, which are covered in more detail in our Annual Report.

See Governance appendix for more information on how we manage risk, listen to stakeholders and identify our material issues.

Investing in society

We invest in initiatives designed to accelerate progress towards our ambitions. This year, our investments through cash, time volunteered and other in-kind contributions totalled £28.7m. This is equivalent to 0.83% of the previous year's adjusted profit before tax, falling short of our target of 1%. Over the last five years, we have invested an average of 1.02% of adjusted profit before tax.

Going forward we will channel much of this investment into initiatives that support our strategy to build digital skills and we remain committed to our 1% target. This is one of the measures we use to track our performance as a responsible business.

See Our purposeful business targets appendix.

Stakeholder materiality analysis

High — Significance to our stakeholders

Most material

Moderate — Potential impact on our business — High

1   Data/cyber security
2   Network investment and innovation
3   Business ethics (including reporting transparency)
4   Climate change
5   Digital lives
6   Customer experience
7   Human/digital rights
8   Energy (efficiency/renewables)
9   Equality and diversity
10 Economic impacts
11 Sustainable consumption
12 Health, safety and wellbeing
13 Community and charity support
14 Emergent tech
15 Air pollution
16 Electromagnetic Field (and radio frequency health concerns)
17 Disaster response

Movement since 2018
▶ Greater impact
◀ Lower impact
▲ More significance
▼ Less significance

For more details, see report chapter:
● Building better digital lives
● Championing human and digital rights
● Tackling climate change and environmental challenges
● Strong foundations
● See Annual Report for further details

Our ambitions

We've refocused our ambitions to help us drive progress in the areas where we can make the biggest impact.

Over the past six years, our ambitions have evolved in response to changing priorities for our business and our stakeholders. This year, we reviewed them in light of our new strategy.

Our existing environmental targets support our focus on tackling climate change and we've added a new one to become a net zero carbon emissions business by 2045. But we found some of our social targets weren't closely enough aligned with our sharpened focus on digital skills – the area where we can deliver the greatest impact for the UK and for BT.

We've set a new target to reach 10m people in the UK with digital skills training by 2025. This supersedes our previous target – to help 10m people overcome social disadvantage through the benefits our products and services can bring – with a more focused and measurable programme. The new target builds on our ongoing investment at the primary school stage and our existing ambition to help 5m children to receive better teaching in computer skills by 2020, which will contribute to the new 2025 ambition.

As we realign our charity partnerships to focus on digital skills, we've taken the tough decision to close our fundraising platform, MyDonate, from June 2019 (see page 11). We'll keep reporting on progress on use our skills and technology to generate more than £1bn for good causes by 2020 but it will no longer be a business priority.

We'll continue to encourage our people to support charities through payroll giving and carry on their proud history of volunteering. But this year we took the decision to no longer focus purely on the proportion of our people who volunteer, which is why the volunteering participation rate dropped to 26% (see page 12). Instead we will refocus our volunteering efforts on digital skills.

Building better digital lives

Our ambitions[1]	2018/19 performance	Status
Reach 10m people in the UK with digital skills training by 2025	Not applicable (new goal)	New
Help 5m children to receive better teaching in computer skills by 2020	**2m** children reached since 2014/15	To be subsumed into above target in 2019/20

Tackling climate change and environmental challenges

Our ambitions	2018/19 performance	Status
Become a net zero carbon emissions[2] business by 2045	**298,461** tonnes CO_2e in 2018/19	New
Cut our carbon emissions intensity by 87%[3] by 2030, compared with 2016/17 levels	**25.7%** reduction achieved since 2016/17	Ongoing
Enable customers to reduce their carbon emissions by at least three times the end-to-end carbon impact of our business by 2020	**2.6:1** achieved during 2018/19	Ongoing
Buy 100% of our electricity worldwide from renewable sources by 2020, wherever markets allow	**87%** bought from renewable sources in 2018/19	Ongoing

1 We report progress on our £1bn ambition on page 04.
2 Measured for scopes 1 & 2 greenhouse gases
3 Measured for scopes 1 & 2 greenhouse gases, per unit of gross value added

Building better digital lives

We think everyone should have the opportunity to benefit from the power and potential of the digital world. We're investing in digital skills to improve lives and bridge the UK's productivity gap.
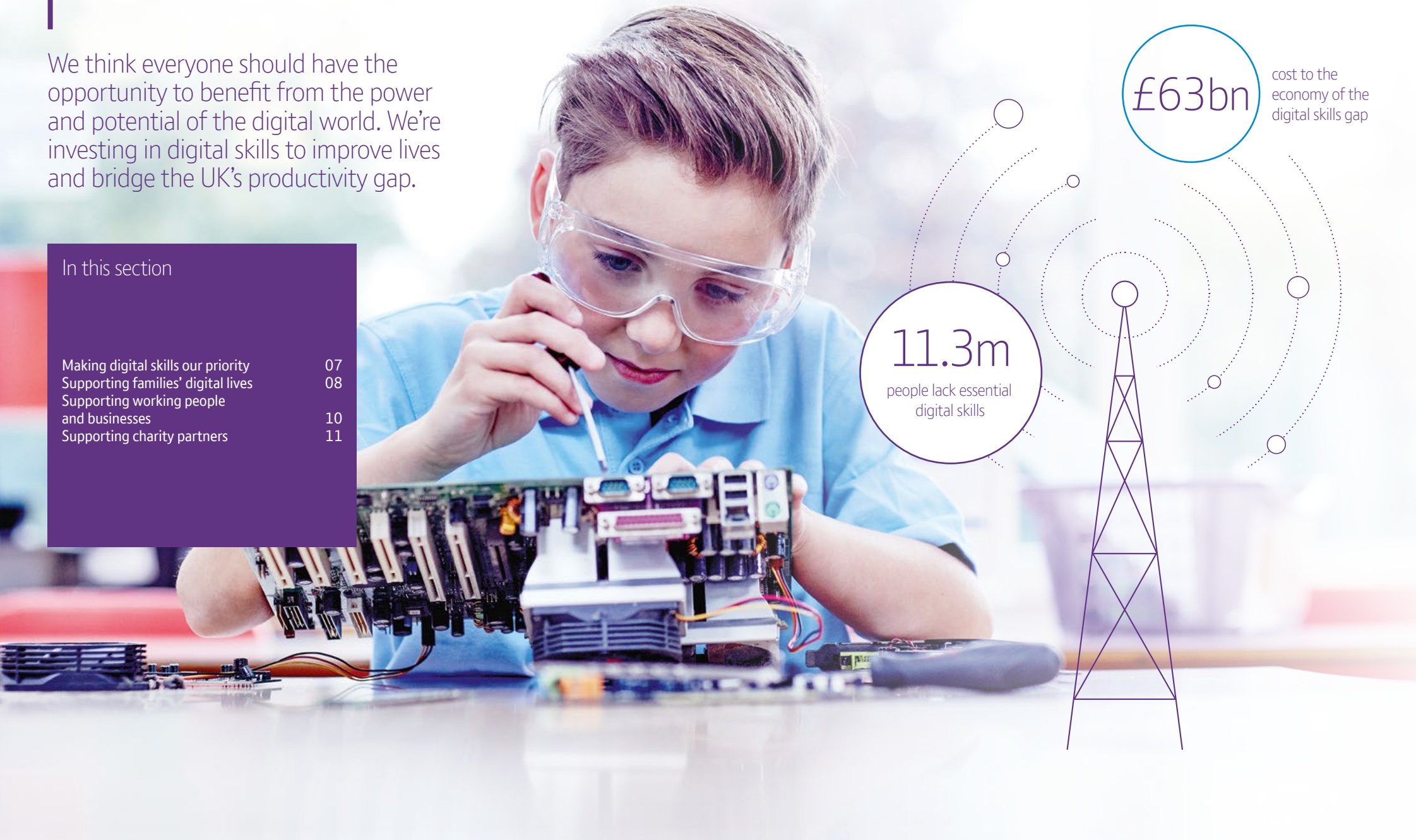
In this section

£63bn cost to the economy of the digital skills gap

11.3m people lack essential digital skills

Making digital skills our priority

The world is increasingly shaped by technology. But the rapid pace of change is leaving people behind – as many as 11.3m UK adults and 10% of the UK workforce lack basic digital skills. This digital skills gap is costing the UK economy an estimated £63bn a year.

We can help the UK fill this digital skills gap. And grow demand for our products and services too. We're working with partners to make a difference to families through targeted support at key stages of life. We're helping businesses upskill their workforce and boost productivity by doing more digitally, ourselves included (see graphic).

Our commitment to building digital skills is at the heart of our digital impact and sustainability strategy and reflected in our new ambition to reach 10m people in the UK with digital skills training by 2025.

But we're not starting from scratch. Projects such as our flagship Barefoot Computing programme in primary schools and our Work Ready programme to help young people get into work are already well established.

And this is not something we're doing alone. We're advising the UK Government as a member of the Government's Digital Skills Partnership and we're supporting global efforts to bridge the digital literacy and skills divide through the Coalition for Digital Intelligence.

Our partnerships with charities mean we can reach more people in the UK and abroad, in key markets such as India. And our enthusiastic BT volunteers will continue to help.

Building better digital lives
Helping people improve digital skills at key stages of life

For your family

For your business

	Children	Parents	Older and disabled people	Future workforce	Women in tech	Businesses
The challenge	65% of children who started school in 2016 are likely to do jobs that haven't yet been invented	75% of parents want more advice to help keep their child safe online	3.5m people with a registered disability are offline	The UK needs 500,000 digital workers by 2022	Only 30% of the digital workforce will be women in 2022	Three in four UK businesses report a digital skills gap
How we're inspiring change	Inspiring children to develop computational thinking and encouraging STEM education	Helping parents understand and manage their child's safety online	Improving elderly and disabled people's confidence in and access to digital capability	Encouraging STEM education and improving digital skills for work	Encouraging more women into tech jobs both inside and outside BT	Showing businesses how tech can help them grow and improve productivity Helping employees to reskill
What we've achieved	Reached 2m children through 70,000 teachers with our Barefoot Computing programme	Hosted Safer Internet Day 2019 with Internet Matters to raise awareness of online safety issues	Launched products tailored for customers with hearing impairments with Action on Hearing Loss in 2018/19	Helped over 2,700 16-24-year-olds improve their skills and employability through Work Ready since 2014	770 BT women progressed their careers on our TechWomen programme and taught 21 women how to code in partnership with Code First: Girls	BT Sport partnered with Google Digital Garage to help 1,000+ commercial customers enhance their skills to grow their business

Above data has been drawn from external sources.

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Supporting families' digital lives

In a world where life and work increasingly depend on technology, having the right skills can be the difference between getting ahead or being left behind.

We're working to inspire early digital thinking in schoolchildren. We're helping families build their digital confidence and stay safe online. And we're making it easier for more people to get online, regardless of their income, age or physical ability.

Inspiring children's digital thinking
Teachers hold the key to children's digital development. Our Barefoot Computing programme is training them to help primary school children learn, think and thrive in a digital world.

Computational thinking doesn't have to be difficult. Barefoot breaks it down into fun and easy lessons that teach digital concepts like logic and algorithms (see box). The aim is to help children develop critical thinking, become digitally literate and be active participants in a tech-driven world.

We revamped the Barefoot website this year so teachers can easily download ready-made lesson plans and games. Barefoot workshops by trained volunteers – including BT people – help teachers build their confidence. 92% of the teachers we've trained tell us Barefoot gives them greater confidence to teach computing.

Together with our programme partners at BCS, the Chartered Institute for IT, we celebrated a major milestone this year. Barefoot has reached more than 2m children through 70,000 teachers since it started five years ago. We've got 60% of UK primary schools on board. And we're not stopping there.

This year, we became the first strategic partner of the UK Government's newly created National Centre for Computing Education (NCCE). It's designed to improve the reach and quality of computing teaching across England. Among other things, we'll be bringing our Barefoot Computing programme to the heart of the NCCE's offer for primary schools.

> "
> I love busting the myth that programming is hard. Teachers can't believe how simple it can be to teach digital concepts. The children jump right in to the games and teachers tell us they love how interactive it is."

Ian Clapshaw
Barefoot volunteer, BT

Crazy characters for critical thinking

Barefoot's Crazy Characters activity asks children to create their own crazy character and write a sequence of instructions for their friends to follow to draw it. If their friends draw a character that looks different, the pupil rewrites their instructions until it looks the same. They've just written and debugged their first algorithm – an important building block for computational thinking.

> "
> Barefoot resources make teaching computing simple, fun and uncomplicated. It helps young children understand challenging concepts like algorithms in a hands-on way and develop their logical thinking at their own pace. We love using Barefoot resources and we highly recommend all schools give it a try."

Lily Sellers
Teacher, Ashmount Primary School

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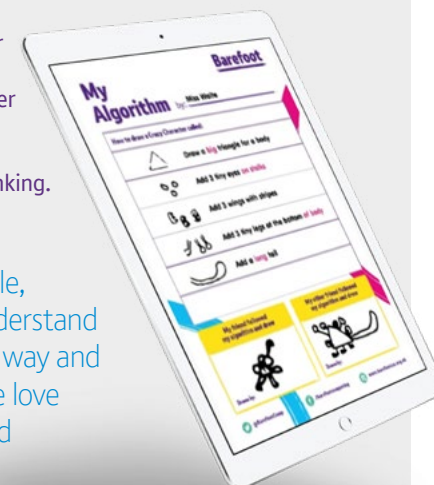
Supporting families' digital lives
continued

Keeping children safe online

Parents can teach their children how to cross the road safely and tell them not to talk to strangers. But they don't always know how to keep them safe online. Our free parental controls enable them to block unsuitable content and manage children's online activities.

We're a founding partner of Internet Matters and Plusnet is now a member alongside BT and EE. We partner to offer advice and tools to help families stay safe online.

We supported the Safer Internet Day campaign, inspiring customers, our colleagues and teachers to join a national conversation about using technology responsibly, reaching 46% of young people in the UK. We hosted an event for Safer Internet Day 2019 at our headquarters, BT Centre, for school pupils, tech executives and government officials to discuss online consent and we launched a new Barefoot teaching resource on the same topic.

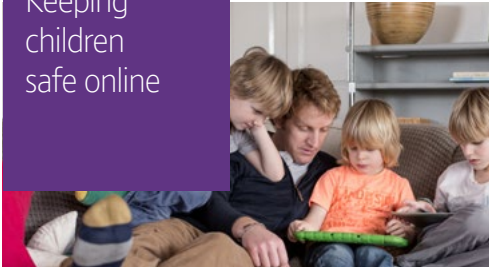We also supported Anti-Bullying Week 2018 by promoting the #StopSpeakSupport campaign run by the Royal Foundation Taskforce on the Prevention of Cyberbullying.

Getting communities online

Access to the digital world can offer better health, finance, education and job prospects. But around 12% of UK adults are missing out on these opportunities because they've never been online. We're working with communities to tackle digital exclusion and make sure no one is left behind.

We have 12.2 million superfast fibre broadband customers, covering 86.6% of homes and businesses and we have now rolled out ultrafast fibre to 3.2 million homes and businesses. We are working with government and Ofcom on options for a broadband Universal Service Obligation – to provide 100% of UK homes and businesses with a minimum speed of 10Mbps by 2020. Using Ofcom measures, our mobile network now provides 84% geographic coverage in the UK. We aim to be the UK's first mobile provider to offer 5G, launching in 16 busy UK cities in 2019.

We've also helped connect more than 800 hard-to-reach communities since 2016 with our community fibre partnership grants for broadband infrastructure. And anyone can access free ultrafast wi-fi from more than 350 InLink street units we've installed across 19 UK towns and cities. More than 250,000 people have used them since 2017.

Even when the network is there, some people still don't go online. Our research with the Good Things Foundation confirmed that barriers include not seeing any benefit to being online and finding it too complicated or too expensive. We're helping overcome some of these hurdles with low-cost BT Basic + Broadband and Plusnet broadband packages for people on low incomes or certain government benefits. We've also supported essential digital skills training for over 600 older, disabled and low-income people in Scotland to tackle poverty, social isolation and inequality.

We're connecting more people outside the UK by helping Jāṅgala, a tech start up, develop and test portable wi-fi systems for use in refugee camps and during humanitarian relief. We made them available to refugees in Italy and Serbia to contact their families and get support, and our own emergency response teams are using the boxes too (see page 24).

Improving accessibility

We're making technology more accessible for older people and those with disabilities, and we sponsor the annual Tech4Good Awards to support accessible product development.

One in every six people in the UK live with some form of hearing loss, but most mobile tariffs focus on voice calls that they can't use. This year, EE partnered with Action on Hearing Loss to launch special tariffs with more data and fewer minutes so that people with hearing loss can communicate visually via SMS and video calls (see quote).

We provide sign language on our websites and we offer a Next Generation Text relay service so that people with hearing loss and speech impaired customers can make calls. This is now available on all InLink street units too.

We offer accessibility advice and products through our IncludingYou website. BT customer service teams are trained to support customers with accessibility needs, as well as older customers with conditions like dementia and Alzheimer's. This year, we created a new Customer Disability Team for EE customers.

Transforming tariffs for people with hearing loss

" It's very encouraging to see EE making sure their customers living with deafness and hearing loss are not being financially disadvantaged and are able to access phone packages that are better suited to their needs. We've been working in partnership with EE's excellent Customer Disability Team so that people with hearing loss can benefit from all the latest mobile and assistive technology."

Tim Willett
Executive Director of Engagement, Action on Hearing Loss

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Supporting working people and businesses

In the UK, more than 500,000 highly-skilled workers will be needed to fill digital roles by 2022. That's three times the number of computer science graduates in the last decade.

We're helping businesses large and small – ourselves included – upskill their workforces and boost productivity by doing more digitally. And we're encouraging more young people – and women in particular – into the tech sector to grow our own and the wider digital talent pipeline.

Supporting young people to access tech jobs
An estimated 300,000 young people in the UK today lack basic digital skills. Many disadvantaged young people are not achieving positive outcomes online, particularly when it comes to education and employment.

We want to help change that. Our Work Ready programme prepares 16-24-year-olds for the world of work and teaches them practical skills to improve employability. Young people not currently in education, employment or training gain hands-on tech skills and work experience with us. More than 2,700 have graduated from Work Ready since 2014.

More young people than ever took part this calendar year with 982 starting the programme in 2018, and 77% completing it. In the 2017 cohort, 55% went on to get a job or an apprenticeship or went into further education. We aim to ensure that each annual Work Ready cohort is an equivalent size to 1% of our own workforce, as part of our commitment as a founding member of the Movement to Work coalition.

Our Skills for Work one-day boot camps give 14-18-year-olds more confidence to apply for jobs, go to interviews and give presentations. This year, over 1,900 teenagers took part, many of them from areas of high unemployment.

Getting young people work ready

> "I'd finished my A-levels and decided I didn't want to go to university. I needed experience to help me find a job. I shadowed an engineer for six days and it was out of this world. You learn so much about what happens behind the scenes of technology. That helps you in all areas, even customer service, because you know how to help people more. I'd recommend BT work placements to anyone."

Yasmeen Awais
Work Ready participant, Blackburn

4 QUALITY EDUCATION

Addressing the digital skills gender gap
Science, technology, engineering and maths (STEM) roles have historically been male dominated. Even by 2022, women are expected to make up only 30% of the UK's digital workforce. We're encouraging women into tech roles to address this looming gap and we're a signatory to the Tech Talent Charter.

We're encouraging girls – and boys – to improve their STEM learning as soon as they start school through Barefoot (see page 08). And this year, female BT colleagues spoke to more than 900 schoolgirls aged 11-15 about future roles with us.

Our BT furtHER programme in partnership with Code First: Girls takes women from beginner coders to the starting point for a career as a software developer in just four months. We've taken on 21 women as junior software developers in our Technology team this year.

We've also expanded our TechWomen programme for BT women (see box on next page) and supported female colleagues at the middle stages of their career to gain apprentice level qualifications to move into tech roles within our company. A team from Openreach also showcased STEM-related roles on offer to young women at a British Army event celebrating 100 years of women in the forces.

Just 22% of chief information officers in leading UK organisations are women. This year, we hosted an event for our customers' IT leaders, attended by female CIOs, IT directors and heads of IT, to help build a strong network of connections in the technology sector who can lead future change.

Supporting small businesses
Three quarters of UK businesses say they have a digital skills gap. That means they could be missing out on opportunities to save time and costs, increase their profit and keep customers happy. By improving their digital capabilities, we can help them succeed and grow.

We're already helping SMEs with digital skills, through initiatives like the free digital training workshops run in partnership between BT Sport and Google Digital Garage for customers who own pubs and clubs. We held 11 workshops and also visited individual venues, helping over 1,000 BT Sport commercial customers to enhance their online profile of their venues, and attract more customers via social media.

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Supporting working people and businesses continued

Our TechWomen of the future

Our TechWomen programme helps hundreds of women in technology and commercial roles progress their careers.

Over the course of a year, participants get face-to-face training, masterclasses, coaching, and access to a new network of peers and senior leaders. The number of women taking part doubled this year to 770. We added a new course for women in early management roles, as well as training senior leaders. We've expanded the programme to India too.

In 2017/18, 41% of participants secured a bigger role after completing the programme. 87% said they were more confident driving their own career and 90% felt more confident networking.

770
Women taking part this year

Supporting charity partners

We're using our technology and expertise to improve people's lives in the UK and globally through charity partnerships and volunteering.

This year, we continued to support major campaigns for charities, including Stand Up to Cancer for Cancer Research UK, SoccerAid for Unicef and Red Nose Day for Comic Relief. Openreach continued its long standing support of SSAFA – the armed forces charity.

Using technology for good
We've continued to use our technology to help charities boost fundraising efforts through our MyDonate fundraising platform and our Digital Tin contactless fundraising devices, But we've made the tough decision to close MyDonate in June 2019. It was the UK's first fee-free platform when introduced in 2011, but there are now many other providers in the market.

We're proud of what we achieved, helping raise more than £400m over the last nine years. But it is now time to lead in another important area for the UK. Our work with charities and other partners will increasingly focus on digital skills. We will continue to report on our ambition to use our skills and technology to generate more than £1bn for good causes by 2020, but it will no longer be a business priority. Since 2012/13, we've used our technology and expertise to help generate more than £646m for good causes, including £109m this year.

As a founding partner of the Geared for Giving campaign, we are building an online tool that will help drive uptake of payroll giving across the UK, in addition to bolstering our own employee contributions. This year our people donated over £2.9m to more than 1,500 charities through payroll giving.

We've also partnered with Do-it.org, one of the UK's leading volunteering databases, to create Doit.life. The digital platform enables people to connect to charities, schools and civil society organisations to find volunteering opportunities. This year, we trialled the platform with some of our people in the UK and opened it to all our people in India.

Partnering with charities to improve digital skills
Going forward, we will focus our work with charities on the area we think we'll deliver the greatest impact: digital skills. This year, we've worked with Unicef to identify a project that will help thousands of young people in Brazil to enhance their digital skills and we stepped up our support through charity partnerships in India.

The BT Supporters Club also funded a ground-breaking digital training programme with Football Beyond Borders. Young people gained digital media, filmmaking and public speaking skills, and the chance to write and produce their own football show for TV. Since it was set up over five years ago, the BT Supporters Club has raised over £10m for Comic Relief thanks to BT Sport customers donating through their monthly bill.

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Supporting charity partners continued

Mobilising our people

We want our people to be digital champions. Everyone at BT can take up to three days a year for volunteering and we're encouraging them to use that time to develop digital skills in their communities. Our people can get a lot back from volunteering too. They learn new skills, build confidence and expand their horizons.

This year, we took the decision to no longer focus purely on the proportion of our people who volunteer, which is why the volunteering participation rate dropped to 26%. Instead, we will refocus our volunteering efforts on digital skills – the area we think will deliver the greatest impact for the UK and BT.

In the year ahead we'll develop a new target, to replace our existing participation one, that better reflects the impact and growing contribution our people are making through volunteering. As an example, this year, nearly 2,500 of our people contributed over 6,700 days supporting our programmes on digital skills and helping young people prepare for the world of work.

Empowering young people in India through innovation and technology in education

In India, around 150m school age children are illiterate. Improving their literacy – and digital literacy – can make a big difference to their future prospects.

This year, we launched a three-year partnership with the British Asian Trust to empower half a million young people, with a particular focus on adolescent girls, in India. It will use apps, videos and other interactive digital technologies to break down social barriers and improve young people's health, education, employability and life skills.

We're also pioneering new finance models to support learning on an even bigger scale as the first corporate to support the British Asian Trust's education development impact bond. It aims to improve literacy and numeracy skills for more than 300,000 children in India through local partnerships.

This builds on our existing work to tackle illiteracy in India through the Katha Information Technology and E-commerce School (KITES) that we set up with the charity and publisher Katha in 2001. It's helped over 375,000 children in the slums of New Delhi learn how to read, with support from BT volunteers. This year, we supported the development of new online learning resources to reach more children.

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Championing human and digital rights

Everyone's entitled to basic rights and freedoms – both on and offline. We're committed to respecting these rights, partnering to combat modern slavery and helping to drive the conversation on issues like privacy.

40m
estimated worldwide victims of modern slavery

"The same rights that people have offline must also be protected online."

The UN Human Rights Council in 2017

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Protecting people's rights on and offline

Human rights are important for everyone – society, government and business. We use the UN Guiding Principles on Business and Human Rights to shape our approach.

We're committed to respecting human rights in our own business (see box) and our supply chain. And we're taking a lead on modern slavery, including partnering with others to unlock the power of technology in combating this crime.

We have strong safeguards in place to protect customers' data against cyber-attacks and protect their privacy and free expression. Issues like online freedoms and privacy are evolving as people spend more time online. We're helping the UK Government think about the changing nature of these complex issues.

We're also responding to other emerging issues relevant to our industry, such as artificial intelligence and human rights in sports broadcasting (see page 17).

Respecting human rights in our business

We're committed to respecting the dignity, liberty and equality of everyone we work with. This is part of the BT ethics code that everyone at BT must follow.

This year, we launched an overarching human rights policy. It brings together existing policies in one place to explain the human rights we are more likely to affect and how we're addressing these risks.

Our due diligence processes help us identify and manage potential human rights risks in our operations. The *Digital Impact & Sustainability Committee*, a Board committee, oversees our human and digital rights programme worldwide.

All of our people must complete training on human rights as part of our mandatory annual training on the BT ethics code. We provide additional training for the teams who are involved with higher risk areas.

We encourage our colleagues, contractors and suppliers to report concerns, including through our confidential Speak Up helpline (see page 28).

Sourcing with human dignity

Respecting human rights is fundamental to the way we work and we want to partner with suppliers who share this commitment.

We spent around £13.4bn this year with more than 16,000 direct suppliers in nearly 100 countries. To work with us, they must commit to meeting our requirements on Sourcing with Human Dignity and other fundamentals like our standards on ethics, health and safety, environment, product stewardship and climate change (see page 22 for more on our work with suppliers to cut carbon emissions).

We work with our suppliers – and their suppliers – to check they meet these standards. We're also improving the process we use to evaluate potential suppliers on social and environmental criteria. We're introducing a new pre-qualification questionnaire which will flag potential risks or early-warning signs before we decide to work with a supplier. We're especially alert to the risk of modern slavery in our supply chain (see page 15).

If we find an issue, we assess the risk and how best to deal with it. We identified 368 high and medium-risk suppliers this year, and followed up with all of them within a three-month period to request more information, we then decide whether we need to take any further action. This may include an audit – we conducted 53 on-site assessments this year. We track progress monthly to check we're dealing with high and medium-risk suppliers effectively and that improvements are being made. If they don't show any commitment to improve, we may stop working with them.

Supplier assessments on social and environmental criteria

	2017/18	2018/19
Self-assessments by new or renewed contract suppliers	917	782
Suppliers identified as high or medium risk	269	368
% of high or medium-risk suppliers reviewed within three months as follow-up	100%	100%
On-site assessments (Tier 1 and Tier 2 suppliers)	52	53

Looking deeper in the supply chain
Our supply chain is large and complex. We're looking beyond our direct (Tier 1) suppliers to check that their suppliers (our Tier 2) also comply with our standards. This year, we audited 33 Tier 1 and 20 Tier 2 suppliers, focusing on the suppliers identified as highest risk.

10 REDUCED INEQUALITIES

Sourcing with human dignity continued

We've started mapping the supply chain of two of our consumer products, our DECT phone and our Smart Hub. We now know who supplies many of the components of these products as far as Tier 4 of the supply chain so we're better able to understand potential risks.

We're members of the Responsible Business Alliance (RBA), a business coalition for responsible supply chains. This gives us greater visibility of the lower tiers of our supply chain by giving us access to audit information shared by others in our industry. We're using the RBA's shared supplier database to check suppliers' performance and take action if necessary.

Checking for conflict minerals

Electronic devices may contain tantalum, tin, tungsten and gold. These are known as conflict minerals if they are sourced from war-torn or politically unstable places such as the Democratic Republic of Congo, that have a heightened risk of human rights abuses.

Our conflict minerals policy explains how we're managing this risk and we report progress in our annual conflict minerals disclosure. We're also members of the Responsible Minerals Initiative which is helping us review and compare our approach against industry standards.

Tackling modern slavery

More than 40m people around the world are thought to be in some form of slavery. Much more needs to be done to stamp out this crime and we're working with partners to look at how technology can help.

Leading change in business and society

Forced, bonded or child labour is never acceptable. We have systems in place to help us prevent any form of slavery in our own business or our supply chain. Our Modern Slavery Act statement explains how.

We believe technology can help combat modern slavery and we're exploring how through Tech Against Trafficking, a coalition of organisations including Amazon, AT&T, Microsoft, Nokia, Vodafone, Salesforce.org and anti-trafficking experts. This year, the group began mapping ways that technology is already combating slavery around the world, identifying over 200 solutions so far. Each solution was assessed to determine the potential to scale up their impact with the help of the group. Our plan is to collaborate on high potential solutions to support the fight against slavery.

National Anti-Slavery Day

On National Anti-Slavery Day in October 2018, we lit up the BT Tower with modern slavery messages, visible to thousands of people across London. This included highlighting the modern slavery helpline and smartphone app.

> " It is only by a close partnership between committed stakeholders that we can begin to effectively combat and ultimately prevent modern slavery. The partnership of BT and Unseen is an exemplar of this and we encourage others to partner and collaborate to end slavery."

Andrew Wallis
CEO, Unseen

8 DECENT WORK AND ECONOMIC GROWTH

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Tackling modern slavery continued

Protecting privacy and freedom of expression

The rights people have offline must also be protected online. We work hard to protect our customers from online harms and safeguard their privacy and security, supporting their right to free expression.

We're also working with the UK Government and other businesses to champion best practices through the Home Office's Business Against Slavery Forum. This year, we funded the development of a digital platform to support Bright Future, a programme started by a fellow member of the Home Office's Business Against Slavery Forum, the Co-operative Group. The programme aims to help survivors of human trafficking and modern slavery find secure work. City Hearts, the charity operating the scheme, will be able to use the new digital platform to post opportunities and match suitable candidates against paid work placements across the UK.

Raising awareness
No country is immune to modern slavery. In the UK, tens of thousands of men, women and children are believed to be victims. But public awareness remains low.

We partner with the charity Unseen to raise public awareness of slavery in society and provide communications services, equipment and consultancy to support the UK modern slavery helpline it runs. The helpline provides access to information and support on a 24/7 basis for victims of modern slavery, businesses, authorities and the general public. Since its launch in October 2016, it has received many thousands of contacts indicating over 13,500 potential victims.

This year, we developed an app with Unseen to make it even easier to report suspected cases of modern slavery. It also offers tips on how to spot the signs of slavery.

But our customers' right to privacy is not absolute. Governments can request access to information that could help to fight serious crime or terrorism, and the law requires us to provide it. We take this issue very seriously. We have due diligence processes for dealing with such requests and are transparent about our approach.

Protecting customers' privacy
Customers expect us to keep their information safe and private. We must – and do – protect our customers' personal data (see page 17). And when we design a new product or service, we consider privacy from the very start. We call this privacy by design.

In May 2018, new EU data protection regulations came into force that enhance privacy rights for individuals. We welcomed these changes and took steps to ensure compliance. We simplified the language of our privacy policy and added more detail on how we're using our customers' data. We used training, posters, videos and quizzes to alert colleagues of their duty to keep data secure – and what to do if there's a breach.

Balancing privacy and government investigatory powers
In some situations, authorities can legally override the right to privacy because they need access to people's communications and data to help stop serious crime and terrorism. This can be vitally important to national security and we've a legal obligation to provide this information.

The government has to find the right balance between protecting people's security and their privacy and free expression. We assess any requests in line with our process, and we will ask for clarity if we need to. We have strong internal governance in place and our *Investigatory Powers Governance Committee*, a Board committee, oversees all our activity in this area. The BT Privacy and Free Expression Report 2019 lays out how we respond to these requests in the UK and 20 other countries.

We've joined the Global Network Initiative – an organisation at the forefront of the debates on privacy and freedom of expression – to keep our approach in line with best practice.

Blocking illegal content
We believe everyone should have access to any content online as long as it's legal. So we won't block access to material on the internet except in a very specific set of circumstances (see our BT Privacy and Free Expression Report). This includes images of child sexual abuse flagged by the Internet Watch Foundation. We also offer parental controls and work with Internet Matters to make the internet safer for children (see page 09).

Filtering helps to block access to harmful content online. But illegal content spread on social media is beyond our control. We don't think internet providers like us should be making judgement calls about what content is and isn't acceptable. But we think someone should. In September 2018, we joined other broadcasters and media providers in an urgent call for an independent watchdog to regulate the industry and make the internet safer for everyone.

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Strengthening security

Security is fundamental to protecting our customers' privacy. By keeping our networks secure, we're helping to keep their personal information and private communications safe from increasingly sophisticated cyber-crimes like phishing, malware and hacking.

We're taking a leading role in the fight against cyber-crime and we're empowering our customers to protect themselves too.

Bolstering our defences

Our security council is responsible for managing cyber security risks. It reports to our *Executive Committee*. Automated systems and the BT Security team, of over 3,000 colleagues around the world, monitor customer and BT devices at all times. Between October and December 2018 they blocked an average of 135m connections to malware sites each month, protecting our systems and keeping our customers' data safe.

We publish the number of phishing attacks, scams and malware sites we're detecting on our new Cyber Index website. We've done this to be more transparent, raise awareness of the risks and show what we're doing behind the scenes to protect our customers.

Many of our products are moving to the cloud to give our customers flexibility and greater security. We carry out due diligence on our cloud providers to check they meet the latest industry security standards.

We're investing in research, innovation and training to ensure we stay one step ahead of the criminals.

This year, 175,000 hours of training helped to equip our teams with the skills they need to protect BT and our customers against cyber-attacks. Sixteen apprentices joined our team this year and we will welcome more next year as we build essential skills for the future (see page 10).

Empowering our customers

We offer customers advice and tools to help them protect themselves online too. In 2018, we ran a campaign to encourage people to fortify their homes against cyber-criminals. Our website offers practical tips on how to choose strong passwords, spot scams and protect digital files like photos.

Customers can also use our free software to help keep their data safe. Products like BT Protect are designed to detect viruses, malware and spyware.

Working together

We're working with others to help combat cyber-crime. Last year, we became the first telecommunications provider in the world to start sharing information about malicious software and websites with our peers. This builds on our existing data-sharing agreements with the National Cyber Security Centre and law enforcement organisations such as INTERPOL. We're calling on other UK broadband providers to follow our lead and share this type of data too.

Shaping the agenda on emerging issues

Human and digital rights risks are constantly evolving. We're working with others to understand these risks and shape the agenda on emerging issues relevant to our business.

Exploring the ethics of artificial intelligence

Artificial intelligence (AI) has a lot of useful applications. But there are challenges. The criteria it uses to make decisions must be clear and the data it uses must be high quality – which means correct, complete, and bias-free to avoid discrimination. That's why respecting human rights is at the heart of our approach as we explore further uses for AI.

We're drawing on all of our experience in AI research to contribute to the emerging debate on the ethics of this technology. We responded to the UK Government's consultation on the new Centre for Data Ethics and Innovation this year. We're also part of techUK's working group on digital ethics.

Protecting human rights in sports broadcasting

Sport has the power to be a uniting force for good in society. But more work needs to be done to fully align the world of sport with the fundamental principles of human rights.

We're on the advisory council of the Centre for Sport and Human Rights that launched in June 2018. Through this stakeholder alliance, we work with governments, civil society, sports bodies and other broadcasters and sponsors to navigate the risks and take action.

"

BT has been a critical partner of the Centre from its inception through to today. From playing a key role in developing tools to help broadcasters embed human rights into its operations, to leading the broadcast voice into discussions around collective action, BT has proven itself invaluable to our work."

Mary Harvey
CEO, Centre for Sport and Human Rights

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Tackling climate change and environmental challenges

We want to be a leader on climate action. That's why we've pledged to become a net zero carbon emissions business by 2045. We're supporting the circular economy and we manage other environmental impacts too.

In this section

Zero
Net zero carbon business by 2045

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Taking a leadership approach

The October 2018 report from the Intergovernmental Panel on Climate Change highlights the importance of urgently tackling climate change. We're listening. And we're taking action.

In October 2018, we pledged to become a net zero carbon emissions business by 2045. This extends beyond our existing target, approved by the Science Based Targets Initiative, to reduce the carbon emissions intensity of our operations by 87% by 2030[1]. Our goals are aligned with efforts to cap the global temperature rise to 1.5°C.

To reach net zero, we're focusing on reducing our emissions in areas we directly control – using renewable electricity, and reducing our energy needs and emissions from our fleet and buildings estate. We've already cut our scope 1 and 2 emissions by 80% since 1996.

We're also partnering with our suppliers to target a 29% reduction in emissions from our supply chain by 2030 (from 2016/17 levels). And we're helping our customers reduce their carbon footprint too. We helped them save 11.7m tonnes of CO_2e this year.

This isn't just good for the planet. It's good for business too. We've saved over £298m through our energy efficiency programme since 2009/10. And we made £5.5bn – 23.4% of our revenue – in 2018/19 from products and services that enable customers to cut their carbon emissions.

Inspiring climate action
By setting ambitious targets and taking far-reaching action, we aim to inspire others to do so too.

We've continued to tell our story this year and joined wider calls for climate action, publicly welcoming the IPCC's special report on the impact of 1.5°C global warming. We hosted an event to promote Green GB Week in October 2018, where we announced our new net zero pledge.

Our CEO was one of 50 leaders of major global businesses from the World Economic Forum to sign an open letter calling for more climate action at the COP24 UN Climate Conference in Katowice. Earlier in the year, we also joined 21 tech sector companies in making a joint declaration to Step Up and come together to accelerate progress on climate action.

1 From a 2016/17 baseline for scope 1 and 2 emissions, measured per unit of gross value added (GVA). GVA calculated as EBITDA adjusted (before specific items) plus employee costs.

External recognition

We topped EcoAct's 2018 ranking of FTSE 100 companies

No. 1

We were one of 139 companies worldwide to make the CDP's A list, and we also made the CDP Supplier Engagement leaderboard for the third year

A list

Newsweek ranked us as one of the top 10 global leaders and best in our industry in February 2018

Top 10

EcoVadis have awarded us with a Corporate Social Responsibility gold rating for the seventh year running

Gold rating

13 CLIMATE ACTION

Reducing our carbon emissions

We're aiming to be a net zero carbon emissions[1] business. That's no mean feat. But we've already made big strides. To do this, we're targeting 100% renewable electricity by 2020. We're investigating how to decarbonise our buildings. And we're looking at how we can convert our fleet to ultra-low emission vehicles.

Information on how we manage and govern our climate change strategy can be found in the Environmental management appendix.

Our journey to net zero emissions

Kt CO_2e[1]

Year	Value
1992	0% renewable electricity
1996	1,511
2004	1,013 — 40% renewable electricity
2008	781
2012	707
2013	383
2016	224 — 95% renewable electricity
2017	404 — Emissions increase following EE acquisition
2018	377 — 80% renewable electricity
2019	298 — 87% renewable electricity

Long term targets

2030: 55 — 87% reduction required from 2016/17 baseline[2]

2045: 0 — Further 13% reduction required to become 'net zero'

1992 Set first carbon emissions reduction target

2008 Launched plan to cut emissions intensity by 80% by 2020

2012 BT Better Future Supplier Forum goes live

2013 Announced 3:1 Net Good carbon abatement target

2016 Reached 80% reduction target set in 2008 four years early

2017 Launched new target to reduce carbon emissions intensity by 87% by 2030[2]

2018 Pledged net zero carbon emissions by 2045

1 Greenhouse gas emissions scopes 1 & 2
2 Science Based Target initiative – intensity target – measured as scope 1 & 2 emissions tonnes per £m gross value added (GVA). From 2017 baseline of 31 tonnes per £m GVA

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Reducing our carbon emissions continued

Ramping up renewable energy

We use around 1% of the UK's electricity to run our business. That's a lot of energy but it doesn't have to mean a lot of emissions.

We're part of the RE100 campaign to promote greater uptake of renewables. We agreed new energy contracts this year to power EE's mobile network with renewable electricity. This is saving almost 100,000 tonnes of CO_2e a year.

In the UK, 100% of the electricity we purchase directly is now from renewable sources[2]. By 2020, we're aiming to use 100% renewable electricity worldwide, where markets allow. We hit 87% this year (up from 80% last year). The remaining 13% is from transitioning accounts or purchased in countries where there's no renewable supply, the energy can't be certified as renewable by an internationally recognised scheme, or where our landlords buy non-renewable electricity in buildings we occupy.

Reducing emissions from buildings

We've commissioned a study to look at ways to decarbonise our estate. Options include investing in energy efficient equipment and low carbon technology like heat pumps and renewable alternatives to natural gas.

We spent over £30m this year on systems that use water and fresh air instead of greenhouse gases to cool our network. More than 2,500 old systems were switched to energy efficient cooling solutions this year – that's three times the number we replaced last year. By 2021, we'll have replaced over 7,800 systems.

We have invested £45.6m in energy management projects that helped us save 63.7 GWh of energy this year. Such investments have saved us £298m since 2009/10.

Finding alternative fuels for our fleet

With around 29,000 vehicles, we've one of the largest commercial vehicle fleets in the UK. Our fleet accounts for around 33% of our operational emissions. To cut these emissions, we're developing plans to switch from diesel and petrol to electric and alternative fuels, and have a dedicated working group looking at the best ways to add more.
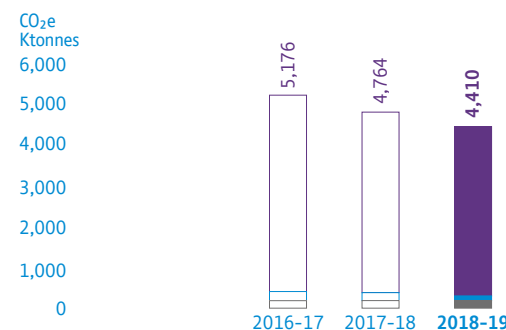
This year, we made pure electric plug-in vehicles available to employees through our company car scheme for the first time and we installed electric vehicle charging points at nine sites. Switching to electric vans is more challenging as we're dependent on new and improved models becoming available to meet our needs. Openreach is preparing to test electric vans in different settings to explore the practical challenges of rolling them out at scale.

We want to encourage more large-scale investment in electric vehicles and charging infrastructure to make it commercially viable for us to make more of our fleet electric. We've joined EV100, a global campaign for electric vehicles, to promote further action. We also published research on alternative fuels policy and the state of the market in partnership with the AA.

Our performance in 2018/19

We made progress towards our 2030 emissions intensity target this year, reducing scope 1 and 2 emissions per £m value added from 29 to 23 tonnes of CO_2e. Our total global operational emissions decreased by 17% to 0.37 million tonnes. And this year we used 2.24% less energy worldwide than last year. Overall, we cut our worldwide end-to-end emissions by 7.4% this year.

See supporting data for further performance data.

Our worldwide greenhouse gas emissions
year ended 31 March

CO₂e Ktonnes

	5,176	4,764	4,410
	2016-17	2017-18	**2018-19**

Emissions CO₂e Ktonnes	2016-17	2017-18	**2018-19**
Scope 3	4,772	4,387	**4,112**
Scope 2	222	193	**114**
Scope 1	182	184	**184**
Totals	5,176	4,764	**4,410**
Scope 1 + 2 intensity:	31	29	**23**

(CO₂e tonnes per £m value added)

● **Scope 3:** Including supply chain, customer use of our products, and other indirect emissions (such as employee commuting)

● **Scope 2:** Indirect emissions from the generation of our purchased energy (mainly electricity)

● **Scope 1:** Direct emissions from our own operations (eg fuel combustion)

We now include all scope 3 emissions in our reporting. EE data is included from 2017 onwards. Figures exclude third-party consumption. scope 2 data uses market-based calculations.
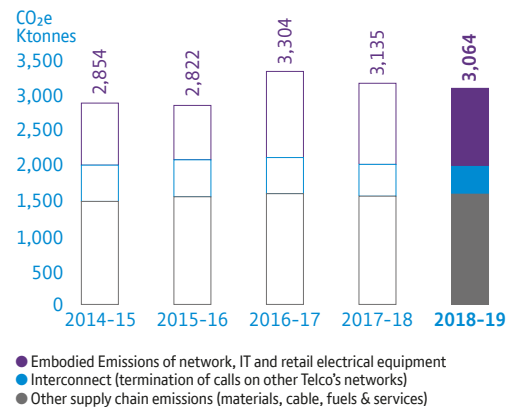
For full methodology and further data, please visit our Download Centre.

2 Includes electricity we purchase directly from energy providers. Excludes electricity purchased by landlords in buildings where we lease space.

Partnering with suppliers to cut our emissions

Supply chain emissions – generated from making the products and services we buy – account for more than 60% of our end-to-end emissions.

Supply chain emissions
(breakdown of scope 3 emissions)
year ended 31 March

CO_2e Ktonnes

- 2014-15: 2,854
- 2015-16: 2,822
- 2016-17: 3,304
- 2017-18: 3,135
- **2018-19**: 3,064

- ● Embodied Emissions of network, IT and retail electrical equipment
- ● Interconnect (termination of calls on other Telco's networks)
- ● Other supply chain emissions (materials, cable, fuels & services)

> "We're a leader in getting our suppliers to change their environmental behaviours. Almost two-thirds of BT's carbon emissions come from our suppliers, so if we can reduce our suppliers' emissions we make a significant difference to the environment and our own carbon targets."

Hari Sundaresan
BT's Chief procurement officer

This year, emissions from our supply chain decreased by 2.3% to 3.1 million tonnes. We're working with suppliers to cut these emissions further. Since 2016/17, we've achieved a reduction of 7.3% and we want to reach 29% by 2030.

Saving emissions with our suppliers' help
We're introducing climate clauses into our contracts with key suppliers. This means some suppliers are now contractually required to demonstrate carbon savings over the duration of their contract. Our approach won Supply Chain Project of the Year at the Business Green Leaders Awards 2018.

Climate clauses can have an impact beyond our direct suppliers. The carbon savings can come further down the supply chain as a result of changes that their own suppliers make.

Driving improvements
We want suppliers to join us in cutting emissions by switching to renewable energy – and we've teamed up with npower to offer our suppliers a deal on renewable electricity. We set ourselves a target to get 125 of our top suppliers to use renewable energy by 2020 and we've already exceeded it with 139 suppliers using renewable energy this year.

We encourage suppliers to come up with new ideas through our Game Changing Challenge competition. Our key suppliers compete to pitch ideas to a panel of our senior leaders who look for innovative environmental projects. ADVA's eco-optimised approach won in 2018 (see box).

We're also seeing benefits from changes that our suppliers are making. One of our suppliers, Apple, has reduced the carbon emissions from manufacturing its iPhones – and due to the volumes that we purchase over the year, this has a big impact. We've calculated resultant savings of around 38,000 tonnes of CO_2e from our supply chain. That's equivalent to a circa 1.2% reduction from our total supply chain emissions.

Managing supply chain impacts
Our procurement standards for suppliers include criteria on energy consumption and environmental performance. These are available on our website. We expect suppliers to meet these standards and we assess their compliance alongside requirements on sourcing with human dignity (see page 14).

This year, 292 of our suppliers submitted climate-related data to CDP. That's 30 more than last year and represents 51% of our total spend. Of these, 71% have set targets to cut emissions, 54% buy renewable energy and 70% are engaging with their own suppliers on climate change.

Game changing climate innovation

ADVA is one of our key suppliers for networking equipment. Its eco-optimised approach means products are designed to be recycled and reused at the end of their life.

For the next major release, they plan to use artificial intelligence to improve energy efficiency through predictive maintenance. And the company also intends to reduce emissions from producing and transporting the equipment.

Overall, this could save BT's supply chain 12,000 tonnes of CO_2e and £6 million over a ten-year period of buying the equipment.

> "Reducing environmental impact is fundamental to everything we do. Improving power consumption during the use phase of our products is often the most significant part of that work. With BT, however, which is famously close to its target of using 100% renewable energy, we had to focus our innovation on other areas. That meant thinking outside the box, designing technology that supports quick and easy recycling, and using AI to dramatically cut truck rolls."

Klaus Grobe
Director, ADVA Sustainability

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Reducing impacts from using our products

We're taking steps to reduce the impact of our products once they reach customers' homes and businesses. Emissions from customer use and disposal of our products make up 24% of our end-to-end emissions. We reduced these by 16% this year.
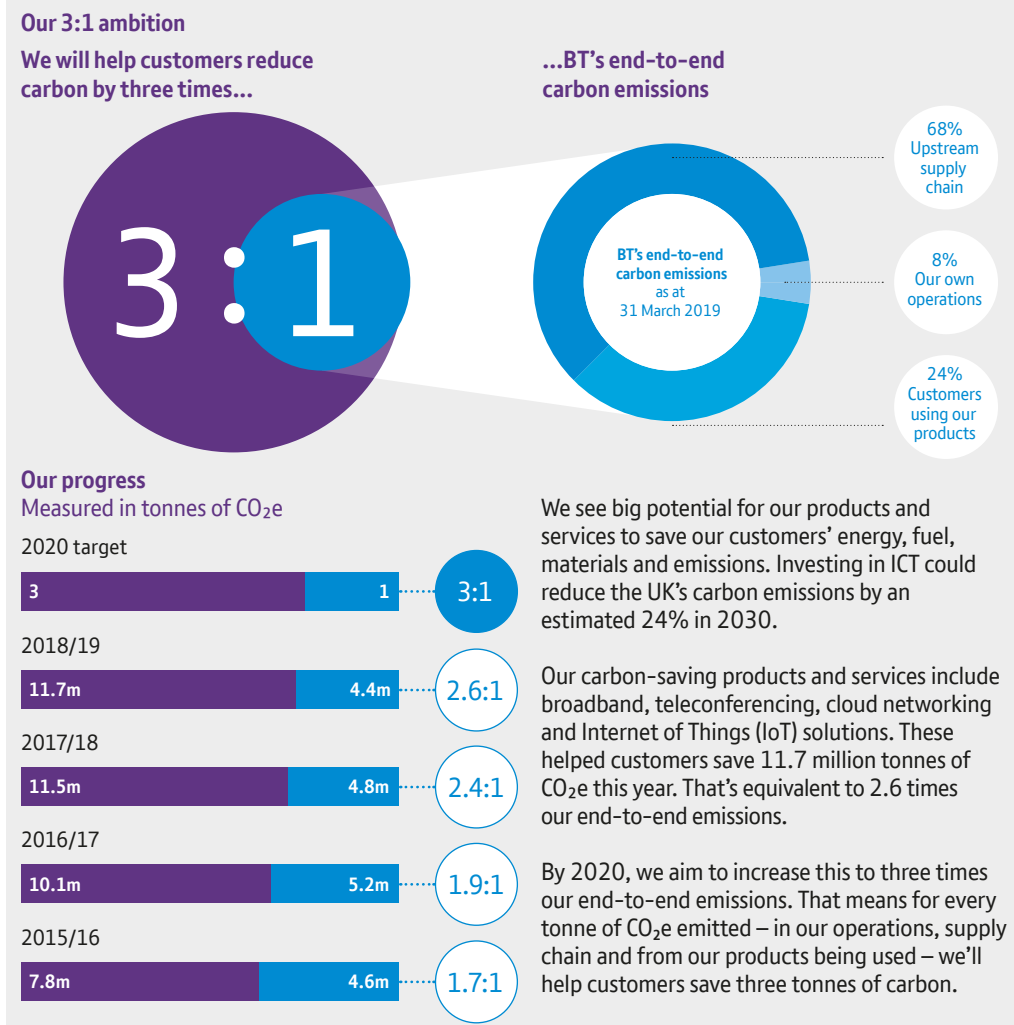
If customers switch to renewable energy at home, this cuts emissions from the energy it takes to power our products in use. This year, we continued to offer BT home-mover customers £130 off their energy bills when they move home if they switch to renewables with Good Energy.

We also encourage customers to return their products for recycling after use as part of our efforts to support a circular economy (see page 25).

Helping customers save emissions

We're not just reducing our own carbon footprint, we're helping our customers reduce theirs too.

Our 3:1 ambition

We will help customers reduce carbon by three times...

...BT's end-to-end carbon emissions

3:1

BT's end-to-end carbon emissions as at 31 March 2019

68% Upstream supply chain

8% Our own operations

24% Customers using our products

Our progress
Measured in tonnes of CO_2e

2020 target
| 3 | 1 | 3:1 |

2018/19
| 11.7m | 4.4m | 2.6:1 |

2017/18
| 11.5m | 4.8m | 2.4:1 |

2016/17
| 10.1m | 5.2m | 1.9:1 |

2015/16
| 7.8m | 4.6m | 1.7:1 |

We see big potential for our products and services to save our customers' energy, fuel, materials and emissions. Investing in ICT could reduce the UK's carbon emissions by an estimated 24% in 2030.

Our carbon-saving products and services include broadband, teleconferencing, cloud networking and Internet of Things (IoT) solutions. These helped customers save 11.7 million tonnes of CO_2e this year. That's equivalent to 2.6 times our end-to-end emissions.

By 2020, we aim to increase this to three times our end-to-end emissions. That means for every tonne of CO_2e emitted – in our operations, supply chain and from our products being used – we'll help customers save three tonnes of carbon.

13 CLIMATE ACTION

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Helping customers save emissions continued

Reducing customers' network emissions

We're working with Cisco to cut customers' emissions by moving communications network hardware into the cloud. Our software defined wide area network (SD-WAN) reduces the number of servers and devices companies need to manage their network. This means less energy used for power and cooling, and engineers don't need to travel to sites to maintain them. We estimate this could save customers more than 500MWh of electricity per year.

Applying the Internet of Things

IoT technology enables objects and machines to send and receive data. Analysing that data can help customers save energy, emissions and fuel. The team at our dedicated centre of excellence is exploring IoT solutions for customers in sectors like retail, logistics and transport.

This year, we launched an IoT-enabled vehicle monitoring system for customers after trialling it in Openreach's fleet. Called Auto Mate, the system collects fuel economy and carbon footprint data so customers can spot ways to reduce the environmental impact of their fleet.

Our Final Mile service gives business customers access to 1,000 UK locations with secure IoT-enabled delivery boxes and lockers. Customers use the network of lockers to give their engineers the right spare parts to get their job done, reducing wasted travel time and emissions from fuel use. Our own engineers are using the lockers to reduce their travel time.

We've also been trying out IoT solutions at 22 of our own buildings in the UK. Real-time energy monitoring makes heating, cooling and lighting systems more efficient.

How we help customers reduce CO₂e emissions

Impact	Reduces need for travel	Reduces energy use	Reduces amount of materials and manufacturing
Savings (CO₂e)	9.5m tonnes	1.4m tonnes	0.8m tonnes
Types of products and services	• Broadband • Conferencing • Teleconferencing • Field Force Automation • BT Apps (remote collaboration) • Machine to Machine (M2M) connectivity, such as smart meters and vehicle telematics • BT Automate	• Broadband • Ethernet • IP Communications (cloud-based VoIP phone systems) • BT Mobility (BT One Phone) • BT Apps (remote collaboration) • BT Connect Cisco SD-WAN	• Broadband • Ethernet • IP Communications (cloud-based VoIP phone systems) • BT Mobility (BT One Phone)

Adapting to climate change

Climate change presents increasing risks to our business, including risks to the security and resilience of our assets. We're adapting so we're prepared to manage these risks.

We need to be ready to protect our equipment and infrastructure from more unpredictable and extreme weather like heatwaves, storms and floods. This includes sealing street cabinets against rising floodwaters, defending telephone exchanges from floods and setting up satellite connections when land-based telecoms are down.

We've mapped our UK sites that are at most risk of flooding. This year, we continued to invest in improved flood protection measures at high-risk sites to support the recommendations of the UK Government's National Flood Resilience Review. We're also helping our customers protect communities from flooding. Our IoT technology is supporting specialist provider of rail, civil and infrastructure engineering services, Stobart Rail and Civils, to deliver critical flood defence equipment around England more quickly and efficiently when needed by the Environment Agency, and we're piloting similar technology with the Department for Infrastructure in Northern Ireland.

Our emergency response team was called out when a wildfire broke out across Saddleworth Moor near Manchester in June 2018. We provided satellite infrastructure and vehicles equipped with a 4G mobile network to get the emergency services connected while they responded to the fire.

We tested portable wi-fi systems developed by Jāngala that help get people online in emergency humanitarian situations (see page 09). We're also building the UK's new Emergency Services Network (ESN), extending 4G coverage and creating a modern voice and data platform which will enable the emergency services to improve front-line operations and work more closely together.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

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Supporting a circular economy

No one likes to see things go to waste, including us. That's why we're looking for ways to support a circular economy by designing products responsibly to reduce waste and turn unavoidable waste into resources. This means getting the most value, and causing the least environmental harm, from the resources we use.

Reducing equipment and product waste
Our product teams and design agencies ask suppliers to use fewer raw materials when they design our products and packaging. This year, we partnered with a supplier to reduce packaging materials for EE's mobile broadband devices.

We encourage customers to return their products to us so we can recycle or refurbish them. EE's Recycle & Reward programme and instructions on BT's website make it easy to return products.

Taking action on plastic waste
We're putting circular economy principles into practice by reducing post-consumer plastic waste. We've got rid of the plastic wrapping used to deliver our phonebooks – all 22 million of them delivered in 2019/20 will be plastic free – and we've shrunk the plastic surrounds for the SIM cards we send to customers.

Our UK catering facilities are going plastic-free too. We've got rid of plastic straws, switched to wooden stirrers and are stopping using plastic cutlery, which we estimate will save 1.3 million items over the next year. Our staff restaurants offer a discount to people bringing their own cups, we've introduced compostable single use coffee cups at some locations, and we're working with our suppliers investigating options to recycle the rest. We're working with our waste contractors to increase recycling rates and we're asking our employees to do their bit (see case study).

22 million
Phonebooks (without plastic wrapping)

Getting drastic on plastic
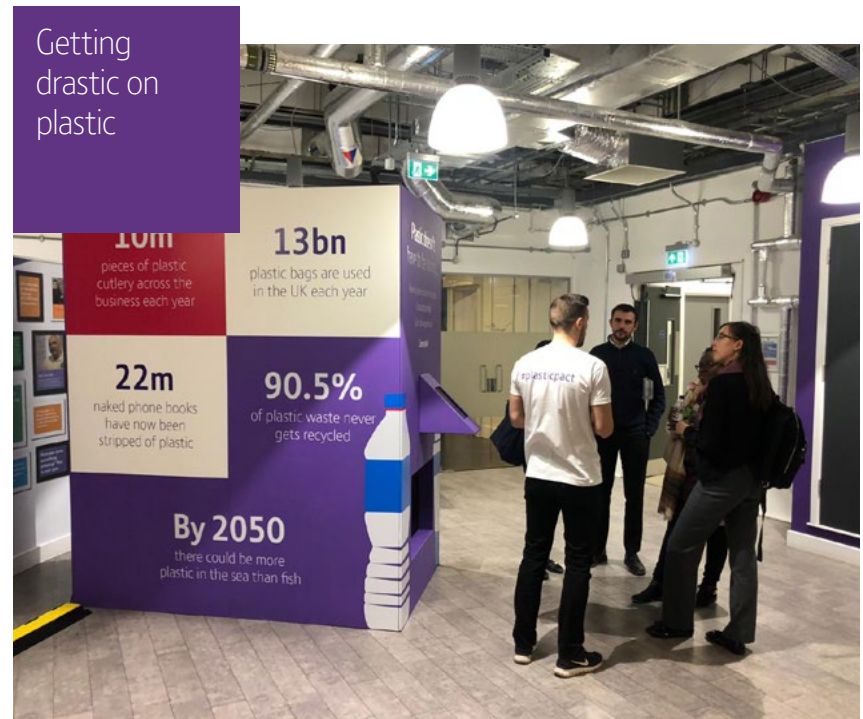
Around 90% of global plastic waste has never been recycled and around 40% of plastic produced each year is packaging, most of which is disposed of within a year. This year, we asked our people to get drastic on plastic. Over 4,500 of them joined our plastic pact, making personal pledges to reduce their plastic use at home and at work. A pop-up booth across our sites tested people's knowledge of plastic waste and handed out prizes like reusable cups.

90.5%
of global plastic waste has never been recycled

40%
of plastic produced each year is packaging used only once before it's binned

Managing environmental impacts

We focus on climate change because it's the most material environmental issue for our business. But we also strive to conserve natural resources like water, reduce waste and manage risks so we don't harm the environment. Our employees play their part by using less energy, reducing business travel and recycling waste, and are encouraged to use our conferencing technology to reduce travel.

We have a group-wide environmental policy and environmental management system, certificated to ISO 14001 in ten countries. We've simplified the way we manage environmental risk across our business this year, establishing an Environmental Management Governance Group to oversee this globally.

Waste and recycling
We produced 29.4 ktonnes of waste in the UK this year (15% more than last year): however, we recovered or recycled 99.6% of this. Specialist contractors deal with any hazardous waste we produce in line with regulations.

This year, we have increased the number of regular waste management checks at each site. These involve operational waste managers from across BT with site specific responsibility for waste issues and are co-ordinated by the waste aspect team. Any issues found are recorded, prioritised and followed through by this team.

See supporting data for further performance data.

Water use
We use water mainly in the cooling systems at our exchanges and data centres, in our welfare facilities and our staff restaurants. Our water use increased by 8% since last year to 2 million m³, partly due to introducing more adiabatic cooling systems that use water instead of greenhouse gases to cool our network (see page 21).

We're changing the way we source our water to give us better transparency on what we're using and help us manage consumption. We continue to monitor water use and target leaks.

Managing fuel storage
Our back-up generators keep our UK telephone exchanges, data centres and mobile base stations going to keep people connected, even when the power goes out. They're run on diesel and we've more than 6,500 oil storage tanks across the UK, largely to fuel these generators. We carefully manage the risks of oil spills or leaks from the tanks and we're taking steps to ensure compliance with changing legislation.

Biodiversity
We promote biodiversity at our sites by providing natural habitats for flora and fauna to thrive. This year, we introduced a natural environment aspect to our environmental management system to improve focus, by bringing together issues previously managed through differing aspect groups.

We aim to conserve, enhance and manage the natural environment wherever we work, and we record incidents or risks as they occur. This year, we worked with the Bat Conservation Trust to update our bat policy and we surveyed 84 of our sites for bat protection measures. Our people and our contractors get involved in projects to enhance biodiversity at our sites, such as planting wildflowers.

Air pollution
We're developing plans to increase the number of ultra-low emission vehicles in our fleet that will help to reduce our impact on air pollution (see page 21). Our IoT solutions are also helping local authorities to collect real-time data so they can tackle air pollution hotspots. This year, we began working with two UK councils to collect air pollution data from our InLink street units.

See supporting data for further performance data.

More on our environmental management and performance

See the Environmental management appendix to this report for more performance charts and information on compliance and how we manage environmental risk and impacts.

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Strong foundations

Our strategy is built on strong foundations. We expect everyone at BT to behave ethically. We're attracting and developing diverse talent to help us achieve our ambitions. And we support employee wellbeing to keep our people safe and healthy.

4,000 Apprentices
hired in year

106,700 Worldwide number of employees

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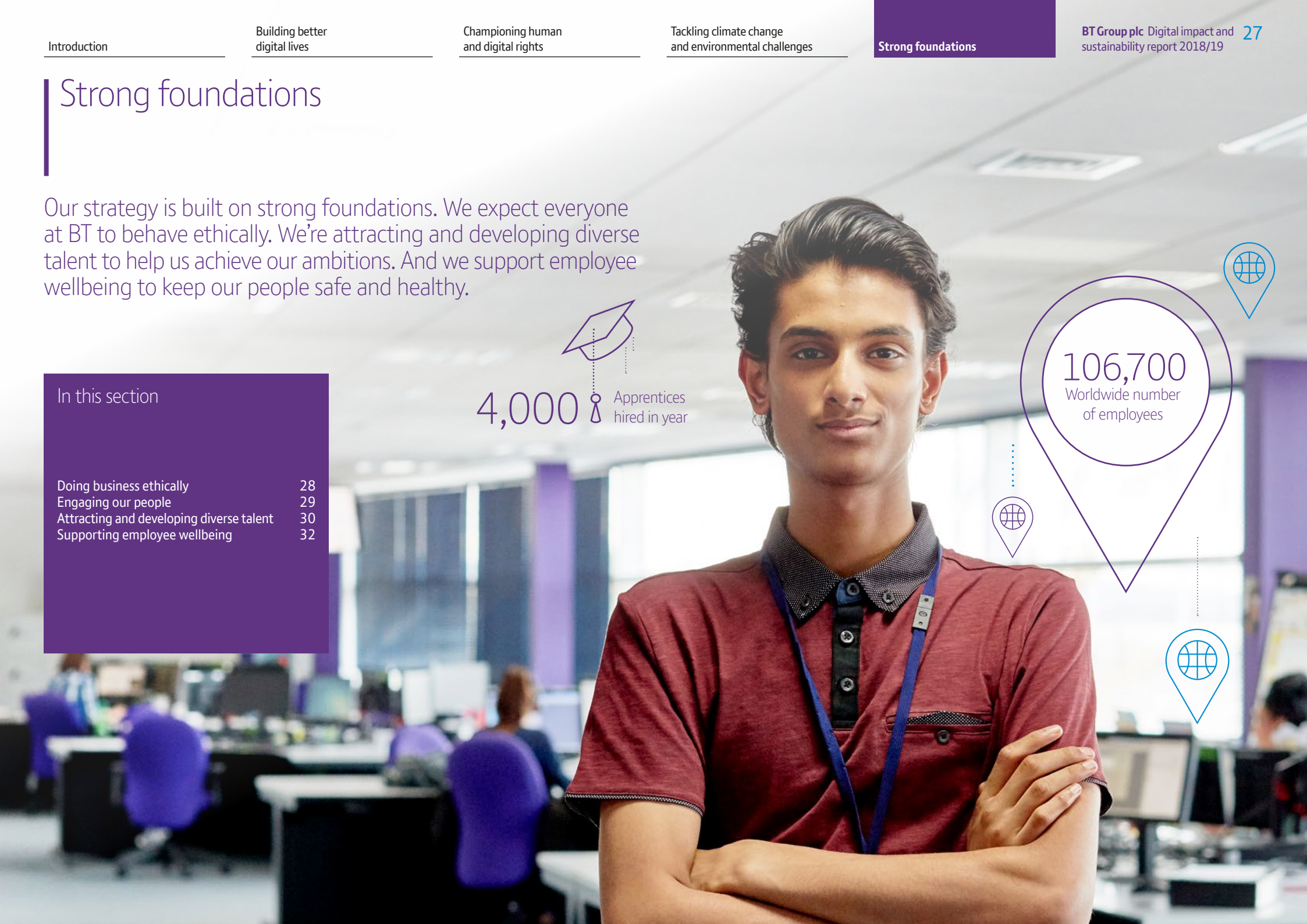
Doing business ethically

Everyone who works with us has a part to play in our company success. Our ethics code sets out our expectations to help our people make the right decisions. We relaunched it this year as part of The BT Way. This is our new guide to the company culture and organisational structure, including the values we aim to live by every day.

The ethics code is designed to be clear, simple and accessible. It explains how we do things at BT – how we work, how we treat each other and how we expect everyone to behave. It applies to everyone who works for, with, or on behalf of BT, anywhere in the world.

Building awareness
Everyone working at BT must complete annual training on our ethics code – 99.7% of our people did so this year.[1] We promoted the code as part of the launch of The BT Way with leader videos, quizzes and news stories. We also encourage our leaders to lead by example and promote doing the right thing to their teams.

We measure how engaged our people are on ethical issues as part of our employee survey, Your Say. This year we added seven new questions on ethics in addition to the four already in the survey. This will help us to gain broader insights into our peoples' views on ethics.

In the latest survey, 86% agreed or strongly agreed that we do business ethically, up from 83% the year before.

Targeting bribery and corruption
We don't tolerate bribery or corruption in any form. Our anti-corruption and bribery policy makes this clear and we reinforce this message through mandatory annual training on our ethics code.

We provide further training on anti-corruption to people working in higher-risk roles or environments. This year, over 27,000 of our people completed that additional training. We also require our people to formally register potential conflicts of interest.

Speaking up
If anyone is worried about an ethical issue, we want them to feel safe and confident to report it.

This year, we launched a new web page called Tell Us. This is a one-stop-shop with everything our people need to know about how to report a concern or ask for help.

Applying our ethics code

Everyone's expected to:

- be familiar with the ethics code and apply it every day

- follow the ethics code – even if it goes against a local custom

- live our values

- know where to go for help

- call out wrongdoing.

People managers also need to:

- be a strong ethical role model

- create an open culture where people can raise concerns without fear of retaliation

- trust their team to make decisions but verify their approach and understanding

- regularly discuss the ethics code with their team

- recognise people in their team who do the right thing.

They can report their concerns through our confidential Speak Up hotline – anonymously if they prefer (subject to local laws). It's also open to contractors and suppliers. People raised 525 concerns this year, approximately 9% more than in the previous year.

Acting on improper behaviour
We investigated concerns and took further action on 29% of the cases we closed this year, including disciplinary action, coaching or training, and improvements to our policies or procedures. The rest were unsubstantiated, duplications, follow-ups of existing cases, or redirected to more appropriate reporting channels.

Despite our efforts, not everyone gets it right every time. We disciplined 231 employees as a result of ethical misconduct this year, and 98 left the company[2]. The most common issue related to company vehicles, for example the unauthorised use of vans outside of company hours.

A responsible approach to tax
We're committed to paying our fair share of taxes and conducting our tax affairs ethically. Our tax strategy explains how.

We're proud to be a major contributor of taxes in the UK. This year, we paid £317m in corporation tax and the One Hundred Group 2018 Total Tax Contribution Survey ranked us the fifth highest contributor in the country for the third year running.

See our Annual Report for more on our tax payments this year.

1 Excludes those on maternity, paternity, long-term sick leave or with other extenuating circumstances.
2 UK only, excludes EE and Plusnet.

Engaging our people

We employ 106,700 full-time equivalent people in 60 countries. They are central to our business success. We listen to what they have to say because it's important to us. And we empower them to deliver our purpose and live our values: Personal, Simple, Brilliant.

Engaging people through our purpose

We want every one of our people to be involved in helping us use the power of communications to make a better world. We asked our colleagues if they thought their work contributes to BT's purpose. 92% told us they did, up from 91% last year.

The BT Challenge Cup competition is one way we bring our purpose to life. Anyone from across BT can take part and more than 6,000 did this year. We received 1,100 team entries spanning 38 countries. Around 20% of entries were in the Delivering our Purpose category, including efforts to support us in tackling issues like reducing our environmental footprint.

We also encourage our people to volunteer their time to support our digital impact and sustainability strategy, through programmes like Barefoot Computing (see page 08).

We also encourage our people to volunteer their time to support causes linked to our purpose (see page 12).

Listening to our people

Our Your Say survey had an increased response ratethis year, with 87% of people giving feedback in January 2019 compared with 86% at the same time last year.
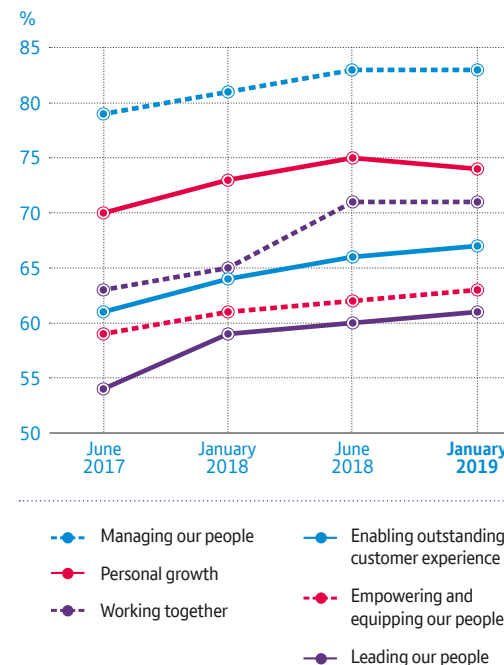
Overall employee engagement has gone up by three points to 77%, in line with our target to improve our relationship with our people year on year. Of those surveyed, 77% feel proud of the service we're providing to our customers (a five point increase from last year) and 91% are clear about what's expected of them at work.

Although this year's survey results showed a largely positive improvement, there are still areas to address. Change management is one. 69% of our people understand our plans for transformation (see box). But they want us to speed up the process to overcome uncertainty as the business evolves.

Your Say survey results

	June 2017	January 2018	June 2018	January 2019
Employee engagement	72%	74%	76%	77%

Responses to driver categories

Legend:
- Managing our people
- Personal growth
- Working together
- Enabling outstanding customer experience
- Empowering and equipping our people
- Leading our people

Transforming BT

We've set an ambition to make BT a brilliant place to work, focusing on three of the most impactful areas of employee experience: a brilliant career, a workspace that works and a culture our people can thrive in. This is part of the One BT plan that will see the business change radically over the next three years.

The transformation programme includes introducing new career levels and pay ranges, refreshing our office estate, and developing new tools, skills and processes to enable more collaborative and agile working. By the time we've finished, we'll have created a simpler, more agile and modern BT.

We're also reshaping our workforce as part of our drive to transform our operating model. This year, 14,700 people left the company: 10,800 through natural attrition, and 3,900 through paid leaver programmes. To support people through this journey we've consulted with unions, work councils and employee representatives, as well as the individuals directly impacted, and we continue to provide outplacement support, pension advice and access to our employee assistance programme.

Attracting and developing diverse talent

We want everyone to feel able to be themselves at BT. We see the value in diversity and strive to provide a fair and inclusive workplace for everyone. We've set bold targets for gender balance and ethnic diversity at the most senior levels of the business. And we remain firmly committed to these ambitions through times of transformation.

Our diversity and inclusion strategy

Diversity

Our policies and processes support the hiring, development, progression and retention of diverse talent

Targeted development for under-represented groups. Greater awareness and challenge of bias

Building the pipeline / *Creating the environment* / *Growing Capability* / *Building sponsorship* — **Better together**

Inclusion

An inclusive environment where we understand what inclusion means and how we can work in an inclusive way

Alongside transparent aspirations and data, visible sponsorship from our leaders and further investment in our employee networks

Creating an inclusive workplace

Executive sponsors for our active people networks – disability, gender balance, LGBT+, and ethnicity – champion our agenda on diversity and inclusion.

We're committed to reducing bias. Our leaders set the tone. This year, we've been training our senior leaders to help them identify their own bias and understand how it affects their actions and leadership style. Leaders at all levels can access discussion guides, videos, podcasts and other online resources to help them make decisions and build more inclusive teams.

We've also introduced structured training around particular aspects of diversity to build our senior managers' confidence on these topics.

Our employee networks connect people from around the business with similar experiences and values. Our networks include carers, disability, ethnicity, ex-armed forces, faith, gender, LGBT+, and neurodiversity. Volunteers from the networks were on hand to answer questions and speak from personal experience at a series of roadshows this year that encouraged people across the business to chat about diversity.

Embracing diversity

We want to make sure no one faces barriers to working at BT.
We're working hard to build a pipeline of diverse talent for our business by supporting:

Armed forces veterans
Skills developed in the armed forces are highly transferable to many of the roles we offer, particularly in Openreach and in our cyber security teams. We actively recruit armed forces leavers and veterans to work with us. This year, we ran 34 Transition Force workshops around the UK with members of our armed forces network on hand to talk to potential employees.

Disability
Business Disability Forum named us a Disability Confident Leader in recognition of our work to remove barriers to employing disabled people at BT. This year, we hosted an event at BT Sport Studios to showcase how diversity initiatives have benefited our business as part of our efforts to encourage others to become Disability Confident employers. We also continued our partnership with the Premier League (see box on next page).

Gender balance
We've set targets to achieve greater female representation at senior levels of the business. We're members of the 30% Club, a campaign to achieve at least 30% women on FTSE 350 boards, and three out of 11 of our board members are women. We've made good progress towards our 2021 target (30% of our senior leadership team, the top 100 leaders, to be women), we're now at 25%, up from 20% last year. But following restructuring, the number of women in our most senior roles (our top circa 600 leadership and management positions) has reduced from 32% to 31% overall against a 40% target by 2021. We were listed in the Times Top 50 Employers for Women and the Bloomberg Gender Equality Index this year.

LGBT+
Led by our LGBT+ network, we attended various regional Pride events around the UK and Ireland during 2018. We also broadcast an event globally via WebEx that focused on the importance of building LGBT+ allies across the business and encouraged people to join in and support their colleagues.

Neurodiversity
This year, we launched a new employee network for neurodiversity to build understanding and minimise barriers in the workplace for neurodivergent individuals. We advertise jobs, particularly in the cyber-security space, that encourages and enables neurodivergent individuals to apply. And we take part in an employers' forum chaired by Cyber Exchange to help us better understand how to attract, recruit and retain neurodivergent employees.

People from black, Asian or minority ethnic backgrounds
By the end of 2020/21, we want 15% of our senior management team to be black, Asian or another minority ethnicity. We're supporting people who want these roles to build our talent pipeline. Our ethnic diversity network hosts meetings and networking events to support people with high potential through the Aleto Foundation and we're working with Business in the Community (BITC) to mentor black and ethnic minority people. BITC listed us as one of the UK's Best Employers for Race in 2018.

Attracting and developing diverse talent
continued

Inspiring disabled people through sport

We firmly believe that everyone should have access to the same opportunities – not just at BT, but in society. And sport is a powerful enabler of change. That's why we've partnered with the Premier League since 2016 to create opportunities to inspire people with disabilities through sport.

We're supporting dedicated disability officers at 28 football clubs within the Premier League and English Football League, who work in their local communities to make sport an inclusive pathway to education, apprenticeships and employability.

BT volunteers also helped them run 662 disability sports festivals around the country this year.

Together, we reached more than 24,000 people with disabilities this year and we helped to professionally develop 501 people on how to be more inclusive in their approach to involving disabled people in sport.

BT Sport also produced and broadcast short films to raise the profile of this project and to send a message about making sport – and society – more inclusive for all.

Building the pipeline

We're determined to build a strong pipeline of diverse talent to take on leadership roles in the future. Programmes like TechWomen and our furtHER programme in partnership with Code First: Girls are encouraging women to gain tech skills and enter tech careers at BT (see pages 10–11).

We're investing more in front-line engineers and we're one of the largest private sector recruiters of apprentices in the UK with almost 6000 learners currently on apprenticeships with us – this year, we took on almost 4,000 new apprentices. We also took on over 400 graduates globally.

As well as professional and technical skills, one of our talent programmes focuses on building future leaders. Of the 300+ people who began our 2017/18 12-15-month Future Leaders programme, over 270 have either completed it or are nearing its completion – 30% of which have already become managers. 96% of participants say the programme has prepared them for leadership and 92% of line managers agree. In addition, more than 300 people have joined a new cohort and begun the next Future Leaders programme.

All of our people have the opportunity to discuss their development needs with their managers regularly. We also offer training to help colleagues enhance their skills and careers with us. Our people completed an average of 28 hours of training this year and our online learning portal, the BT Academy, received around 45,000 visits per month.

> " As we go through a period of change and transformation at BT, diversity and inclusion is more important than ever. Our new organisational design is an opportunity to attract, identify and develop both existing and fresh talent and grow an ever-more diverse workforce – safeguarding our business for the future."

Alison Wilcox
BT's HR director

+300
people started our 12–15-month Future Leaders programme this year

30%
have already become managers

Reporting on the gender pay gap

For our second annual gender pay gap report, we've changed the way we collect pay data. We've adjusted our figures in order to draw a meaningful year-on-year comparison.

Our median gender pay gap for 2018 was 5.0%, up from an adjusted 4.7% the year before. This is well below the average of 19.6% for the telecommunications sector, but we recognise there is still more we can do.

Find out more in our gender pay gap report.

10 REDUCED INEQUALITIES

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Supporting employee wellbeing

We care about our people and their wellbeing supports the wellbeing of our business.

Our first priority is to keep people safe at work by preventing physical injuries. Supporting their health and mental wellbeing is also vital to help them thrive.

We have implemented a company-wide and Board-endorsed health, safety and wellbeing strategy. Our health, safety and wellbeing policy outlines our approach and we regularly review our performance with our senior leaders through twice-yearly Board review and quarterly health, safety and wellbeing forums chaired by our Human Resources Director.

Keeping people safe

This year, our lost time injury rate remained low at 0.238 incidents per 200,000 hours worked. This is a slight increase from last year, but with such low rates, small numbers can impact significantly on the results.

Falls from height and slips, trips and falls were the main types of injury recorded – around half by Openreach engineers. Incidents are investigated so we can learn from them and take steps to prevent similar incidents happening in future. This year, we introduced a new ladder system to reduce risk of injury from one of the biggest safety risks in our business, working at height (see case study).

Our new global procurement standard extends specific health and safety requirements to all our contractors and suppliers and we have additional rules for suppliers doing high risk work, including working at height or with high voltage electricals.

The Health and Safety Executive have not issued us with any prohibition or improvement notices this year and we have not faced any prosecutions.

Promoting wellbeing

Sickness absence has slightly increased this year to 2.36% of calendar days lost, compared to 2.30% last year. Work-related mental health issues have continued to decline, with most reasons being related to issues outside work, such as personal relationships, caring responsibilities and financial worries.

Making ladders safer

Openreach engineers use ladders to climb poles and also access customers' properties and we've introduced a new system that mitigates the risk of falls in two ways. Firstly the system anchors the ladder to the wall or pole, and secondly the engineer is attached to the ladder itself by a harness.

We're rolling this system out across Openreach. We've already trained more than 2,000 people on how to use it and initial feedback has been positive. By December 2020, all our Openreach engineers will be using this system.

2,000+ trained
We've already trained more than 2,000 people

We've increased our focus on mental health training across the business and created an online training course designed to help managers spot signs of poor mental wellbeing and respond appropriately. We're also providing targeted support for managers and their people in absence hotspots. Absence due to mental health issues is relatively high among younger colleagues, so we ran a campaign to raise awareness among young people on World Mental Health Day in 2018.

We know change, and the impact of change, can be unsettling so we provided additional support to help people through a period of transformation at BT. This includes videos, additional training for senior managers and tips on how to manage personal wellbeing through times of change. Financial problems can also be a significant cause of stress. This year, we began offering colleagues the opportunity to apply for loans at affordable rates to help pay off debts.

More than 1,200 colleagues joined a masterclass on how to identify and manage stress this year. We offer a weekly online mindfulness class to help reduce stress, improve productivity and help people sleep better. And 14 people trialled a five-week training programme called the Zen Den.

We recognise the impact of early intervention for mental health issues and offer a service for UK colleagues to access cognitive behavioural therapy counselling. We've also expanded our peer-to-peer support network and it is now available in some locations outside of the UK, including Ireland, France and Switzerland. Trained volunteers offer confidential support and signposting to colleagues who need someone to talk to. More than 200 people have joined the network and completed the training to date.