Making it happen

Using the power of communications to make a better world.

BT Group plc
Delivering our Purpose –
update on our progress 2017/18

In this report

This report explains how we've been delivering our purpose during 2017/18.

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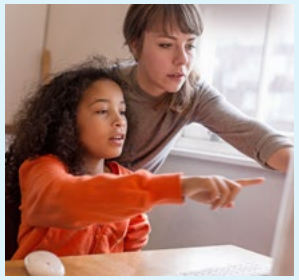

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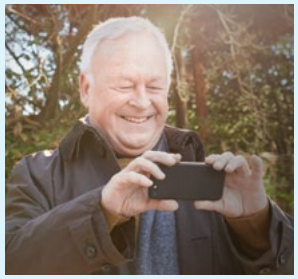

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Introductions from our Chairman and Chief Executive

Our purpose is to use the power of communications to make a better world. We're making this happen through our products and services, as part of our culture and in partnership with others.

Jan du Plessis
Chairman

Gavin Patterson
Chief Executive

"As incoming Chairman, I'm excited to see the positive impact that our technology and people can bring to society and the environment. We know there's great potential for this to grow further, and remain committed to helping the next generation to thrive in an increasingly digital world. As we transform our business to support our evolving strategy, I look forward to helping BT to continue delivering its purpose."

Jan du Plessis
Chairman

Connecting society

Our business is focused on connecting people to the digital world, and we've played a leading role in bringing superfast broadband to 95% of the UK. Our 4G services are available to over 98% of the population. Now we're going further by increasing access to ultrafast broadband, extending our community fibre partnership scheme and finding exciting new ways – like the use of drones – to help bring broadband to remote locations. This creates an exciting platform to build from.

We're committed to helping to build a culture of tech literacy in the UK. We believe that having the confidence to use everyday technology, to understand how it works and the role it can play in shaping society, is as important for the next generation as reading and writing. We've now reached more than 57,000 teachers and, through them, 1.6 million children. This keeps us on track to reach five million by 2020. We're also supporting teenagers and those who are about to start work through our network of passionate volunteers under the Work Ready programme.

We offer products and support to help our customers to stay safe online. We invest heavily in protecting the data we host and are one of the largest recruiters of cyber security professionals in the UK. Our portfolio is developing to make it easier for vulnerable groups like the elderly or disabled to access our networks. In the UK we've built a partnership with Action on Hearing Loss, and are developing a set of propositions for customers with hearing impairments. This year, our Connecting Africa programme, which aims to digitise health records in sub-Saharan Africa, received the World Economic Forum's 'New Vision for Development' award.

This year we helped to raise over £100m to support a number of charities and important causes; through telethon appeals, 'text to donate' lines, our commission-free online fundraising platform 'MyDonate', and the donations of BT Sport customers via The Supporters Club.

Protecting the environment

Tackling climate change has been a priority for us over the last 25 years. We're already a 'net positive' business, with our products and services saving our customers more than double our own carbon footprint. We aim to use 100% renewable electricity wherever we can. This year, we've declared a bold new ambition, that by 2030 we'll reduce our carbon emissions intensity by 87%. We've also set a target to reduce our supply chain emissions, by 29% over the same period. These targets align with the most ambitious aim of the Paris Agreement – to contain global warming to no more than 1.5°C by the end of the century. And we're one of the first companies to set such targets.

Behaving responsibly

We're a signatory to the UN Global Compact principles, are committed to implementing the UN Guiding Principles on Business and Human Rights and are actively contributing to the UN Sustainable Development Goals. This year we've been creating an over-arching human rights policy, and updating our ethics code. We've issued statements on our gender pay gap, on modern slavery, and on the transparency of our tax reporting. We expect our suppliers to uphold many of the same standards we set for ourselves.

We're using the power of communications to make a better world. You can read more about how we do this in the pages that follow.

Gavin Patterson
Chief Executive

1. Being purposeful

We've evolved our strategy to focus on converged connectivity and services. We're creating value for our business and our stakeholders by using the power of communications to make a better world.

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Overview and highlights

Our purpose is as simple as it is ambitious: to use the power of communications to make a better world.

The world is changing. Around the globe, we're witnessing political upheaval, social and demographic changes, increasing economic inequality, depletion of natural resources and worsening climate impacts. We believe technology can play a leading role in meeting these challenges and creating opportunities.

We've set bold ambitions to put our purpose into practice – by connecting society, helping people thrive in an increasingly digital world and protecting the environment. We're doing this through our products and services, and through our people. In doing so, we're creating long-term value for our business and our stakeholders.

We look beyond BT too, using our influence and partnering with others to drive change. Together, we can do even more to respond to some of the world's biggest social and environmental challenges – as set out by the UN Sustainable Development Goals (SDGs). We're a signatory to the UN Global Compact (UNGC) and we highlight our contributions to the SDGs throughout this report.

Digital technologies bring huge benefits to many individuals, businesses, and communities. But they also create dangers – threats to data security being chief among them. We work hard to defend our customers from these risks and we help them understand how to protect themselves too. By helping more people get online, we're also helping to address the risk of social isolation from being left behind by the digital revolution.

2017/18 highlights: how we're helping to meet global challenges

Climate change and resource scarcity

Targets
We've launched a new 1.5°C science-based target to help avoid the worst effects of climate change: we aim to reduce our carbon emissions intensity by 87% by 2030 (from 2016/17 levels).

Page 32

Suppliers
We've also set a 2030 target to cut our supplier carbon emissions by 29% (from 2016/17 levels). We've already introduced such a requirement into our contract with Huawei, one of our strategic suppliers.

Page 32

Customers
Our products and services helped customers save 11.3m tonnes of CO_2e emissions this year, more than double our own end-to-end emission levels.

Page 35

Social disadvantage

Products and services
Our products and services have helped 4.6m people overcome disadvantage since 2014/15.

Page 18

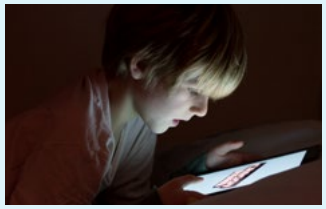
Charities and volunteering
We helped charities raise £109m this year to help good causes, and 39% of our people volunteered their time.

Page 26

Modern slavery
We're taking a stand on modern slavery, and we partner with Unseen to encourage others to do the same through a 24/7 helpline.

Page 46

Data security, privacy and online safety



Investing in skills
We're one of the UK's largest recruiters in Cyber security, and this year have invested in over 90,000 hours of specialist training to protect our business and our customers.

Page 21

Fighting cyber crime
We've signed an information-sharing agreement with Interpol, and set up an information exchange on malicious domains with other communications service providers, to lead the fight against cyber crime.

Page 22

Partnerships
We work with Internet Matters to help parents keep children safe in the digital world. This year EE became their first mobile partner.

Page 21

Keeping up with technological change

Barefoot computing
Over the last three years, we've helped over 1.6m children develop the tech skills they'll need for the jobs of the future.

Page 23

Work ready
We provided training and work placements to help 810 young people improve digital skills and get ready for work, exceeding our commitment to the UK Government.

Page 24

Smart cities
Through our new centre of excellence, we're exploring ways to use the Internet of Things to make cities work better – for people and the environment.

Page 35

Our business

Our vision is leadership in converged products and services, delivered brilliantly in the UK and for multi-national corporations.

We have updated our strategy and will implement a new three-year plan, which we will deliver through three strategic priorities:

– delivering differentiated customer experiences

– investing in integrated network leadership

– transforming our operating model.

For more details, see our Annual Report.

openreach

Following Ofcom's Strategic Review of Digital Communications, Openreach now has greater autonomy as a legally separate company within the BT Group. Openreach has an independent board and governance structures to demonstrate the controls we apply to sharing information.

International Integrated Reporting Council's capitals

This key provides a mapping to the 'capitals' of the IIRC's Integrated Reporting (IR) Framework.

You can find out more at: www.theiirc.org

- (F) Financial
- (H) Human
- (M) Manufactured
- (I) Intellectual
- (S) Social
- (N) Natural

What sets us apart

(F) Financial strength
We're focused on growing our cash flow over the long term.
£3.0bn normalised free cash flow generated in 2017/18

(H) Our people
Their commitment, expertise and diversity are key to our success.
105,800 employees
82,200 in the UK

(M) Networks and physical assets
We continue to invest in these to improve the experience we offer our customers.
27.5m premises passed by our fibre footprint
90% 4G geographic coverage

(I) Research and development
We're one of the largest investors in research and development in the UK.
c£510m R&D spend
97 patents filed

(S) Our culture
'The BT Way' and our values express how we work together and what we expect from our people.
Personal Simple Brilliant

(I) Our brand
Our brands are a key asset.
BT plusnet EE openreach

(N) Natural resources
We use some natural resources in doing business.
81% of the worldwide electricity we buy comes from renewable sources

What we do

Our purpose is to use the power of communications to make a better world.

Our vision is leadership in converged connectivity and services, brilliantly delivered.

Our goal is to drive sustainable growth in value.

How we're organised

From 1 April 2018

- Customers
  - Consumer
  - Business and Public Sector
  - Global Services
  - Wholesale and Ventures
  - Openreach
- Corporate Units
  - Technology, Service and Operations
  - Strategy and Transformation

From 1 October 2018

- Customers
  - Consumer
  - Enterprise
  - Global Services
  - Openreach
- Corporate Units
  - Technology, Service and Operations
  - Strategy and Transformation

Stakeholder outcomes

Customers
4.3% improvement in Right First Time performance
2.5m BT Call Protect customers

Communities and society
£35.9m investment in society
39% BT people volunteer
£374m UK corporation tax
£109m raised for good causes

Employees
74% employee engagement outcome
86% maternity return rate
11% improvement in accident rate
1% improvement in sickness absence

Suppliers
£13.7bn spent with suppliers
92% with top 1,000 suppliers

Shareholders
10.55p proposed final dividend
15.4p for the full year

The environment
8.9% reduction in CO_2e emissions
1.7% reduction in energy consumption

Creating shared value

Our goal is to drive sustainable growth in value. Our purpose is vital to achieving this goal.

Delivering our purpose helps us mitigate risks, manage costs, and generate new opportunities for our business and society. It supports our aim to make BT the best place to work and it helps us create value – for our business, our stakeholders and society.

How we create shared value

For shareholders

We made £23.7bn in revenue.

We awarded shareholders full year dividends of 15.4p.

Annual Report

For our customers

Customer perceptions continued to improve with a 8.3 point rise in our Net Promoter Score.

Our Right First Time performance improved by 4.3% this year.

Annual Report

For employees

We employed 105,800 people in 59 countries.

Employee engagement remained strong at 74% in our latest survey.

Investing in our people, page 49

For the economy

We supported more jobs by spending £13.7bn with 18,000 suppliers.

We paid £1.1bn in taxes and we were the 5th highest tax contributor in the UK.

Sourcing responsibly, page 47

A responsible approach to tax, page 44

For society and the environment

We invested £35.9m this year to help achieve our purposeful business ambitions.

That's 1.02% of last year's adjusted profit before tax.

Governing our purpose, page 11

For our business

Carbon-reducing products and services racked up £5.3bn (22% of our total revenue).

Helping customers save emissions, page 35

We've saved £28.7m on our fuel and energy bill this year, and £250.7m since we started our energy-saving programme in 2008/9.

Reducing our emissions, page 36

Contributing to the UN's Sustainable Development Goals (SDGs)

The UN launched its SDGs in 2015. Since then, we've been exploring how we can play our part.

This year, we took a closer look at how 37 of our products, programmes and services could help, including those that aim to:

- create a more inclusive digital society Page 18
- make cities more sustainable Page 35
- support a circular economy by recycling our old equipment and encouraging consumers to do the same Page 38
- tackle modern slavery Page 46
- promote environmental sustainability among our suppliers Page 48.

We found that these activities support 13 of the 17 SDGs, but that most often they contributed to the goals on industry, innovation and infrastructure, decent work and economic growth, climate action, partnerships, clean energy, poverty and responsible consumption.

We're using these findings to understand how we can work with others to make an even bigger impact. We're also exploring how we can more accurately measure our progress against the goals.

Throughout this report we show which SDGs each of our case studies impact. See page 64 for more on the UN's SDGs.

Our priorities

What matters to our stakeholders matters to us. We listen to discover what they care about most. That helps us prioritise, and guides what we set as our targets.

As well as our ambitions, we also use a range of other foundation measures to track our performance as a sustainable and responsible business. We highlight progress against these goals throughout this report, and collate their results in our key non-financial metrics appendix.

Our ambitions

Chapter	Ambition	Measure	Progress to date	Target date
Connecting society	More than 9/10 people in the UK will have access to our fibre-based products and services Page 14	9/10	Ambition now superseded. 95% of UK premises passed by superfast broadband[a]	2020
	Help 10 million people overcome social disadvantage through the benefits of our products and services Page 18	10m	4.6m helped since 2014/15	2020
	Help 5 million children receive better teaching in computing and tech skills Page 23	5m	1.6m helped since 2014/15	2020
	Use our skills and technology to generate more than £1bn for good causes Page 26	£1bn	£531m generated since 2012/13	2020
Protecting the environment	Help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business Page 30	3:1	2.2:1 ratio achieved during 2017/18	2020
	Reduce our carbon emissions intensity[b] by 87% (from 2016/17) Page 32	87%	6.8% reduction achieved in 2017/18	2030
Behaving responsibly	Inspire at least 66% (two-thirds) of our people to volunteer their time and skills Page 50	66%	39% volunteered in 2017/18	2020

a Including other network operators.
b Measured for Scope 1 & 2 greenhouse gases, per unit of gross value added.

Our priorities continued

Listening to our stakeholders

We want to know what our stakeholders are thinking and we welcome their feedback – good or bad. This helps us understand how we're doing so we can improve.

We're in daily contact with stakeholders like our customers, employees and suppliers. We interact regularly with investors and with both governmental and non-governmental organisations. The partnerships and groups we're part of, such as the World Economic Forum and the World Business Council for Sustainable Development, also give us a broader view, help us challenge our thinking and partner with others on projects to create a more sustainable world.

The grid (right) shows the issues that came up among each stakeholder group this year and which they care about most. This year, the issue raised most frequently across all stakeholder groups was cyber security, privacy and data security – with even more emphasis on this topic than last year. Digital skills also increased in importance.

Within the broad topic of economic impacts, stakeholders were most concerned about pensions and geopolitical factors including the UK's exit from the EU. These topics are covered in our Annual Report.

What matters to each of our stakeholders

	Connecting society					Protecting the environment				Behaving responsibly				
	Network investment & innovation	Customer experience	Skills, inclusion, accessibility	Data & cyber security and privacy	Communities & charities	Carbon emissions	Renewable energy	Sustainable consumption	Air pollution	Ethics	Human rights	Equality (inc. fair pay)	Health, safety & wellbeing	Economic impacts
Customers	●	●	●	○		○	○	○	○	○		○		○
Employees	●	●	○	○	●	○	○	○	○	○	○	○	●	○
Suppliers	○		●	○		●	○	●		○	○	○	○	
Socially responsible investors	○	○	○	●	○	○	○	○		●	○	○		●
Mainstream investors	○	○		●						●		○		●
Governments & regulators	●	○		○		○			○	○	●	○		●

● Most significant topics for each group of stakeholders
○ Other significant topics

Economic impacts

Within the broad topic of economic impacts, stakeholders were most concerned about pensions and geopolitical factors including the UK's exit from the EU. These topics are covered in our Annual Report.

Our priorities continued

How we prioritise

At the end of every calendar year, we analyse how important different topics are to our stakeholders, and map them against their potential impact on our business through our materiality process (see page 61). Our approach is assured against the AA1000 Assurance Standard 2008.

We use the results to make decisions about strategy and we focus our reporting on our most material issues.

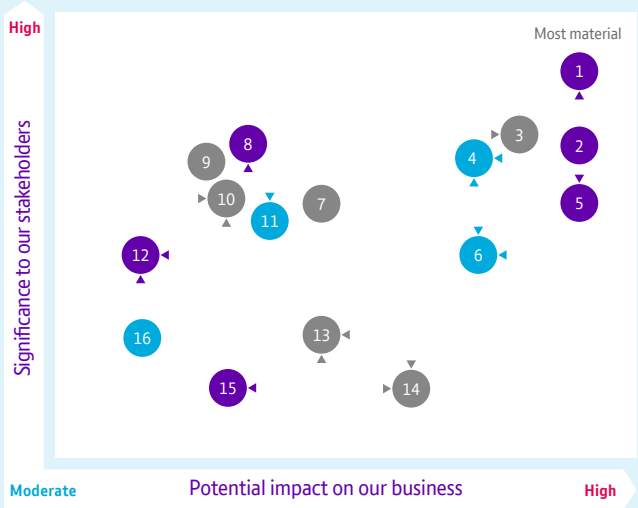
Overall, our five most material issues remain largely unchanged since last year, with cyber security rising in significance to top the list (see chart). Air pollution has emerged as a material issue for the first time in recent years.

We've also seen growing interest and regulation in the transparency of corporate reporting in a number of areas this year, alongside concerns over fake news. Hot topics include tax transparency, modern slavery and the gender pay gap, on which we've published new statements this year.

Emerging technologies such as artificial intelligence, the Internet of Things (IoT) and big data are also piquing the interest of stakeholders. We use these technologies within our business already, and are exploring how they could be further applied. See page 35 for more on how we're using IoT to tackle environmental impacts.

Stakeholders no longer see health concerns about radio frequency emissions as a significant issue, but we continue to monitor ongoing research on this (see the most recent factsheet from the World Health Organization).

Stakeholder materiality analysis



1 Data & cyber security and privacy
2 Network investment and innovation
3 Business ethics
4 Climate change
5 Customer experience
6 Renewable energy and energy efficiency
7 Economic impacts
8 Digital inclusion, accessibility and skills
9 Equality and diversity
10 Human rights
11 Sustainable consumption
12 Customer online safety
13 Business and fair pay
14 Health, safety and wellbeing
15 Community and charity support
16 Air pollution

Movement since 2017
- ▸ Greater impact
- ◂ Lower impact
- ▲ More significance
- ▼ Less significance

For more details, see report chapter:
- ● Connecting society
- ● Protecting the environment
- ● Behaving responsibly

All scores are scaled relatively against our most material issue

Identifying and managing risks

Assessing risks helps us determine potential impacts on our business. We use our enterprise risk framework to identify and manage risks, as described in our Annual Report.

Five of our principal business risks relate directly to our purposeful business agenda:

- Processing our customers' data, including risks related to the new EU General Data Protection regulation
- Security and resilience, including risks of cyber attacks and threats to physical infrastructure from climate-related risks
- Supply chain risk, including risks from emerging geopolitical changes and threats related to climate change, modern slavery and cyber security
- Ethical culture and controls, including anti-bribery and human rights risks
- Health, safety and wellbeing risks to our workforce.

This year, we conducted a review of longer-term risks out to 2025, including climate-related risks, across our business. Climate change is a trigger to several of the risks we identified, with extreme weather posing a threat to the resilience of our network and the security of our supply chain. As a signatory to the Climate Disclosure Standards Board's (CDSB) Statement of Fiduciary Duty, we see disclosure on climate change as part of a company's duty to its shareholders.

See our Annual Report for more on our principal risks.

Governing our purpose

Our governance structures help us instil our purpose throughout our business and drive progress towards our ambitions.

Leadership

Our Board-level Committee for Sustainable and Responsible Business (CSRB) leads our purposeful business strategy and oversees progress towards our ambitions.

Members include BT executive management and non-executives, some of whom are independent (see table). In November 2017, Jan du Plessis became a CSRB member on joining BT as our new chairman and Jasmine Whitbread, a BT non-executive director, took over from Sir Michael Rake as chair of the CSRB.

The CSRB meets twice a year and reports to the Board annually. This year, it reviewed updates and progress across all areas of our strategy and agreed to maintain focus on engaging and inspiring our employees through our purpose. It also approved our new science-based ambition to reduce our carbon emissions intensity (see page 32).

Committee for Sustainable and Responsible Business

2/2 Jasmine Whitbread (chair) [a g]	0/0 Baroness Margaret Jay [f]
1/1 Sir Michael Rake [b]	2/2 Lisa MacCallum
1/1 Jan du Plessis [c]	2/2 Gavin Patterson [e]
1/1 Niall Dunne [d e]	2/2 Gunhild Stordalen
2/2 Phil Hodkinson	1/2 Alison Wilcox [e]

BT
Independent
Meetings attended

a Jasmine Whitbread was appointed chair on 1 November 2017
b Sir Michael Rake stepped down from the CSRB on 31 October 2017
c Jan du Plessis became a member of the CSRB on 1 November 2017
d Niall Dunne stepped down from the CSRB on 1 November 2017. The interim chief sustainability officer attended the meeting in December
e BT employee
f Baroness Margaret Jay stepped down from the CSRB on 14 April 2017
g Non-executive director

This year, the committee undertook a field trip to the East of England region, to hear first hand how BT's purpose is brought to life locally. This included visiting a school to see our tech literacy programme in action.

Governing our purpose continued

Investment

Foundation measure

Investment to accelerate our purposeful business approach; to be more than 1% of previous year's adjusted profit before tax (PBT)

2017/18 performance

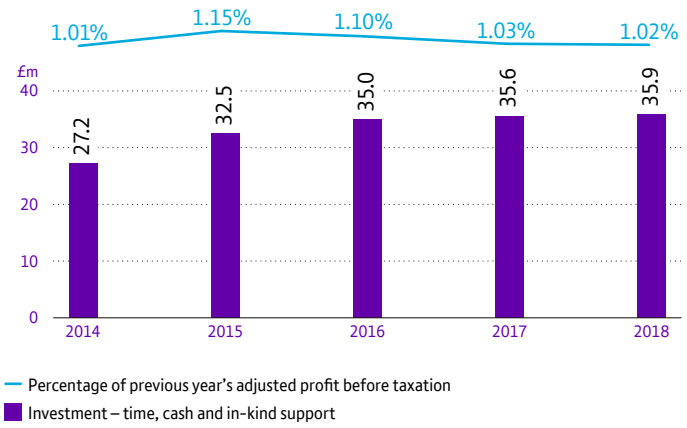
1.02%
of PBT invested

1.06%
5-year average

Our core business products and services make an important contribution to delivering positive social and environmental outcomes.

In addition, the CSRB oversees a dedicated investment into initiatives specifically designed to support our ambitions and contribute to broader economic growth. This year, we invested £35.9m, comprising a mix of cash, time volunteered and other in-kind contributions. Over the last five years we've invested an average 1.06% of our adjusted profit before tax.

Total investment in society
Year ended 31 March



Accountability

In keeping with the principle of single-point accountability, decisions are taken by our chief executive, Gavin Patterson, who exercises delegated authority from the Board. He's advised by our Executive Committee (ExCo), which provides input, offers recommendations and acts as a forum for robust debate.

The ExCo is now the executive management team for BT, and replaced the Operating Committee in 2017. It focuses on creating and communicating a compelling vision, overseeing performance and risk mitigation, setting the tone for our organisation, culture and people, and establishing a governance framework and guidelines. Our chief sustainability officer (CSO), or our interim CSO, met with the ExCo and previously our Operating Committee twice this year.

Our governance structure is designed to enable timely and appropriate decisions at the right level of the organisation. The BT Investment Board meets every other month to provide recommendations and input to support decisions about capital investments and operating expenditure. Our Audit & Risk Committee reviews our management of risks, including those related to issues such as ethical controls, data privacy, and health, safety and wellbeing. All significant announcements are reviewed by our Disclosure Committee for accuracy and compliance requirements.

The chief executive officers of our customer-facing units have targets on social and environmental performance included in their personal scorecards. These non-financial measures are factored into their remuneration packages, alongside financial performance.

Of course, we can't achieve our ambitions without the help of our people. See page 51 on how we engage them in our purpose.

2. Connecting society

We're helping more people get the benefits of a connected society by building the infrastructure, services and skills they need to get the most out of our increasingly digital world.

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Progress against our ambitions

27.5m
premises can now get our superfast broadband

4.6m
people we've helped overcome social disadvantage through the benefits of our products and services

1.6m
children have received better teaching in computing and tech skills

£531m
we've helped to raise for good causes

Overview and highlights

We're helping people thrive in today's rapidly evolving digital world.

We've a big role to play as the UK's digital champion. What we're doing is at the heart of the Government's strategy to build the infrastructure and skills needed to develop a world-leading digital economy that works for everyone.

Both in the UK and overseas, we're going above and beyond to help millions of people overcome social disadvantage through the benefits our products and services bring. We're also using our technology and expertise to help charities support more people in need.

We're extending connectivity by rolling out our fibre and mobile networks across the UK and we're committed to keeping people connected, even in emergencies. These are just two of the ways we aim to offer a great customer experience.

Getting online opens the door to opportunities that can transform people's lives. It can mean better access to training, jobs or healthcare. Even the ability to keep in touch with friends and family can extend a valuable lifeline. We're helping to build an inclusive digital society to make sure no one is left behind, regardless of age, income or disability.

For vulnerable people in particular, the internet can be a scary place with unseen threats from digital fraudsters and predators. We work hard to protect customers' data from cyber criminals and we offer tools and guidance to help them protect themselves from the dangers of a digital world.

We're also preparing for the future by helping the next generation learn the skills they'll need to thrive in an increasingly digital world.

2017/18 highlights: Connecting society

Broadband coverage

Helped the Government reach 95% of UK premises

We've helped the Government achieve its goal of 95% superfast broadband coverage for homes and businesses in the UK.

Page 14

Reaching communities

250th hard-to-reach community connected

We've partnered with 250 hard-to-reach communities to help them get superfast broadband and we've extended the deal to communities with charities, not just schools.

Page 15

Connecting the world

Improving healthcare in Ghana

Our grant has helped to recruit, train, equip and deploy more than 1,750 community health workers across 20 regions, reaching nearly 900,000 people.

Page 18

Cyber security

Investing in cyber skills

We're one of the UK's largest recruiters in Cyber security, and this year have invested in over 90,000 hours of specialist training to protect our business and our customers.

Page 21

Online safety

Partnering to keep kids safe online

We work with Internet Matters to help parents keep children safe in the digital world. This year EE became their first mobile partner.

Page 21

Cancer Research

Supporting Stand Up To Cancer

More than 13,000 BT people raised over £130,000 for the Stand Up To Cancer campaign through our partnership with Cancer Research UK this year.

Page 26

Building tech literacy

Acclaim for Barefoot

Our Barefoot programme was named by teachers as the top computing resource at primary level, reaching over half of UK schools.

Page 23

Training young people

Helped 810 young people get Work Ready

We provided training and work placements to help 810 young people transition to work, exceeding our commitment to the UK Government.

Page 24

Helping good causes

£109m

We've helped to raise a total of £109m this year for good causes, of which a record £62m came through our MyDonate platform.

Page 26

Building infrastructure

We're investing in getting people online across the UK so everyone can benefit from better connections.

We've the UK's biggest and fastest 4G mobile network and we now provide 4G coverage across more than 90% of the country. We aim to expand 4G to reach 95% of the UK's geography by the end of 2020. The work we're doing to extend 4G coverage will support the new communications network we're helping to create for Britain's emergency services. People in remote areas will also benefit from extended coverage and a better signal.

To meet the demand from businesses, we're continuing to expand the availability of Ethernet in the UK and our global network is supported by in-country networks and infrastructure. We offer our widest range of network services, access technologies and coverage in the UK.

Ambition

By 2020, more than 9/10 people in the UK will have access to our fibre-based products and services

2017/18 performance
Ambition superseded:
95%
of UK premises now passed by superfast broadband[a]

a Including other network operators.

Our customers want reliable access to our high-speed networks wherever they are. That makes both coverage and reliability key factors for our customers' experience (see box).

This year, we contributed to the Government's goal of 95% superfast broadband coverage – at 24Mbps or above – for homes and businesses in the UK. Our fibre broadband network now passes more than 27.5m UK premises and we provide fibre-to-the-premises to more customers than any other UK service provider.

We're moving on from our 2020 ambition to give nine out of ten people in the UK access to fibre-based products and services. Openreach now plan to extend fibre reach even further, both at superfast and ultrafast speeds (see our Annual Report for more details). We also run one of the world's biggest wi-fi networks, with around 5.9m BT Wi-fi hotspots.

Getting it right for our customers

Foundation measure

Consistently improve Right First Time across our entire customer base year on year

2017/18 performance
4.3%
improvement in 2017/18

We want to provide an outstanding customer experience every time, and we're pleased that our customer Right First Time measure has improved by 4.3% compared with last year. For more information see our Annual Report.

We've continued to invest in our networks, including making them more weatherproof. This has contributed to us having 104,400 fewer network faults this year. This in turn both helps customer service, and reduces the need for engineering works and disruption.

This year, through our contractors, we were responsible for around 270,000 roadworks projects across the country, including over 42,000 in London. While the vast majority of them are completed without incident, we don't always get it right. We're working hard to improve standards, and the number of prosecutions upheld in relation to these roadworks declined to 39 this year (down from 66 last year).

We also work hard to keep people connected in emergencies. Page 17

Building infrastructure continued

Partnering with communities

Sharing the cost of connection through community fibre partnerships is a great way to reach areas that aren't covered by the Government's plans for superfast broadband delivery, or for communities to get faster speeds.

Residents, businesses, charities and schools can club together and apply for funding to support the cost of building better broadband infrastructure in their community. Grants of up to £30,000 are available, to cover up to a maximum of three-quarters of the cost of installing fibre by partnering with Openreach.

Our focus was initially on communities with a school to support better internet access for children and teachers, but now we've opened it up to communities with a local charity too. Since 2016, we've signed more than 550 community fibre partnership deals. Around half of them are currently benefiting from fast broadband as a result (see Kirsty's story, right).

New research estimates that community fibre partnerships could generate more than £340m in social and economic benefits over 15 years. The study looked at the impact on 60,000 premises in around 400 communities, highlighting an average of £800,000 in potential benefits per community. Businesses are estimated to gain £158m from efficiency improvements, flexible working, and access to new business opportunities. Residents could get more than £80m in social benefits from access to online tools for services like health, employment and learning.

Kirsty's story

Cothrom, meaning opportunity in Gaelic, is based at Ormiclate on South Uist. The main focus of its work is training adult learners but the group also includes a full-time Gaelic language nursery and a furniture restoration and upcycling enterprise.

"Fast, reliable broadband will make a big difference to our work. It will revolutionise what we do. We have 20 staff now and superfast broadband will make a huge difference to their day-to-day work.

The fast technology will open up a huge range of new learning opportunities to the organisation and facilitate our transition to e-learning and distance learning. We'll also be able to introduce new e-learning programmes and our staff will be able to access all kinds of online support."

Kirsty MacCormick
Manager, Cothrom Community Centre, Scotland

Reaching remote areas

Those UK homes and businesses still unable to access fibre include some of the premises that are hardest to reach. But we don't let tough terrain or difficult conditions get in the way. We're coming up with innovative ways to get even the most remote communities connected.

For example, we're bringing superfast broadband to some rural areas for the first time with our 4GEE Home Antenna service (see quote below). In customer trials in the Northern Fells area of Cumbria, this service delivered speeds of more than 100Mbps across our mobile networks. We estimate up to 580,000 homes across the UK could benefit.

We're also using drones to get fibre to hard-to-reach places (see case study) and to help us make critical equipment deliveries for maintenance or repairs in remote places like the Scottish Highlands and Islands during bad weather.

> "Fast and reliable internet is just as essential in the countryside as it is in urban areas, but unfortunately it is not currently as widely available. This is a major issue for everyday life at home – for example, students rely on decent internet for research, parents need to bank online and thousands of rural families are missing out on a wealth of on-demand entertainment. We welcome this innovative 4G solution from EE and believe it will have a big impact on some of the most remote communities across the UK."
>
> **Sarah Lee**
> **Head of Policy, Countryside Alliance**

Flying fibre in for hard-to-reach homes

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

"This year, my team faced one of our greatest engineering challenges yet: getting high-speed broadband to the tiny village of Pontfadog in rural North Wales.

First, we installed a link to the main part of the village on the valley floor. That was the easy bit. But an isolated group of 20 homes – perched up on the valley slopes – was still out of reach. We couldn't dig trenches or use satellite or wireless technology because of the terrain. That's when we decided our only option was a drone.

We attached the drone to a high-strength fishing line and flew it over trees to reach the homes. We used another rope to pull the fibre cable along the path flown by the drone. It's not something we'd tried anywhere else. But it worked so well that my team is now looking at how we can use drones to get fibre to other remote communities across the UK."

Andy Whale
Chief Engineer, Openreach

Building infrastructure continued

Keeping people connected

We're facing more unpredictable and extreme weather as the effects of climate change take hold. To keep people connected, we need to be prepared.

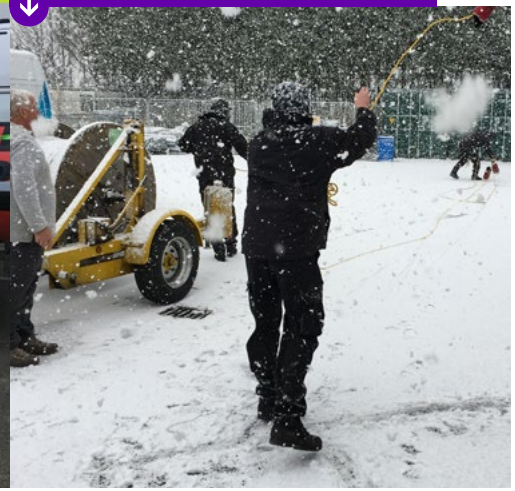
In some parts of the UK, equipment like our exchanges, cabinets and mobile base stations are increasingly vulnerable to climate-related risks. We've mapped the ones that are most at risk of flooding and we're investing in permanent flood defences. This supports the UK Government's National Flood Resilience Review and it's part of our efforts to adapt to climate change in the long term.

Scenarios we prepare for include setting up satellite connections in areas with no telecoms infrastructure, sealing street cabinets to protect them from rising floodwaters and setting up flood defences at a telephone exchange.

Vehicles equipped with satellite technology offer emergency communications in place of landlines. In July 2017, we provided emergency satellite communications when we lost power for four hours at one of our exchanges.

When Storm Ophelia was on its way across the Atlantic in October 2017, we deployed our emergency response teams to erect defences at vulnerable sites along the west coast of Northern Ireland, North West England and Scotland. Our teams were on standby during Storm Emma in March 2018 and responded quickly to flooding at our exchanges in London, Manchester and Shropshire.

As soon as we get word of a storm on the way, an imminent threat of flooding or other impending disaster, we alert our nearest emergency response team. A team of full-time staff and volunteers from across the business are trained to work in tricky conditions and ready to jump into action at any time.



Offering our expertise

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Our emergency response team also went to the British Virgin Islands in September 2017.

There they set up satellite communications to support relief efforts in the wake of Hurricane Irma.

Including everyone

We're using our products and services to help even more people take advantage of an increasingly digital world.

Ambition

By 2020, help 10 million people overcome social disadvantage through the benefits our products and services can bring

2017/18 performance
4.6m
helped since 2014/15

Access to the internet opens opportunities for better education, healthcare, jobs, economic growth and new ways of working. It helps people stay connected to friends and family and can reduce social isolation. The value of digital technology to society is expected to reach £222bn in the UK by 2025.

Government data shows that one in ten adults in the UK have never used the internet and risk being left behind. Globally, over three billion people don't have access to the internet at all. We're helping more people – including the elderly, disabled and those on low incomes – get online in the UK and beyond to help them reap the benefits of internet access. We also offer specialist products and services that help people who may otherwise struggle to use technology.

In our role as an advisor to the UK Government's Digital Skills Partnership, we're helping to shape the work of the public sector, NGOs and industry to enable people to overcome barriers. We're also partnering with Doteveryone, an independent think tank working to shape the future of how Britain (and the world) talks about technology.

Together, we developed the concept of digital understanding this year based on what's needed as an individual, a consumer, a worker and a member of society. This was presented in the House of Lords and has since informed the development of the Government's Digital Charter.

We also worked with Doteveryone to conduct the UK's first nationally representative survey on digital attitudes. It found that, while people love technology and the convenience it brings, they're concerned about its impact and whether companies can be trusted to use technology responsibly and protect personal information.

See page 20 for more on what we're doing to address these concerns.

Connecting the world

We're using technology to help more people overcome social disadvantage around the world. Getting online can change lives in remote locations by improving access to education, jobs, financial services and healthcare.

For example, we've connected more than 140,000 people in 30 villages across 13 countries in sub-Saharan Africa over the last five years through a project with our charity partner, SOS Children's Villages. At seven of these villages, we introduced an electronic medical records system that's benefited as many as 100,000 people by enabling health workers to spend less time on administration and more time with patients. They get their test results faster too. Our social impact methodology showed that digitising medical records saved more than $15,800 worth of staff time at just one clinic in Somaliland. The project was recognised by the World Economic Forum's New Vision for Development Award in 2017.

Through our collaboration with GlaxoSmithKline and Novartis we continue to support the One Million Community Health Workers campaign in Ghana, accelerating universal health coverage by training and equipping health workers. Our grant has helped to recruit, train, equip and deploy more than 1,750 community health workers across 20 regions, reaching nearly 900,000 beneficiaries.

Find out more about our global projects on our website.

Including everyone continued

Digital inclusion for all

Our low-cost 'BT Basic + Broadband' and Plusnet broadband packages help people on low incomes, and those receiving certain government benefits, to get access to the internet.

Through our partnerships with social housing providers such as Wales and West Housing, Harrow Council, Thanet Council and Look Ahead (a charitable housing association), we've helped over 130,000 tenants access wi-fi since 2014. We also offer discounted '4GEE Wi-fi' devices on a pay-as-you-go basis to social housing tenants so they can get online without needing a landline or a credit check.

In London and other major UK cities, we're installing InLink kiosks that offer an ultrafast public wi-fi service, free of charge. Over 100 are now available in London and Leeds, offering not just wi-fi but mobile and fixed-line calls, charging ports for mobile devices and information services too.

> "Together with BT, we've installed 45 wi-fi points across our estate, reaching approximately 500 flats. This has helped to reach some of our more vulnerable customers, giving them access to the internet. Now they can get information on health and wellbeing, education and employment online. The new network is a great success and we're planning to do more in the future. It's great to see BT actively trying to help the disadvantaged by providing affordable access for all."
>
> **John Tilsley**
> **IT Director, Look Ahead Care and Support**

Improving accessibility

We're always looking for ways to make our products more accessible. For example, we now have a new product that will make it easier for elderly people to use smartphones (see case study).

Together with Action on Hearing Loss, the UK's leading charity for people with hearing loss, we're also developing a range of mobile phones and tariffs aimed at their customers. This will include data-focused pay as you go plans, and handsets with accessibility features that are hearing aid compatible.

We sponsor the Tech4Good Awards to support new ideas and technology that improve lives. The world's first multiline digital Braille e-reader, Canute, won the 2017 AbilityNet Accessibility Award. It will make it easier for blind and partially-sighted children to read scientific or mathematical formulas that run over several lines. The 2017 BT Connected Society Award went to Sky Badger, an online community for disabled children and their families to connect with each other and access essential services.

We offer advice, and tailored products and services, to people with impairments through the Including You website. We were the first FTSE 100 business to include sign language videos on our website and we also offer bills and leaflets in large print, audio (CD) and Braille.

Our specially trained customer service teams help us to support customers with specific needs when they contact us. We try to understand customers' impairments or vulnerabilities – whether affecting their hearing, vision or speech – so that we can offer the best assistance every time they call.

We also offer support to people with conditions like dementia, that affect their memory, who may call us repeatedly or become confused in conversations. We're a member of the Prime Minister's Champion Group on Dementia Friendly Communities and more than 11,000 of our employees have completed Dementia Friends awareness training since 2012.

We've also continued our work with the Alzheimer's Society this year and in May 2017 we were one of the ten organisations listed in the Dementia Friendly Business Guide.

Making smartphones more accessible: a winning idea

We regularly run competitions through the BT Infinity Lab to engage with start-ups and encourage open innovation. In 2016, one of the finalists came up with a new solution, Zone V, that can make smartphones more accessible.

Older people in particular can find it difficult to read and use touch screens on smart phones because they find it hard to see text on the small screens. The Zone V software makes text, menus and icons on smartphones larger and easier to see. The phone case features a front-facing speaker and a magnifying glass over the camera, making it easier to hear calls and read small text.

We've now made Zone V available to customers. With half of over-75s not yet online, we hope that this type of innovation will help them feel more confident to get connected on a smart phone without needing to buy a specialist accessible handset.

Staying safe online

People can get a lot of positives from today's digital world. But there are hazards to watch out for too. We do our best to protect people from these risks – and help them to protect themselves.

Customers face threats from cyber criminals, scammers, fraudsters and online predators. We work behind the scenes to protect them, help them take steps to manage these risks themselves and offer an extra helping hand to people who need it, like children and the elderly.

We're working hard to help our customers stay safe online. We start by protecting our own business from the ever-present threat of cyber attacks like data theft, fraud, infrastructure damage or service interruption – all of which could affect our customers and harm our reputation.

Strengthening our defences

The large amounts of personal data we hold – including call logs, bank and credit card details – makes us a tempting target for cyber criminals.

The cyber threat to UK business 2017-2018 Report issued by the NCSC stated "the last year has seen no deceleration in the tempo and volume of cyber incidents, as attackers devise new ways to harm businesses and citizens around the globe". We have seen the capability, sophistication and speed of innovation from the attackers also increase. In the 2017 calendar year, we saw around 250,000 cyber attacks directed towards us.

Cyber security specialists: the superheroes of tomorrow

The cyber security sector is facing a shortage of 1.5 million people to fill the roles it will need by 2020. We want to play our part in helping to make up this shortfall. Cyber security professionals play a vital role in keeping critical national infrastructure safe.

We're working closely with the UK Government to promote careers in this field and give young people a chance to learn cyber security skills as an extra-curricular subject. Together, we run the Cyber Discovery programme to inspire more young people – especially girls – to take up careers in this field.

Within BT, 21 of our first cyber security apprentices completed their two-year foundation level degrees this year and we recruited 22 new apprentices. Our next intake of apprentices will be able to complete a four-year full degree apprenticeship, giving them an even stronger start in this profession.

We're also exploring how to harness the skills that people with neurodiverse conditions such as autism can offer in this area (see page 53).

"I've got Asperger's Syndrome which means I think and solve problems differently to most people. I joined BT straight from a computing BTEC at college and started my career as a cyber security apprentice. I work to keep the whole country safe from online attacks. Cyber crime is bigger than ever. We need more people who think in a unique way so we can keep one step ahead of the cyber criminals."

BT Apprentice Security Analyst

Staying safe online continued

Our strengthened automated defences were able to repel the vast majority of these attacks. Looking at the most significant incidents, the number needing manual intervention dropped by 33%. The 1.8% that got past our first line of layered defences were stopped by our highly-trained security teams.

Written procedures clearly outline team roles and responsibilities in case of a breach, and we regularly test our incident response processes. In 2017/18, we completed 230 audits to check suppliers comply with our security standards too.

The BT Security Council is responsible for cyber security and the president of BT Security regularly updates the Board on progress.

We've around 2,500 people in the BT Security team and we're one of the UK's largest recruiters in cyber security. We employ around 80 of them as ethical hackers to carry out controlled attacks to test our defences. This year, we provided 90,000 hours of training so our team is well-equipped to protect BT against cyber attacks.

Written procedures clearly outline team roles and responsibilities in case of a breach, and we regularly test our incident response processes. In 2017/18, we completed nearly 230 audits to check suppliers comply with our security standards too.

We're on constant alert and we share information about known threats with other companies and the UK Government through the Cyber Security Information Sharing Partnership. This year, we became the first communications service provider to sign an intelligence-sharing agreement with Interpol, providing information about cyber criminals, cyber attacks and malicious domain names to support the global fight against cyber crime.

We also work with others to bolster our efforts. For example, we've joined forces with Amazon Web Services to come up with a strong approach to emerging risks as more people are storing data in the cloud. We also ran a competition for small businesses asking for ideas to help secure the nation. The winning enterprise, Chorus Intelligence, uses its data analytics to support the police in building intelligence cases to help solve crimes.

Protecting people through our products

We consider security in the design of all new products and services, and we run extensive tests before offering them to customers. This year, we conducted in-depth reviews of key products and services to check for vulnerabilities.

Products like BT Web Protect, BT Virus Protect, Plusnet Protect and True Key help people detect viruses and choose strong passwords. In the event of a breach, we work with customers to reset their account information or temporarily block their account if needed. We also provide free BT and Plusnet Call Protect to help prevent nuisance calls and allow customers to add numbers to a personal blacklist.

Keeping children safe online

The internet is a fantastic tool for learning and playing. But children today are exposed to risks such as cyber bullying, online grooming and access to inappropriate content. Two in five 8 to 17 year olds say they have recently felt worried or anxious online. We're working to make the internet a safe place for children to explore.

BT is a founding partner of Internet Matters, an organisation that educates parents and teachers on keeping children safe online. This year, EE became the first mobile operator to join. Free Parental Controls on BT, Plusnet and EE products allow parents to block adult content and restrict access to social media. We've also trained staff in more than 600 EE retail outlets to help parents set up their children's mobile phones with the right controls to be safe.

We're a member of the Royal Foundation Taskforce on the Prevention of Cyberbullying and we promote their Stop, Speak, Support campaign. Our innovation hothouse with 5Rights explored how teenagers navigate the digital world (see page 25) and on Safer Internet Day in February 2018 we hosted a youth event at our head office with more than 100 key policymakers. We've also developed an educational game called Safety Snakes aimed at 5 to 7 year olds to teach them about online safety.

We support the Internet Watch Foundation (IWF), who identify webpages containing child sexual abuse content so they can be reported and removed. We were one of the first UK operators to block such content to prevent accidental access.

Our partnership with the Marie Collins Foundation is supporting children who have been harmed and abused online, by delivering training to more than 3,000 frontline staff under their Click: Path to Protection programme.

Staying safe online continued

Next year, we'll introduce two-factor authentication to all our customers. This will give them another layer of protection by requiring a second piece of information as well as a password to access their accounts. It will also help them – and us – detect suspicious activity.

We're introducing measures to strengthen email security and make it more difficult for hackers to send emails that look like they come from legitimate organisations such as banks. This year, we acted against numerous phishing sites that tried to con customers by mimicking our brand.

We share information on our website on how to monitor for and report scams. At the start of this year we set up a Malware Information Sharing Platform, to share data on malicious domains between ISPs and with the UK National Cyber Security Centre, to make it harder for cyber criminals to operate. We identified and shared 200,000 malicious domains in the first month of its operation. We're the first telecommunications provider in the world to start sharing this kind of information on a large scale, and we're urging other UK broadband providers to follow our lead.

BT works closely with the City of London Police Fraud Prevention Group to help co-ordinate anti-fraud campaigns and we work with Action Fraud and other leading organisations to improve reporting of crimes.

We're also protecting people indirectly by providing security support to businesses that hold their data. This year, we were recognised by the IDC MarketScape as a leading global provider of managed security services and the overall market leader in Western Europe. We've launched new services to help our global business customers keep data secure as they move their networks to the cloud. We also offered support to help them prepare for the new General Data Protection Regulation, that affects the way companies manage data.

Protecting people's privacy

People's concerns about cyber security are closely related to their concerns about privacy. For example, around 72% of UK people worry about their private information being exploited.

We're transparent about our privacy policies and make it easy for customers to understand what information we hold about them. Our privacy centre shows customers how and why we collect and use their personal information.

When we come up with an idea for a new product or service, we check it will meet our requirements for privacy right at the start. If it doesn't, we make changes to make sure it will before we take it any further. We call this Privacy by Design.

All our employees must complete mandatory training so they understand the issues around privacy and data protection. Non-compliance can result in disciplinary measures.

The UK Information Commissioner's Office (ICO) upheld 24 of the 36 complaints made this year about the way we processed personal data. This compares to 21 complaints upheld out of the 29 received from the ICO last year.

This year, we ran a full review of our systems and activities to prepare for the General Data Protection Regulation, including updating our privacy policies and revising customer terms and conditions for all three of our brands: BT, Plusnet and EE. We've made sure all employees who handle personal data are aware of their new obligations and appointed people to champion privacy awareness across the business. We're also amending the terms of our supplier and customer contracts to meet the new requirements.

Like others in our industry, we're legally obliged to respond to requests from law enforcement agencies to share data on our customers to support their efforts to keep the public safe from terrorism and other serious crime. We must balance this obligation with our duty to safeguard our customers' human right to privacy.

See page 45 for more on how we do this.

Building tech literacy

The next generation is growing up in a world shaped by tech. We're helping them get tech literate so they can thrive in life and work in the future.

Ambition

By 2020, help 5 million children receive better teaching in computing and tech skills

2017/18 performance

1.6m

helped since 2014/15

"Barefoot sessions are brilliant – the workshops are always so rewarding. It's great to give something back to your community, and see what a difference you make to teachers and young people. The teachers always say how useful it's been to build their tech confidence. They can't wait to use some of the activities in the classroom."

David Cobby
Barefoot Computing Project volunteer, BT

Young people need tech know-how to thrive in a digital world. It's predicted that 65% of children who started school in 2016 will do jobs that haven't even been invented yet and will likely be shaped by tech.

But there's a risk that the next generation won't have the skills to step up to the jobs of the future – or to shape a more inclusive society that works for all young people. We're using our national reach to help them make the most of technology in life and work.

Around 12 million adults in the UK don't have the skills to thrive in the digital era, and almost three-quarters of large companies and half of the UK's smaller businesses are facing a tech skills gap. This gap is likely to grow and we're convinced that improving young people's tech literacy is the best way to fill it.

Inspiring primary school children and their teachers

We're working to make tech literacy as important as English or maths for kids from day one at school. Through the Barefoot Computing Project we run with our partner BCS (the Chartered Institute for IT), we're giving primary school teachers the tools and confidence to inspire children.

We train teachers and give them free learning materials and games to encourage kids' computational thinking. That's what they need to understand the building blocks of the digital world, like logic, sequencing, abstraction and programming. Barefoot resources also help to develop other important skills like numeracy, literacy, collaboration and problem-solving.

Barefoot has been running for three academic years and it goes from strength to strength. We've reached more than 1.6 million children through more than 57,000 teachers. A recent Royal Society survey saw Barefoot named by teachers as the top computing resource at primary level. We're delighted that over half of UK schools are now benefiting.

Building tech literacy continued

Feedback from teachers tells us it's working. Barefoot-trained teachers are more confident with tech literacy concepts and use them more in the classroom than their peers.

We couldn't have done it without the help of our employees volunteering their time and skills. More than 2,000 of our people are involved in Barefoot and our Work Ready programmes (see page 52). Our volunteers tell us they're proud to take part and they gain new skills too.

Developing tech skills among teenagers

Young people are spending more time than ever on digital devices and the majority of educational tools available to 8 to 13 year olds focus on how to stay safe. This is really important (see page 21), but we think there's much more to a child's experience online.

We're partnering with the charity 5Rights to support its mission to make the digital world a more transparent and empowering place for children. This year, we ran an event with 5Rights to find innovative ways to help young people navigate the internet more confidently (see case study).

Supporting tech skills in the transition to work

Within the next 20 years, 90% of all jobs are expected to involve digital skills. Our Work Ready programme helps 16 to 24 year olds become better prepared to enter the workplace.

Through Work Ready, young people not currently in education, employment or training join BT to develop hands-on tech skills and work experience. This year, we redesigned the programme to better suit their needs, with more focus on digital employability skills.

In the 2017 calendar year, 810 young people took part in BT work placements – exceeding the 750 placements we pledged as part of the Movement to Work employer coalition that aims to improve tech skills among young people. Since the programme began at the start of 2014, over 2,800 young people have participated in placements. 57% got a job, or an apprenticeship or progressed to further education – including 129 taking roles within BT. We're proud members of the Movement to Work coalition and were delighted that our revised programme won its 2017 Award for Innovation.

We're also supporting teenagers who are still in school, but at risk of having no further education, training or employment when they finish. We run intensive one-day boot camps for 14 to 18 year olds to help them build confidence and learn skills that can help them get a job, such as CV writing, presentation and interview skills. This year, over 2,000 teenagers took part.

Many young people from disadvantaged backgrounds suffer from lack of confidence and aspiration, as well as low educational attainment. We work with trusted youth organisations to use sport and the arts to help young people take their next steps forward.

Our partnership with the Rio Ferdinand Foundation has supported over 2,400 young people in 2017 as we continued our work in Doncaster, London and Manchester, and expanded the programme into Northern Ireland. For many young people, these programmes can be a real game changer because we work with them in their community through things they love, like music and sport.

Shaping the tech literacy debate

We can't solve the tech literacy challenge alone. That's why we partner with others and get stakeholders involved through our campaign website.

In November 2017, we brought government, business and civil society stakeholders together for our third tech literacy summit at the BT Tower to discuss how to put our shared agenda into action.

We're working closely with the UK Government to support the national digital skills strategy. BT is a member of the Government's Digital Skills Partnership and we're advocating for tech literacy as part of the Cabinet Office Inclusive Economy project.

Together with Accenture Strategy, we published new research on the link between social mobility and tech skills this year. It found that the opportunities for individuals and the economy are enormous as technology transforms the way we live and work. But there is also a risk that digital technology could worsen existing barriers to social mobility, locking young people with a lack of tech know-how out of higher paying jobs and denying them the opportunity of a prosperous future. We're using the findings to shape our tech literacy agenda.

Charles' story

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

"When I left college I found it really hard to find a job. I was going to interviews but I never got through to the next round because I wasn't very confident. Someone from the job centre told me about BT work placements and I applied straight away.

On my first day at the BT call centre in Lincoln I was nervous, but everyone was really welcoming. I learnt how to improve my CV, prepare for interviews and work in a team. It also boosted my confidence. Afterwards I started applying for jobs with my updated CV and landed a job in retail. Everything I learnt on the course was crucial to helping me get the job."

Charles
22 years old, BT Work Ready participant, Lincoln

Hosting an innovation hothouse

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS

The internet's an exciting place for pre-teens and teenagers, but it can also be a little scary. Few children understand how the technology works, who else is using it and why.

In November 2017, we hosted an innovation hothouse with 5Rights where we invited 12 children from a local middle school to a one-day workshop. The kids wanted to know how companies and YouTube stars make money online, why gaming is addictive and why they find it difficult to put their devices down.

Technical, design and policy experts joined the workshop too. They came up with new ways to help children understand the commercial realities of the internet and navigate the digital world with confidence.

Who better to judge what kids would make of these ideas than kids themselves? The children formed a judging panel to critique the ideas put forward. They often surprised the adults by challenging their assumptions about what children think. We're taking the best ideas forward in the next phase of our work with 5Rights.

"It was remarkable to watch the collective creativity and expertise of so many people focused on answering the challenge of how to treat young people online."

Baroness Kidron
5Rights founder

Supporting good causes

We're using our technology and skills to help charities raise more funds to support more people in need.

Ambition

By 2020, to use our skills and technology to generate more than £1bn for good causes

2017/18 performance

£531m

raised since 2012/13

"We've made amazing progress in the fight against cancer over the past few decades, but one in two of us will still develop cancer in our lifetime, so we really can't afford to stand still. This is why BT's support of our Stand Up To Cancer campaign is so important. All the money that BT has raised will go directly to funding vital research to enable us to get new treatments to patients faster and save more lives."

Sophie Langman
Head of Corporate Partnerships, Cancer Research UK

Our products and our people have a lot to offer charities, helping them do more for good causes. Our MyDonate fundraising platform helps people raise money for thousands of charities across the UK. We also use our technology to raise funds through telethons and make it easy for people across the country to donate through payroll giving. Our people volunteer their time, energy and expertise to help (see page 52).

This year, we helped to raise £109m for good causes. The major charity campaigns we supported included:

More than 13,000 BT people supported our Stand Up To Cancer campaign this year, which raised over £130,000. More than 7,500 of them pledged to make a healthy lifestyle change which could reduce their risk of getting cancer. We created a digital cancer prevention game to educate our people on lifestyle behaviours linked to causing cancer, including obesity.

We raised over £50,000 for Unicef UK through our seasonal giving campaign, which included a Santa's Grotto event at the BT Tower, a Christmas carol concert at the Royal Albert Hall and a Christmas Jumper Day at our offices.

Around 9,000 people in over 40 countries took part in our Billion Steps Challenge. Because of their efforts, we donated £50,000 to Sport Relief. Additionally, 550 BT volunteers manned the phone lines at call centres in March 2018 to take donations. This year's Sport Relief campaign raised over £38m in total.

Iceland lava trek for SSAFA

17 PARTNERSHIPS FOR THE GOALS

Amongst the smaller charitable activities our people have supported this year, a team of Openreach people raised £37,500 for SSAFA, the armed forces charity, by trekking through volcanic and mountainous terrain in Iceland.

"SSAFA does an incredible job for our armed forces people. As an ex-serviceman myself, it was great to do something that raised money and awareness for people I served alongside."

Ian Haberfield
Openreach, and participant in the Iceland lava trek

Supporting good causes continued

Using our technology

Around one in five people in the UK say they don't give to charity because they're concerned about where the funds go. We're tackling barriers to giving with MyDonate, our commission-free online fundraising and donation platform. With no set-up fees or commission, more money goes direct to charities.

MyDonate makes it easy for anyone to raise funds for their chosen charity and ask friends and family for sponsorship. This year, Alex Ellis-Roswell raised £80,000, including over £38,000 through MyDonate, for RNLI Lifeboats by walking 9,500 miles round the coast of Britain and Ireland. A team of over 100 Nationwide employees raised more than £13,000 for three charities by pedalling their way through a one-day cycling event. Hamish Blair raised more than £8,000 for Pancreatic Cancer UK by swimming a distance equivalent to crossing the English Channel, in memory of his father.

These are just some of the inspiring stories we've heard from the tens of thousands of people we helped to raise more than £62m for 13,700 charities this year through MyDonate. It's playing a big part in meeting our target to generate £1bn for good causes by 2020.

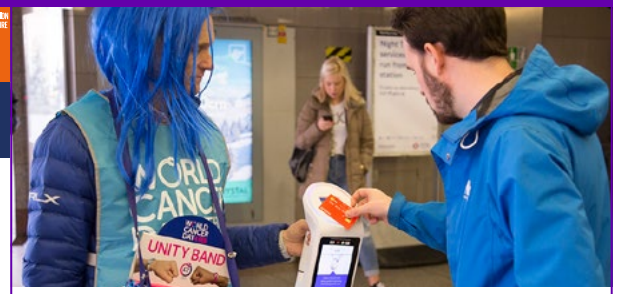
We provide phone lines, staff and technical support for charities to run telethons and online fundraising campaigns. This year, the appeals we supported included BBC Children in Need, Sport Relief, Stand Up To Cancer and campaigns run by the Disasters Emergency Committee to help people in East Africa, Myanmar and Yemen. We also provided text donation services to charities raising funds for victims of the Grenfell Tower disaster in London and the Manchester Arena terrorist attack.

Many of our people choose to give generously to charities directly from their salary through our payroll giving scheme. More than 10,000 staff gave £2.7m, up from £2.5m last year. Payroll giving is great for charities because it provides regular income to help them plan for the future. As a founding partner of the Geared for Giving campaign, we're calling on every UK employer with more than 250 staff to offer payroll giving by 2021. We're also creating a payroll giving hub that will make it easier for them to get schemes set up.

Digital Tin

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

17 PARTNERSHIPS FOR THE GOALS



This year, we continued to trial our contactless fundraising technology, Digital Tin, with several charities including Unicef UK, Comic Relief and Cancer Research UK. They used the Digital Tin in place of traditional cash collection tins to raise an average of £276 a day. People used their cards to donate an average of £4.57 each – that's over 50% higher than the closest alternative. We aim to launch the device for use by more charities in 2018.

Sport for change

We believe in the power of sport to change young people's futures, and many of our BT Sport customers opt to donate to The Supporters Club through their monthly BT bill – together we raised nearly £1.8m this year. It all goes straight to Comic Relief to support projects that improve the lives of young people in the UK and abroad through sport.

The Supporters Club is now in its fifth year. This year, we provided new grants to Tackle Africa, which promotes sexual health alongside football coaching across Africa, and The Running Charity, which uses running to build resilience, confidence and self-esteem among 16 to 25 year olds who are homeless or at risk of homelessness in the UK. We also continued to support previous grant recipients such as the Naz Foundation which integrates netball and life skills to support vulnerable women in India, with a focus on self-confidence, communication skills, health and hygiene, and financial literacy.

To mark the first year of our three-year partnership with the Premier League to inspire disabled people through sport, 12 premier league football clubs took part in a festival of sport this year. The aim is to help young people get more active and build their confidence. During the year, we showcased the partnership through short films aired in BT Sport's most-viewed slots at live games, on TV and online.

We've also worked with Swansea City Community Trust this year to develop a sports programme for children with autistic spectrum disorders. It aims to help them participate in sport and unlock their potential by developing social skills. The idea was first pitched by one of our employees through the forums we ran last year in the style of BBC's Dragon's Den programme. Specialised coaches work with the kids and we're planning to create an online app to support tutorials and further engagement activities.

> "I'm proud to work for a company like BT that makes it possible for me to take time out of my working day to support charities and volunteer my time. I had a great day at Manchester City Football Club, helping out with their One City disability schools football tournament. Sixteen teams of kids took part in the tournament. I and my colleagues were on hand to support the teachers by getting things set up, answering questions and keeping score. Seeing the facilities at Manchester City was impressive!"
>
> **Ryan Lowe**
> **Sales Manager and volunteer**

3. Protecting the environment

We're contributing to global efforts to protect the environment through our technology and influence, while managing our own impacts.

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Helping customers save emissions	35
Reducing our emissions	36
Conserving natural resources	38
Managing environmental risks	40

Progress against our ambitions

2.2:1
Our products and services help our customers cut their carbon emissions by more than double the carbon impact of our business

6.8%
We've cut our carbon emissions intensity by 6.8% since last year

Overview and highlights

We've played a leading role in efforts to combat climate change for over 25 years.

In 2008 we became one of the first companies to adopt a science-based target, aiming to radically reduce our carbon footprint and inspiring others to do the same. We achieved that carbon emissions intensity target in 2016, four years early, and now we're among the first to go a step further with a new 2030 target that will help us do our bit to try to limit global warming to 1.5°C[a].

But that's only part of the story. We're not just trying to reduce our own carbon footprint, we're helping our customers cut theirs too. That way, we can have a positive impact on the environment in the long run – and support the Government's goal to decarbonise the UK.

Our products and services helped customers avoid at least 11.3 million tonnes of CO_2 equivalent (CO_2e) emissions this year. That's already more than double our own end-to-end emissions and we want to increase it to triple our own emissions by 2020. We're exploring exciting solutions like the Internet of Things to help us do that.

Carbon-saving products and services aren't just good for the environment and our customers. They're good for business too, contributing £5.3bn to our revenue this year.

Of course, protecting the environment isn't just about tackling climate change – although that's where we can make the biggest difference. We've robust policies and systems in place to manage environmental risks and conserve natural resources, and we expect our suppliers to do so too.

a From pre-industrial levels.

2017/18 highlights: Protecting the environment

Global warming cap

1.5°C

We've launched a new science-based target to reduce our carbon emissions intensity by 87% by 2030 (per unit of gross value added) from 2016/17 levels.

Page 32

Supply chain target

Supplier emissions reductions

We've set a science-based target that, by 2030, we'll cut the carbon emissions from our supply chain by 29% (from 2016/17 levels). The contractual requirement to reduce carbon emissions with one of our strategic suppliers, Huawei, is starting to bear fruit.

Page 32

Renewable sources

100% renewable electricity

81% of the electricity we bought this year came from renewable sources. After renegotiating many of EE's contracts, we expect to be much closer to our 100% goal next year.

Page 34

Net positive landmark

2.2:1

Customer CO_2e emission savings, from using our products and services, were more than double the carbon footprint we generated end-to-end across our business' value chain this year.

Page 30

External recognition

1st in sector

The 2017 Newsweek Green Rankings named us the leading green telecommunications company once again – and the eighth greenest company in the world overall.

CDP Global Climate A-list

We're among the top 5% of companies that report to CDP's climate change programme for investors. Our A rating in 2017 recognises our leadership in cutting emissions, mitigating climate risks and developing the low-carbon economy.

2nd

We achieved second place in Carbon Clear's ranking of FTSE 100 companies for our carbon measurement and reporting.

Top 2% for supplier engagement

We earned a place on the CDP Supplier Engagement Leaderboard for our efforts to manage climate change with our suppliers, putting us in the top 2% of the 3,300 companies assessed.

Tackling climate change

Climate change is one of the world's biggest challenges. We're tackling it through targets, technology and teamwork – and using our influence to ask our suppliers, customers and peers to do their bit too.

Making a net positive contribution

Ambition

By 2020, help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business

2017/18 performance

2.2:1

ratio achieved during 2017/18

The Paris Agreement and the UN Sustainable Development Goals call on businesses to play their part in reducing global greenhouse gas emissions. We've a duty to answer that call by targeting emissions reductions across our value chain.

Our products and services can also help other people and businesses cut their carbon footprints. Research shows that investment in ICT could, by 2030, result in a 24% annual reduction in the UK's carbon emissions.

Despite the ICT sector needing more energy to deliver these savings, growing use of telecommunications doesn't mean an equivalent increase in carbon emissions. A recent study shows there's been a huge increase in data traffic globally, but emissions per user have dropped from 21.5kg CO_2e to 19kg CO_2e between 2010 and 2015 worldwide. That's because companies like us are reducing emissions by improving energy efficiency, investing in new technology and using more renewable electricity.

We're working hard to shrink our carbon footprint – from our operations, our supply chain and the use of our products – and to help our customers cut theirs. This is how we're making a net positive contribution overall.

By 2020, we want to help customers reduce their carbon emissions by three times our own end-to-end carbon impact. That's our 3:1 ambition. When we set it, we were only just net positive, with a ratio of 1.1:1. In the five years since, we've doubled that ratio, having now achieved 2.2:1, up from 1.8:1 last year.

See page 35 for more on how we're helping customers cut carbon emissions and page 36 for how we're reducing our end-to-end emissions.

Our 3:1 ambition (2020)

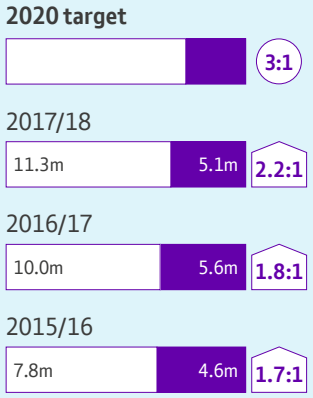
Current ratio (year ending March 2018) = 2.2:1

Split of BT end-to-end emissions

Upstream emissions (mainly supply chain)	67.4%
Our own operations	8.1%
Customers using our products	24.5%

Our starting point (year ending March 2013) = 1.1:1

Our progress



Measured in tonnes of CO_2e

Tackling climate change continued

Activities occur during the financial year ending in the year shown

● Carbon targets
○ Renewables

BT's carbon journey

1992

● Measured our corporate carbon footprint and set our first reduction target

2009

● Set our first science-based carbon reduction target, committing to reduce our 1996/97 net global carbon emissions intensity by 80% by 2020

2012

● Became the first company in the world to have product carbon footprints independently verified to the Greenhouse Gas Protocol Product Standard

2013

● Established our Better Future Supplier Forum to encourage our suppliers to innovate in sustainability

● Introduced climate action policies for our suppliers

● Developed a methodology to estimate the carbon footprint of the communications services we provided to the London 2012 Olympic and Paralympic Games, and published the results

● Launched our 3:1 ambition to drive our net positive climate impact

2014

○ Sourced 100% of the electricity we purchased in the UK from renewable sources

2015

○ Became a founding member of the RE100 renewable energy campaign, setting our goal to buy 100% of our electricity worldwide from renewable sources, wherever markets allow

2016

● Achieved our 2020 carbon emissions intensity target four years early

○ Launched #go100percent, our campaign to promote wider uptake of renewable electricity

2017

○ Acquired the mobile network EE and began working to increase the amount of renewable electricity purchased by this new part of our business

● Added a contractual requirement into the contract of one of our strategic suppliers, Huawei, to reduce their carbon emissions

2018

○ Launched our first renewable energy offer, through a consumer (broadband) marketing campaign

● Announced new science-based carbon reduction targets for 2030

○ Renegotiated some of the electricity contracts we took on when we acquired EE to increase the amount of renewable electricity we purchase, bringing us closer to our goal of 100% worldwide (where markets allow)

Tackling climate change continued

Setting science-based targets

Ambition

By 2030, reduce our carbon emissions intensity[a] by 87% from 2016/17 levels

2017/18 performance
6.8%
reduction achieved in 2017/18

Foundation measure

By 2030, reduce carbon emissions from our supply chain by 29% from 2016/17 levels

2017/18 performance
6.3%
reduction in 2017/18

"Over the past two decades, BT has made impressive progress in reducing carbon emissions. To continue this journey, our recent work together has mapped out the steps the business will need to take over the coming decades to become a truly low-carbon business. The ambition contained within the Paris Agreement gives us hope that we might avoid the most dangerous impacts of climate change. If we are going to deliver on this ambition then this is exactly the sort of leadership we need to see."

CARBON TRUST

Tom Delay
Chief Executive, Carbon Trust

For more than a decade, climate science has told us that global warming must be limited to no more than 2°C above pre-industrial levels to protect the world from the worst effects of climate change. That's what we based our first science-based target on in 2008, and we achieved this target four years early in 2015/16.

But now the science has moved on. Even if we limit global warming to 2°C, scientists warn that there will still be serious impacts on the climate and human health, with people in vulnerable regions suffering the worst effects. The Paris Agreement calls for efforts to cap global warming at no more than 1.5°C.

This year, we became the first in our sector – and one of the first three major corporates – to announce a science-based target based on a 1.5°C limit. By 2030, we aim to reduce our carbon emissions intensity by 87% from 2016/17 levels. This covers scope 1 and 2 emissions across our business and is measured per unit of gross value added.[b]

Over the same period, we're also targeting a 29% cut in scope 3 emissions from our supply chain. With over 60% of our end-to-end emissions coming from the supply chain, this is an important part of our science-based approach.

We're working closely with our suppliers to make this happen. Last year, we collaborated with one of our strategic suppliers, Huawei, to include a requirement for them to reduce emissions over the duration of their contract with us (see feature). This is the first time we've included such a clause and we plan to take this approach with other strategic suppliers in future.

We've worked with the Carbon Trust and Small World Consulting to test scenarios and develop our new climate targets, which have been approved by the Science Based Targets initiative.

a Per unit of gross value added.
b Gross value added is EBITDA adjusted (before specific items) plus employee costs.

Teaming up with others

We're doing a lot on climate change. But it's a massive global challenge and it'll take a concerted effort to beat it. In November 2017, we showed our support at the COP23 UN Climate Conference in Bonn. We talked about some of the steps we've taken and aimed to inspire other businesses to take action.

We're teaming up with others to tackle climate change as well. As a founding member of RE100, we're working with other businesses to develop a low-carbon economy. This year, we joined the Powering Past Coal Alliance to reinforce our commitment and inspire others to power their operations without coal.

The Carbon Trust continues to partner with us and we contributed to one of its reports this year to encourage other companies to support the Paris Agreement by working to keep global warming below 1.5°C.

We work with others to protect the environment through a range of other groups too, including the Aldersgate Group, the Confederation of British Industry Energy and Climate Change Board, the We Mean Business coalition, techUK and the World Business Council for Sustainable Development.

Working with our supply chain: good for us, for them, and for the environment

7 AFFORDABLE AND CLEAN ENERGY

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

It's amazing what you can do when you partner with others to tackle big challenges.

Our suppliers are crucial to helping us achieve our new science-based target, that by 2030 we'll cut the carbon emissions from our supply chain by 29% (from 2016/17 levels).

Last year, we worked with one of our strategic technology suppliers, Huawei, to agree a climate clause in their latest contract with us. Huawei is now contractually required to demonstrate carbon savings over the duration of their contract.

Over five years, Huawei expects to save 131,000 tonnes of CO_2e, which is equivalent to 1.5 times the emissions that come from making the products we're buying from them.

Our agreement will help to drive improvements further down the supply chain as a lot of savings will come from Huawei's own suppliers investing in energy-saving technologies such as LED lighting and more efficient air conditioning.

These types of improvements translate into long-term savings – not just carbon savings for the environment, but cost savings for both Huawei and its suppliers.

"We were very pleased to work with BT on this carbon saving initiative. The results have been excellent, showing a positive return for both Huawei and our suppliers. We are now looking to implement these methodologies in our supply chain and looking forward to collaborating with BT on further sustainability initiatives."

Paul Thompson
Delivery and Service Director, Huawei

HUAWEI

"These savings are even better than we originally estimated."

Tony Roy
Senior Procurement Manager – Head of Governance and Sustainability, BT

Tackling climate change continued

Promoting use of renewable electricity

Foundation measure

By 2020, buy 100% of our electricity worldwide from renewable sources, wherever markets allow

2017/18 performance

81%

bought from renewable sources in 2017/18

We use around 1% of the UK's electricity so it really makes a difference for us to go renewable. We're investing in ways to reduce the amount of energy we use to power our networks and our business, but we're always going to need some. That's where renewable electricity comes in. It gives us the energy we need without the emissions we don't.

In the UK, we increased the proportion of electricity we purchased from renewable sources to 82% this year, following renegotiation of some of the electricity contracts we took on when we acquired EE. We're now working to switch the rest of EE's contracts to renewables.

Worldwide, 81% of our purchased electricity was certified as renewable this year. A further 3% came from other zero carbon sources, such as nuclear power.

By 2020, we're aiming to purchase 100% renewable electricity for all our operations around the world – where markets allow. We'd like to do so everywhere, but in some countries there's no renewable supply, or the sources available are not certified as renewable through an internationally recognised scheme.

Beyond our own business, we're promoting wider uptake of renewable electricity – among our suppliers, our employees and our customers.

Promoting renewable electricity at every stage of the value chain

Our supply chain

We're encouraging our suppliers to switch to 100% renewable electricity with our main energy provider. The RE100 group we're part of highlighted our approach as best practice in a guide to help companies increase use of renewables in their supply chains.

Our operations

Worldwide, we purchased 81% of our electricity from renewable sources this year and we're aiming to increase this to 100% by 2020, where markets allow.

Our customers and employees

We offer BT customers who are moving home £130 off their energy bills if they switch to renewable provider Good Energy. BT employees – working or retired – can also get the same discount on their energy bills when they make this switch.

Exploring the use of alternative fuels in our fleet

Our fleet – including Openreach vehicles – is the second largest in the UK. Our engineers are on the road a lot, covering millions of miles every year to build and maintain our digital networks and connect customers across the country.

As most of the vehicles they drive run on petrol or diesel, that creates a lot of emissions. In fact, around 28% of our operational emissions come from the fleet.

This year, we've stepped up our efforts to find low or zero greenhouse gas (GHG) emission alternatives to diesel vehicles. We commissioned research to better understand the changes we'll need to make to do this and we created a working group to co-ordinate our approach across the business.

More of our people are choosing alternative fuel cars and we've introduced more plug-in hybrid electric vehicles to the company car fleet this year. We're planning to install charging points at some of our sites to make it easier for our people to use electric vehicles.

So far, we've more than 400 alternative fuel vehicles in our fleet. We've also conducted trials of electric vans: we're developing plans to deploy, where viable, the new and improved models we expect to see over the next few years.

In the meantime, we're targeting better fuel efficiency in our commercial fleet. We can also decrease emissions from travel by reducing the need for engineer maintenance call-outs, managing our networks remotely and finding smarter ways to manage engineer visits to minimise travel between stops.

Openreach is trialling the use of telematics technology to monitor and promote more efficient driving. More than 700 employees applied to take part in the annual Green Driver competition this year, to crown the most eco-efficient and safe driver among them.

Helping customers save emissions

Our products and services can help our customers cut carbon emissions – and costs – by reducing their energy and fuel use. We're looking into new technologies to help them save even more.

How we help customers reduce CO_2e emissions

Impact	Reduces need for travel	Reduces energy use	Reduces amount of materials and manufacturing
Savings (CO_2e)	8.8m tonnes	1.9m tonnes	0.6m 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	– Broadband – Ethernet – IP Communications (cloud-based VoIP phone systems) – BT Mobility (BT One Phone) – BT Apps (remote collaboration)	– Broadband – Ethernet – IP Communications (cloud-based VoIP phone systems) – BT Mobility (BT One Phone)

Saving customers' energy, fuel and emissions

Products like our broadband and teleconferencing solutions can save people having to travel to work or meetings. Our cloud services mean companies don't need to run their own data servers and electronic alternatives to physical products, like e-books and music downloads, arrive over the ether and not by van.

Across our portfolio this year (see table), we helped customers save 11.3 million tonnes of carbon emissions, 13% more than last year. Our carbon saving products and services brought in £5.3bn – that's 22% of our total revenue in 2017/18. We're looking for ways to increase these savings for customers and generate new revenue streams for our business.

We've created a centre of excellence to explore how the Internet of Things (IoT) could help. Using our connections to get sensors or machines talking to each other can improve efficiency, leading to lower carbon emissions. This can also help to address other environmental issues like air pollution (see page 40).

We've already got some IoT trials on the go. One is testing telematics systems that plug into vehicles and use our mobile networks to collect data to help drivers find better routes, drive safely and analyse fuel use. This could help businesses improve fuel efficiency, cut costs and reduce carbon emissions.

Selling solutions for smarter cities

Our focus on IoT solutions builds on the work we've been doing for a while to support smart cities and draws on what we learned with partners through the three-year MK:Smart project in Milton Keynes that concluded in June 2017. We're trialling technology to better manage traffic, streetlights and air quality (see page 40).

For example, this year 180 cyclists in Manchester began using See.Sense bike lights as part of the CityVerve project we're involved in. These lights collect and use real-time data to keep cyclists safe. They flash brightly and quickly when approaching risky spots like busy junctions. The data they collect helps city planners improve traffic management and create safer cycling routes, which in turn can support further use of this zero-emission transport.

Sensors can also be installed on street lighting columns, and other street furniture like our payphone kiosks. Our work with Suffolk County Council to put sensors on street lights was recognised as the Best IoT Project of the Year at the 2017 UK IT Industry Awards. The sensors change the lighting depending on traffic flow, saving the council energy, money and carbon emissions by turning the street lights down when they're not needed.

Through the European consortium, NRG-5, we're looking at how 5G mobile networks could be used to support smarter energy management and use of renewables. The idea is to use IoT to control use of micro-renewables like solar panels on home rooftops connected to the electricity grid.

Reducing our emissions

We're working hard to reduce emissions throughout our value chain – from our supply chain, our operations, and the use and disposal of our products.

	Upstream emissions	Our operations	Customer use and disposal of our products
% end-to-end emissions	67.4% (61.0% from supply chain)	8.1%	24.5%
Source of emissions	Emissions from the products and services we buy from suppliers, including network equipment and data centre services.	Emissions from the energy we use to run our networks and power our buildings, and from our fleet of vehicles, business travel and employees commuting to work.	Emissions from the energy our customers use to power BT products in their homes or businesses, and the energy used to recycle or dispose of products when they're no longer needed.
How we're reducing emissions	– 262 suppliers, representing 46% of our total spend, completed the CDP supply chain questionnaire. Of these, 72% have set targets to cut emissions and 61% are engaging with their own suppliers on climate change. – We're looking to introduce a new climate clause into our contracts with strategic suppliers, to reduce their carbon emissions, building on the work we've been doing with Huawei (see page 33). – Together with our main energy provider, we're encouraging our suppliers to switch to 100% renewable energy. – Our efforts to manage climate risks across our supply chain earned us a spot on the CDP supplier leaderboard. This places us in the top 2% of the 3,300 companies assessed.	– This year, we invested a further £15.7m into energy management projects that helped us save 53 GWh of energy – that's a reduction of 1.7% from last year. – Worldwide, we increased the amount of electricity purchased from renewable sources this year to 81% (from 77% last year[a]) and we're working to increase this to 100%, where markets allow. – This year we've replaced 497 refrigerant systems with adiabatic units, that use water instead of greenhouse gases to cool our network, and we've committed to accelerate our ongoing programme over the next three years. – We've set up a new working group that's looking for ways to bring more ultra-low emission vehicles into our fleet (see page 34). – We encourage people to use audio, video and online meetings to avoid emissions from business travel.	– We work with our suppliers to look for ways to reduce the environmental impacts of our products and the energy needed for customers to use them. – By encouraging customers to switch to renewable electricity (see page 34), we're helping them reduce emissions from the energy needed in their homes. – We also refurbish and reuse products such as mobile phones, tablets, home hubs and set-top boxes that customers return to us (see page 38).
Performance in 2017/18	Emissions from our supply chain have decreased by 6.3% to 3.1 million tonnes. The carbon intensity of our procurement (CO_2e emissions per £ spent) has gone down by 2.8%.	We cut our total global operational emissions by 5.4% to 0.4 million tonnes. Our total energy use went down by 1.7% to 2,735 GWh.	Total emissions from the use of our products went down by 14.8% this year.

a 2016/17 energy figures have been restated this year due to revised data from EE and MBNL.

Reducing our emissions continued

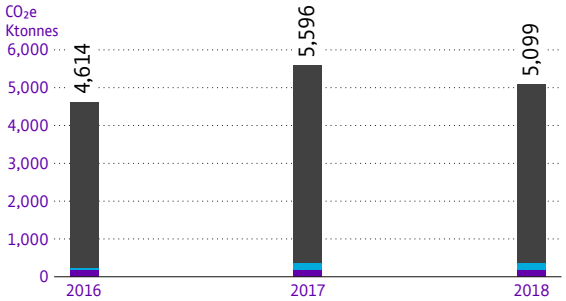
Monitoring progress

We track our progress by monitoring our carbon emissions intensity and our greenhouse gas emissions worldwide.

We also show a breakdown of our supply chain emissions and total energy use (see charts). For more details, please see the environmental data tables on our website.

Overall, our worldwide end-to-end GHG emissions fell by 8.9% this year. Our Scope 1+2 carbon intensity measure dropped from 28 to 26 tonnes CO_2e per £m value added. We cut our Scope 3 emissions by 6.9%. Our worldwide energy use reduced by 1.7%.

Our worldwide greenhouse gas emissions[a]
Year ended 31 March



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

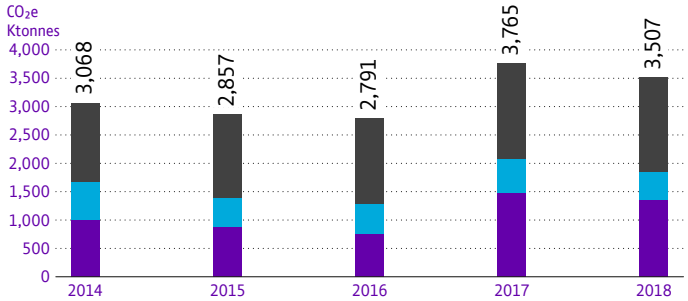
Scope 2: Indirect emissions from the generation of our purchased energy (mainly electricity)

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

CO_2e ktonnes	2016	2017	**2018**
Scope 3	4,391	5,233	**4,758**
Scope 2	51	184	**160**
Scope 1	172	179	**180**
Total	4,614	5,596	**5,099**
Scope 1 + 2 intensity: (CO_2e tonnes per £m value added)	**21**	**28**	**26**

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.

Supply chain emissions (breakdown of Scope 3 emissions)
Year ended 31 March

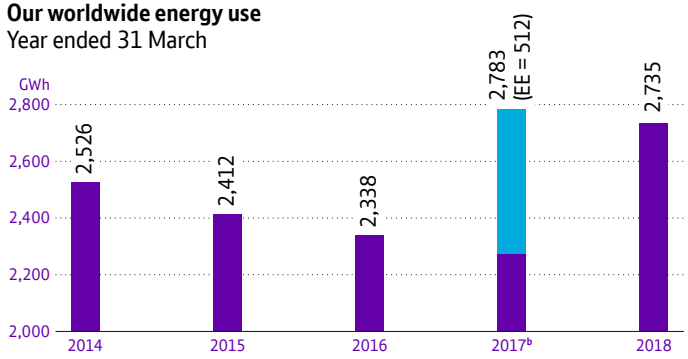


Other supply chain emissions (materials, cable, fuels & sevices)

Interconnect (termination of calls on other telco networks)

Embodied emissions of network, IT and retail electrical equipment

Our worldwide energy use
Year ended 31 March



Key: Addition due to EE

a We restate previous years' data when we think subsequent information is materially significant (like replacing estimates with measured figures).

b 2016/17 energy figures restated due to new data from EE and MBNL.

Conserving natural resources

We put a lot of effort into reducing our carbon emissions because that's the biggest difference we can make to the environment. We also manage other impacts to help us conserve natural resources.

Environmental considerations already inform some of our decision-making in areas such as risk management, product development and procurement.

For example, we manage climate-related risks to our infrastructure and we work with our suppliers to include environmental considerations in our product design (see case study). Additionally, we ask our people to do their bit by using less energy, reducing their travel, and recycling waste.

We're exploring how the Natural Capital Coalition's protocol could help us make better decisions by translating environmental impact into measurable business benefits and risks.

Waste and recycling

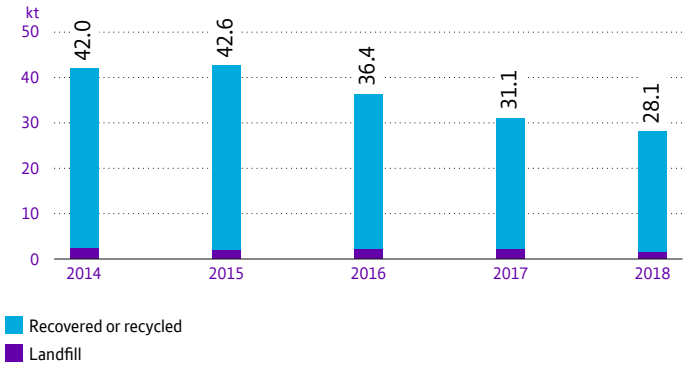
We partner with suppliers to design our products and packaging in a way that uses as little material as possible and makes it easier to reuse or recycle when they're no longer needed.

We also encourage customers to return their old products back to us to be refurbished or recycled. In line with regulations, we take back mobile phones and tablets through EE's Recycle & Reward programme and our website explains how to return BT TV boxes and BT Hubs.

We're putting the principles of a circular economy into practice, by partnering to turn waste into resources. For example, we send old electronic equipment to Recycling Lives, a company with strong social values. They dismantle it for recycling or reuse, while providing training and paid work to the vulnerable people they help (including ex-offenders) who choose to do this work.

In our own operations, we produced 25,568 tonnes of waste in the UK this year (11% less than last year) and we recovered or recycled 99.7%. Worldwide, 95% of our waste was recovered or recycled. We use specialist contractors to deal with any hazardous waste in line with regulations. This year we had some issues with our waste management processes in the UK, which we've since addressed (see case study).

Waste generated and recycled (BT facilities worldwide)
Year ended 31 March



Spotting and addressing issues in our waste management

The formal processes of our UK environmental management system (see page 40) identified significant issues at a number of sites regarding the way waste was being stored and segregated.

We've strengthened our waste management practices to address these issues and we've set up a new Waste Governance Group to oversee progress. It's chaired by our operations director for property & facilities services.

This year, we've reorganised waste collection processes and improved disposal and recycling facilities. More than 27,000 employees completed training and clearer signs are helping them understand how to dispose of waste correctly. We exceeded our target to increase the tonnage of UK recyclable waste segregated at site by 10% from March 2017 levels, achieving a 14% increase by the end of March 2018.

Conserving natural resources continued

Redesigning BT home phones to conserve resources

Together with our suppliers, we upgraded our range of cordless home phone handsets this year. We're using fewer raw materials to make the phones and cutting environmental impacts throughout their lifecycle.

We've redesigned the range to use less plastic for the handset, charger and phone base. We've cut the amount of plastic used by close to 6% across the range – and by more than 10% in some models. Based on this year's sales volumes, we expect the redesign to save an estimated 5.5 tonnes of plastic next year.

Not only are we using fewer raw materials to make the phones, we're also cutting environmental impacts through their lifecycle. As part of the redesign, we worked with our supplier, SGW Global, to reduce the number of moulded components needed for each phone to save energy and resources during manufacturing too.

Being able to use the same steel tools and moulds to make different plastic parts for our phones saves 4.5 tonnes of steel. This in turn avoids over 47 tonnes of CO_2e emissions that would have been needed to make the steel. Reducing the number of changes between tools and moulds saves energy too, cutting a further 130 kg of CO_2e for every month of production.

We're also using fewer spray finishes on the plastic at the end of the manufacturing process. This means the plastic in our phones can be recycled more easily at the end of their life.

"We've been supporting BT to improve energy use and reduce CO_2e emissions for many years. We collaborated to refresh their BT home telephones, working closely to find ways to use fewer resources to manufacture their products. The changes we made together have had a big impact. Together, we've reduced plastic and steel use, saved energy and cut carbon emissions. Our work does not stop here. We'll continue to review manufacturing and energy initiatives at our factories in China, and keep finding new ways to play our part in making a difference to the world we live in."

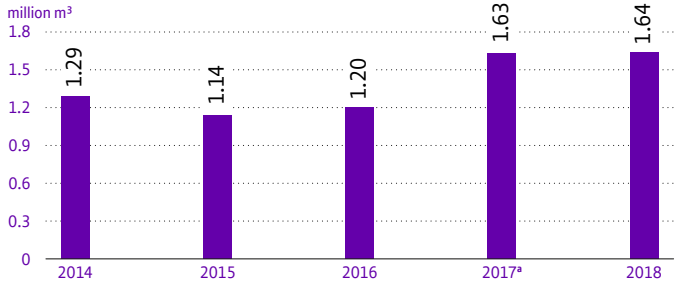
Malcolm Paton
Founder and Executive Director, SGW Global

Water use

We used 1.64 million m³ of water this year.

This is used mainly in our offices and staff restaurants, and in the cooling systems at our exchanges and data centres. We continue to monitor water use and target leaks. The adiabatic cooling systems we're introducing (see page 36), to cut our reliance on refrigerant gases, do require more water and contributed to the 1% increase we saw in our UK consumption this year.

Water use (UK only)
Year ended 31 March



a Restated figure: last year we included estimates from EE and its subsidiaries.
Source: Invoices.

Biodiversity

We continue to promote biodiversity at our sites.

We provide natural habitats for flora and fauna to thrive, and our people get involved in projects to enhance biodiversity.

Managing environmental risks

We take our environmental responsibility seriously. Our group-wide environmental policy and environmental management systems help us minimise our impacts, manage risks and comply with relevant regulations.

This year, the environmental management systems (EMS) we have in Belgium, France, Germany, Ireland, the Netherlands and the UK were certified to the ISO 14001:2015 standard. In Colombia, Italy and Spain, our EMS remained certified to the ISO 14001:2004 standard and we're working towards certification to the 2015 standard in these countries during 2018. Our UK certification lapsed for a short period at the start of the year, due to a waste management issue (see page 38).

Our Environmental Management Compliance Steering Board meets monthly to oversee management of our most significant environmental risks, including climate-related risks. Chaired by the director of environmental services, it reports to our audit and risk committees across the UK business and regional governance committees outside the UK – and to the Executive Committee.

We monitor environmental risks in our supply chain and work with suppliers to implement improvements through our assessment and audit process as part of our approach to responsible sourcing (see page 47).

We work closely with the relevant authorities to manage environmental issues proactively. We had no significant breaches or fines this year.

Preventing fuel leaks

People depend on the services provided through our telephone exchanges and mobile base stations. Our back-up generators can keep them going even in emergencies when the power goes out.

We've more than 6,500 oil storage tanks across the UK, largely to fuel these generators. There's a potential risk of oil spills or leaks from the tanks unless we manage these risks carefully.

This year, we finished putting additional measures in place to manage leaks and bring us in line with legislation in Northern Ireland. They're already in place in England and Scotland, and we'll have a similar system in action across Wales ahead of the 2020 compliance deadline.

We've also integrated EE storage tanks into our maintenance and upgrade programmes across the UK, to ensure they are compliant. This has contributed to an increase in the number of minor leaks and spills recorded this year.

When we spot a spill or leak, we bring in specialist contractors to help us clean up and we investigate what happened to stop similar incidents in future. No incidents this year met the severity criteria for notifying the regulator. We chose to report one minor oil spill, but no further action was taken nor investigation made.

Tackling air pollution

Air pollution came up as an issue that concerns our stakeholders in our materiality assessment this year (see page 9).

The Government's recent Air Quality Plan and Autumn Budget aim to address this issue in the UK, by proposing a ban on sales of new petrol or diesel cars and vans from 2040, and by taxing diesel cars more heavily than alternatives. We're developing plans to increase the number of ultra-low emission vehicles in our fleet to reduce our impact on air pollution – and climate change too (see page 34).

We're also using our technology to help local authorities monitor local air pollution so they can manage traffic to reduce emissions at local hotspots. We're exploring the possibility of adding air quality sensors to the public wi-fi InLink kiosks that we're rolling out across the UK (see page 19), with a trial planned next year.

Managing product impacts

Our products are subject to environmental legislation.

This includes the European Directives on Waste Electrical and Electronic Equipment (WEEE) and the Restriction on the Use of Certain Hazardous Substances (RoHS), as well as the Registration, Evaluation, Authorisation and Restriction of Chemicals Regulation (REACH). We ask relevant suppliers to complete a product stewardship questionnaire as part of our checks to make sure that electrical or electronic equipment sold to our UK business complies with this legislation.

4. Behaving responsibly

Respecting people and doing what's right. These are the fundamentals of being a responsible business. We strive to get these basics right every time.

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Progress against our ambition

39%

of our people volunteered their time and skills this year

Overview and highlights

We've a responsibility to do what's right for our employees and anyone else affected by our business. We take that responsibility seriously and we expect our suppliers to do so too.

Our purpose helps us make a positive contribution to society and the environment. To do that, we need to get the fundamentals right – in our own business and our supply chain. This helps us earn trust.

We strive to uphold the highest ethical standards and respect human rights in everything we do. We expect everyone who works with us – employees, partners and suppliers – to follow our ethics code.

Our policies and governance structures help us make sure this happens in practice. We work to mitigate any risks our business could pose to human rights and we're using our influence to help tackle modern slavery.

We engage with and invest in our people, and we aim to create an inclusive, healthy workplace that enables everyone at BT to thrive. Our people also have an important role to play in helping us fulfil our purpose – through their work and by volunteering to support good causes.

We also look beyond our own business to extend our ethical, social and environmental standards into our supply chain.

2017/18 highlights: Behaving responsibly

Modern slavery

Helping to identify victims

Calls to the Modern Slavery Helpline, that we've established with Unseen, identified 6,210 potential victims this year.

Page 46

Gender pay gap

5.2%

Our first gender pay gap report shows the median gender pay gap is 5.2% in our business – well below the national average of 18.4%. But we want to do more.

Page 55

BT volunteers

Volunteering skills and time

We're creating a culture of volunteering – employees gave more than 37,000 days of their time to support charities and local communities this year.

Page 52

Apprenticeships

Creating jobs and opportunities

We hired more than 2,100 apprentices to learn on the job and build a career with BT.

Page 49

Ethical performance

83%

83% of employees gave us a thumbs-up for ethical performance this year: a big rise from 76% last year.

Page 43

Employee engagement

74%

Our latest Your Say survey showed a three point improvement over last year's result, at 74%, with scores improving across all our driver categories.

Page 50

External recognition

EcoVadis gold rating

For the sixth year running, we've earned a gold rating from EcoVadis, putting us in the top 1% of companies assessed on environment, labour practices, fair business practices and sustainable procurement. Customers use this rating to assess our sustainability credentials.

FTSE4Good

We've retained a place in the FTSE4Good Index, which measures the performance of companies demonstrating strong environmental, social and governance practices.

Top 50 for women

For the second year in a row, we've been listed in The Times Top 50 Employers for Women.

Best place to work

EE was rated best big company to work for in the 2018 ranking by The Sunday Times.

Doing business ethically

We expect everyone who works with us to share our values, act with integrity and respect human rights.

Foundation measures

Maintain or improve our employees' perception of our ethical performance year on year	**2017/18 performance** 83% favourable in 2017/18 (up from 76% in 2016/17)
All employees (min 99.5%)[a] to complete annual training on our ethics code (including our zero tolerance approach to anti-corruption & bribery)	**2017/18 performance** 99.5% trained in 2017/18

Ethics code self-check questions

If in doubt, ask yourself:

- Is it in line with our ethics code?
- Is it legal?
- Would I be happy reading about it in the newspapers or on social media?
- Am I comfortable with this decision?
- Could I explain my decision to my colleagues or my family?

Doing the right thing

Our employees and suppliers must follow our ethics code, which explains why acting with integrity is essential and guides how we make decisions in our everyday work. It includes guidance on anti-bribery and corruption, as well as issues such as data privacy and human rights.

Everyone working at BT is expected to complete annual training on our ethics code – 99.5% of our employees did so this year[a]. This year, we've been updating our code ready for launch early in 2018/19.

Building awareness

We encourage senior managers to reinforce the importance of ethical behaviour when they interact with their teams.

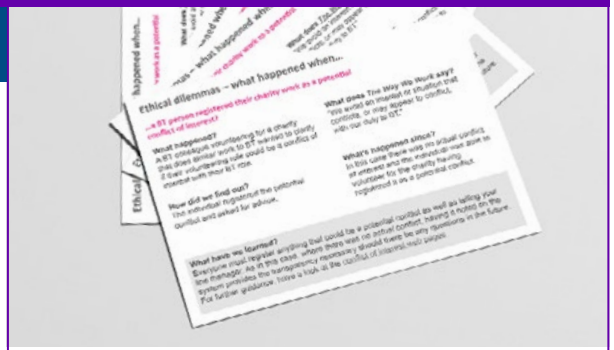
This helps people across BT understand how our ethics code and other requirements apply to them. Our self-check questions remind everyone to consider the spirit and the letter of the code when making decisions (see Ethics in action, right).

We measure how engaged our people are on ethical issues through our employee survey. Of those responding to the latest survey in January 2018, 83% agreed or strongly agreed that we do business ethically, up from 76% the year before.

a Excludes those on maternity, paternity or long-term sick leave or with other extenuating circumstances.

Ethics in action

16 PEACE, JUSTICE AND STRONG INSTITUTIONS



Sometimes it's hard to know what to do when confronted with a sensitive situation. This year, we shared examples of real dilemmas that our people have faced, through a series of postcard communications on ethics in action. The postcards help our people see why they should raise any concerns they may have and reassure them that we'll take them seriously if they do. The Institute of Business Ethics recognised our approach as an example of best practice.

Doing business ethically continued

Targeting bribery and corruption

We don't tolerate bribery or corruption in any form.

Our ethics code and training make this clear and cover related issues like gifts and hospitality and conflicts of interest. We provide additional, more detailed training on anti-corruption to people who work in roles or environments where these risks are more prevalent. This year 31,617 employees completed that additional training.

We also ask people to register any potential conflicts of interest to help prevent any real or perceived risk of corruption. The number registered grew this year as awareness of ethical issues continued to increase.

Speaking up

We work hard to create a culture where anyone who is worried about an ethical issue feels confident to speak up about it, even if they just have a suspicion.

They can report their concerns on the phone or online through our independent Speak Up service – anonymously if they prefer (subject to local laws). It's open to employees, contractors and suppliers.

This year, we made the Speak Up channel more visible on our intranet homepage and introduced an FAQs section to help people better understand the process. This emphasises that all reports are confidential and people don't need to have evidence to raise a concern.

Following this change, people raised 482 concerns this year, 63% more than last year.

We took further action on almost 27% of the cases we closed this year. That included a mix of disciplinary action, coaching or training, and improvements to our policies or procedures. The rest of the cases were found to be unsubstantiated, were duplications and follow-ups of existing cases, or were redirected to more appropriate reporting channels.

We started providing detailed reports to senior managers to identify areas where we may need to do more to raise awareness, and to share any recurring themes that may crop up from the concerns raised. We also launched a new system to record incidents that are dealt with locally. This will help us keep track of common issues so we can act to prevent them.

Acting on improper behaviour

Despite our efforts, unfortunately not everyone gets it right every time.

We disciplined 205 employees in the UK as a result of ethical misconduct this year, and 98 left the company[a]. The most common issue related to inappropriate use of company vehicles.

Implementing non-financial controls

Our reporting framework for non-financial controls is designed to improve our governance, ethics and compliance standards across our worldwide operations.

Country managers provide quarterly self-certifications on the status of non-financial controls and details of any plans to address risks.

We continually review our reporting methods to ensure accuracy and identify opportunities for improvement. We report the status of the controls to our regional governance committees who have global oversight of governance, ethics and compliance risks.

a UK only, excludes EE and Plusnet.

A responsible approach to tax

Our tax strategy sits at the heart of our responsible business agenda. It ensures that we pay our fair share of taxes back into the societies in which we operate, and that we conduct our tax affairs ethically and with integrity.

We're proud to be a major contributor of taxes in the UK. This year, we paid £374m in corporation tax and the One Hundred Group 2017 Total Tax Contribution Survey ranked us as the fifth highest contributor in the UK for the second year running.

Our Tax Strategy 2018 provides further information on our approach to tax, as well as summarising taxes paid in 2017. See our Annual Report for more on our tax payments in 2017/18.

Respecting human rights

Everyone's entitled to basic rights and freedoms – whoever they are, wherever they live. We're committed to respecting these human rights.

We believe our communication services can play a positive role by helping people exercise their rights and freedoms in an increasingly digital age. But we also recognise there are risks we need to address, including the need to prevent labour abuses in our supply chain and to protect our customers' rights to privacy and free expression.

Creating strong governance

This year, we've been working on an over-arching human rights policy, which we'll launch early in 2018/19.

The policy is guided by the United Nations Guiding Principles on Business and Human Rights. It sets out our commitment to customers, employees, suppliers and people throughout our value chain.

Our human rights team works on day-to-day integration of the UN Guiding Principles in our business and our Human Rights Steering Group oversees progress in this area. It's chaired by our group corporate affairs director (a member of our Executive Committee).

Protecting privacy and freedom of expression

We support and respect everyone's rights to privacy and freedom of expression in line with international human rights standards.

The internet's a brilliant tool for communicating and we believe everyone should be free to access any online content as long as it's legal. We've special measures in place to protect vulnerable people online, including children (see page 21).

We've a duty to safeguard our customers' data and respect their privacy. We need to balance this with our legal obligation to comply with requests from law enforcement agencies for information on how individuals use our services, such as who they call and email. While this can have an impact on people's privacy, the information can help these agencies keep people safe from terrorism and organised crime.

This issue is complex. BT's Investigatory Powers Governance Committee, which includes our chairman, group chief executive and other senior leaders, oversees how we balance these responsibilities. The committee's terms of reference are available to view on our website. If necessary, we seek expert advice to inform our approach.

We're now in the process of updating our report on privacy and free expression, explaining how we respond to government requests in a number of countries where we operate, and detailing our approach to cyber security. It will build on our previous report, which covered our approach in the UK.

Human rights and mega-sporting events

What's sport got to do with human rights?

Well, international sporting events may take place in countries with records of human rights violations. The people who build or run the venues may not uphold high standards on labour rights, and fans may sing chants or unfurl banners that are racist or homophobic during the event.

Broadcasters like us are faced with difficult decisions about how to air such content in a way that doesn't breach people's human rights. This year, we worked with the Institute for Human Rights and Business and other broadcasters to create a practical tool to help broadcasters navigate human rights risks. The tool was launched at the Sporting Chance Forum in November 2017.

Respecting human rights continued

Tackling modern slavery

We've continued to support efforts to tackle modern slavery – a subject of growing global concern and increasing regulations.

The Business & Human Rights Resource Centre held up our modern slavery statement for 2016/17 as an example of good practice, placing only six FTSE 100 companies in a higher ranking tier.

Our updated ethics code will include a section to help our people understand and identify modern slavery risks. This year, we partnered with the charity Unseen to develop further training on this issue for our procurement teams and recruitment specialists.

We're taking a stand on modern slavery and we want to help other businesses do the same. Our group chief executive, Gavin Patterson, is one of eight founding members of the Business Against Slavery Forum, a new partnership between industry leaders and the Government. It meets twice a year to share insights and support for businesses to identify, tackle and prevent modern slavery in their supply chains and operations.

This year, we joined the Responsible Business Alliance – an industry initiative that focuses on labour, human rights and other issues in the electronics supply chain, such as conflict minerals (see page 48).

We've teamed up with tech and anti-slavery experts to see what else we can do. Additionally we're also working with Unseen to raise awareness among the public and help victims of modern slavery get support (see feature, right).

Tech against trafficking

Nobody should be forced to undertake work against their will. But millions of people around the world are exploited and forced into work. They often suffer physical, psychological and sexual abuse.

The UK Government's latest estimate is that there are up to 13,000 potential victims of modern slavery at any one time across the country, many of them children. This figure is from 2014 and the actual number of people affected is likely to be much higher due to the secretive nature of this crime.

Technology alone can't stop modern slavery. But it can be used to help disrupt and reduce this organised crime, protect the vulnerable from abuse and support victims.

In June 2017, we partnered with Wilton Park (an executive agency of the UK Foreign and Commonwealth Office), Nokia and techUK to run a three-day event to bring together changemakers and anti-slavery experts. Nearly 60 high-level delegates attended from business, academia, government and charities to explore how technology can be used to fight human trafficking.

We met many like-minded organisations at the event who want to work together to tackle this issue. We're continuing to work with some of them to help the tech sector collaborate in the fight against trafficking and modern slavery.

Shining a light on this unseen issue

On UK National Anti-Slavery Day in October 2017, we used the BT Tower to display a clear message that could be seen across London: slavery is real. Almost 130,000 people saw the accompanying campaign we ran on social media.

We partner with Unseen to raise public awareness of modern slavery and provide communication services, equipment and consultancy to support the UK's Modern Slavery Helpline and Resource Centre we helped to establish. The helpline provides access to information and support on a 24/7 basis for victims of modern slavery, businesses, statutory authorities and the general public.

The helpline received 4,420 calls this year, that identified 6,210 potential victims of modern slavery. We've also been developing a mobile app to make it easier for the public to spot the signs of slavery and report their suspicions.

Our partnership with Unseen was nominated for the Charity Times Corporate National Partnership Champion award for 2017 and reached the finals. We helped the charity gain more corporate support by hosting a dinner event for senior business leaders in November.

Sourcing responsibly

Suppliers play an important role in delivering our products – and our purpose. We expect them to meet our high standards on ethics and promote environmental sustainability in our supply chain.

Foundation measure

Achieve 100% follow-up within three months, for all suppliers identified as high or medium risk, through our ethical standards questionnaire

2017/18 performance

100%

follow up within three months in 2017/18

We spent around £13.7bn this year, with around 18,000 suppliers in more than 150 countries. We make sure they sign up to our ethics code as part of the general terms and conditions of our contracts with them.

Our procurement teams are the ones who make this happen. We train them on responsible sourcing and we've introduced new criteria on this, using a Balanced Scorecard that measures our performance not just on cost savings but also on areas such as risk, innovation and people.

Assessing supplier performance and risk

This year, we launched a new portal to streamline and standardise our supplier assessment process across the business. New and renewing suppliers in relevant categories are asked to fill out questionnaires on the portal – including both Sourcing with Human Dignity and Environmental Impact. Our buyers get an alert telling them if the supplier is assessed as low, medium or high-risk.

The new system provides consistent risk assessments across the business. For example, a supplier may be classed as high-risk based on their country of operation or the type of product or service they provide. One of our top concerns is the risk of slavery and human trafficking in our supply chain (see page 46).

We follow up with medium and high-risk suppliers to request more information and decide whether to take further action. This might include an audit. We track progress through monthly reports to check we're dealing with high-risk suppliers effectively.

Working with our suppliers to improve factory conditions

If we find an issue with a supplier, we don't just walk away. We help them identify what needs to change and check improvements are made. We think this is the best way to raise the bar for the whole industry.

When we audited one of our supplier's factories in Taiwan, we identified cases of sub-standard environmental practices and unsatisfactory working conditions. We told them about our concerns, explained what they needed to change and asked them to come up with a plan to improve.

We found significant improvements when we returned to check progress. The factory's management had introduced a sustainability policy and code of conduct, and established a corporate social responsibility team to help put these into practice with the full support of the factory's CEO.

The factory's management had also begun to monitor environmental data and had noticeably improved performance on safety, ventilation and emissions to air. The workers we interviewed confirmed that working conditions had improved.

This is great progress, but we'll continue to work with this supplier to monitor risks, set new targets and ensure the company stands by its commitments.

Sourcing responsibly continued

We conducted 52 on-site assessments this year. If we find unsafe or unfair practices, or evidence of poor environmental management, we work with the supplier to improve conditions (see page 47). If they fail to show any commitment to improve, we may decide to end our agreement and find another supplier.

Supplier assessments	2016/17	2017/18
Self-assessments by new or renewed contract suppliers	1,030	917
Suppliers identified as high or medium risk	134	269
% of high or medium risk suppliers reviewed within three months as follow-up	100%	100%
On-site assessments	63	52

Checking for conflict minerals

Many electronic devices contain tantalum, tin, tungsten or gold. These metals may be sourced from minerals mined in areas such as the Democratic Republic of Congo or neighbouring countries, where some of the proceeds from mining have been linked to funding wars and fuelling human rights abuses.

We've clarified our conflict minerals policy this year and we continued to conduct due diligence to help avoid the risk of such conflict minerals in our supply chain. We report annually on this in line with regulations set out by the US Dodd-Frank Act.

See our conflict minerals disclosure for more details.

Promoting environmental sustainability

We want to work with suppliers who not only monitor the impact they have on the environment but work hard to reduce it.

This year, we asked 281 suppliers to submit climate-related sustainability data to the CDP and 262 responded. CDP awarded us an A rating for supplier engagement. We held webinars for those who didn't submit data this time to help them learn more about CDP and why we want them to report. The sessions included practical tips and answered common questions about the process to encourage more suppliers to respond next time.

Our climate change procurement standard is mandatory in all our supplier contracts. Building on the contract change we made with Huawei last year (see page 33), we plan to introduce carbon-saving clauses into the contracts of our other strategic suppliers as their contracts come up for renewal.

As we do this, we're starting to spread the best practices we've learned from our Better Future Supplier Forum across more of our strategic suppliers. Last year, we introduced a tool to benchmark performance against global best practice in ten key areas. Almost 60 companies have registered to date, and we're now encouraging other suppliers to use it too.

Supporting diverse suppliers

Many of our suppliers are major international businesses. But we also support smaller companies and those run by under-represented groups to create local employment and economic growth.

We're a member of MSDUK, a non-profit organisation that promotes inclusive procurement. It helps us identify opportunities to increase our spend with small and medium-sized and minority-owned businesses through networking events and a referral service. This year, we attended an industry event to meet small businesses and encourage them to become BT suppliers.

We bought £45.3m worth of goods and services from diverse suppliers in the UK and the US this year, a 22% increase from the year before.

Investing in our people

We want people to love working for us. We aim to create a healthy, inclusive and supportive environment so everyone at BT can develop and thrive.

That's how we recruit and retain brilliant people who can help us achieve our ambitions. Because happy, healthy and engaged employees are more likely to do great work, take fewer sick days and stay with us for longer.

People also want to work for companies that make a positive difference in society. Six in ten millennials consider purpose as a major factor when choosing an employer. Our employees come to work every day with a clear sense of purpose – our purpose.

At the end of this year we employed just under 105,800 people in 59 countries. Around 82,200 of them are based in the UK, making us one of the country's largest employers.

We're all working together to use the power of communications to make a better world. We use our values to do this:

Personal, Simple, Brilliant.

Developing talent

Attracting new talent

In a competitive jobs market, we need to stay one step ahead to attract the most talented people. We've got to make a strong case for why they should choose BT. Our purpose and values are an important selling point. As is our passion for technology and innovation. We now take virtual reality headsets to graduate recruitment fairs to inspire people who are interested in technology to consider a career with us.

This year, we recruited 463 graduates globally and we were one of only three companies in the ICT sector to appear on The Times list of Britain's top 100 graduate employers. We also hired more than 2,100 apprentices, supporting the UK Government's aim to fund three million apprentices by 2020.

Our apprentices work towards completing their apprenticeship and a permanent job with BT. Many take the opportunity to study for a professional qualification at the same time. We were graded excellent in all areas of our apprenticeship programme in an Education Scotland audit and we were voted leading large employer of apprentices at the Scottish Training Federation awards.

Developing our people

Employees meet with their managers at least once a year to discuss their performance and review their development needs. We help our people grow through learning – on the job or through formal training. Overall, we provided an average of 40 hours of training per employee this year, primarily through the BT Academy.

We offer a wide menu of training options to all our employees through the BT Academy, our online learning platform. This year, we added more courses and gave it a makeover so it's simpler to use. It attracts around 55,000 visits a month.

More than 18,000 people have enrolled in our new Business Essentials programme to build a range of core skills – from using IT confidently to being resilient and managing change. Other BT Academy courses cover hot topics like artificial intelligence, cyber security, digital marketing and the Internet of Things.

We encourage people to learn from each other too. More than 1,400 mentors have added a personal profile to our new mentoring hub and they've established 650 mentoring relationships across the business. We also run mentoring programmes for senior leaders.

We aim to spot the people with most potential – even in the early stages of their careers – and help them become brilliant leaders. Around 300 young people joined this year's Future Leaders programme and over 45% of last year's participants have already secured promotions. More than 39,000 people have accessed our new Connected Leaders training, making it our most successful leadership programme to date.

As our business evolves to meet the changing needs of our customers, we adapt our organisation by redeploying our people. Our Transition Centre helps us to retain experienced people with the skills we need for the future, and to offer development opportunities, while also helping to avoid redundancies. We redeployed 1,127 people in the UK this year.

Investing in our people continued

Engaging our people

Ambition

By 2020, inspire at least 66% (two-thirds) of BT people to volunteer their time and skills

2017/18 performance
39%
of employees volunteered in 2017/18

Foundation measure

Maintain or improve our relationship with our employees year on year

2017/18 performance
74%
favourable in 2017/18 (up from 71% in 2016/17)

We aim to help our people understand and share our ambitions. One way we do this is through weekly newsletters updating employees on company news. Team briefings, round tables, town hall debates, site visits and webchats also offer regular opportunities for employees to meet and talk to our executive team.

At the same time, we want to make sure we're giving our people what they need. We ask for feedback on how we're doing twice a year through our employee survey, Your Say. The results give us a picture of how people feel about working for us and help us see where we can improve.

Listening to our people

This year, 83% of our people responded to our first survey in June 2017 and 86% to the second in January 2018 – equalling our highest ever recorded response rate last year.

Our overall engagement outcome has gone up from 71% to 74% this year and scores have improved across all our key driver categories (see chart, right). Nine out of ten people responding to the survey say they know what's expected of them at work and 82% take personal ownership for their customers' experience.

The results show encouraging indications that people are beginning to feel a shift in our culture, with better conversations taking place and management taking more accountability for embedding culture change locally.

But we can always improve. For example, more than half our people told us we need to simplify the way we operate, as 42% believe we're too complex. This is a key focus as we put our values into practice.

We share the survey results with managers and their teams to help them improve employee engagement and customer experience. We're delighted that more people feel we're listening to them, with 61% agreeing that their team had made positive changes based on the last survey (compared with 59% last time).

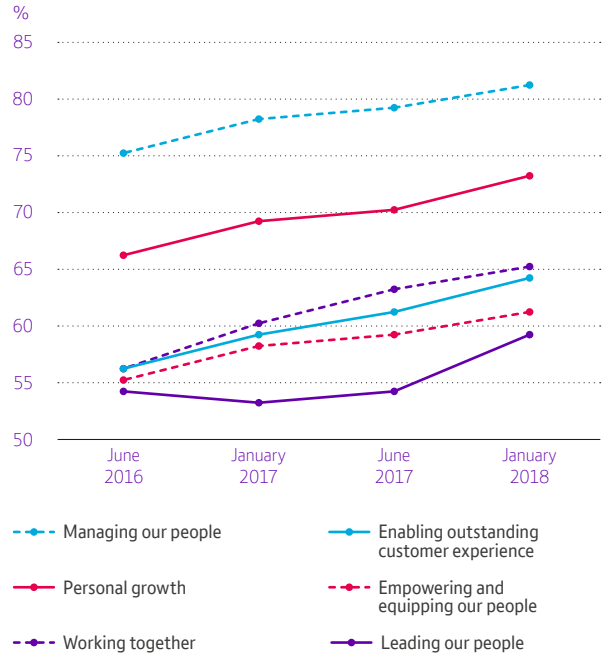
We also listen to employee concerns through formal channels such as our European Consultative Council and consultation with the Communication Workers Union and Prospect in the UK.

Your Say survey results

Engagement outcome:

June 2016	January 2017	June 2017	January 2018
72%	71%	72%	74%

Responses to driver categories:



Investing in our people continued

Engaging people through our purpose

To deliver our purpose, we need our people to get behind it. In our latest Your Say survey, 91% of respondents said they understand how their work contributes to BT's purpose.

We continue to explore how we can do more to bring our purpose to life. Last year we asked our employees to pitch ideas to tackle social issues, and now we've begun to reap rewards as some of their ideas are put into practice. One example is our work with Swansea City Community Trust (see page 27).

Celebrating our purpose among BT Americas employees

Our Americas team is made up of around 3,600 people working across 30 countries. This year, we ran a campaign to unite them behind our shared purpose.

The One Team, One Purpose campaign asked employees across the region to share their personal stories about what they've been doing to bring our purpose to life.

Employees in 11 countries shared over 680 stories and more than 5,000 people voted to select the best. The winners were recognised by the leadership team and we celebrated their stories through posters around our offices. We donated US$5 to UNICEF for every story submitted.

The Challenge Cup recognises our people's contribution to delivering our purpose.

Navdeep Singh received two awards this year from the Raah Group Foundation

Awards and recognition

Challenge Cup

We recognise our people's contribution to delivering our purpose through our Challenge Cup. More than 6,700 employees from 37 countries entered this year's competition. Almost one in five of the entries and four of the finalists were in the delivering our purpose category. The winning team's project is supporting efforts to tackle social exclusion by improving 4G connectivity in remote areas of the UK.

Chairman's Awards

In May 2017, we announced the winners of outgoing chairman Sir Michael Rake's final awards for outstanding contributions to communities or the environment. The overall winner of the Chairman's Awards helped to refurbish and donate a generator to provide clean drinking water to people in Haiti after Hurricane Matthew.

External recognition

Some of our employees have also been recognised externally for their efforts to support charities and communities. For example, Navdeep Singh received two awards this year from the Raah Group Foundation, a local charity, for his volunteering efforts to help make traffic safer in the Indian state of Haryana.

Investing in our people continued

Volunteering our skills and time

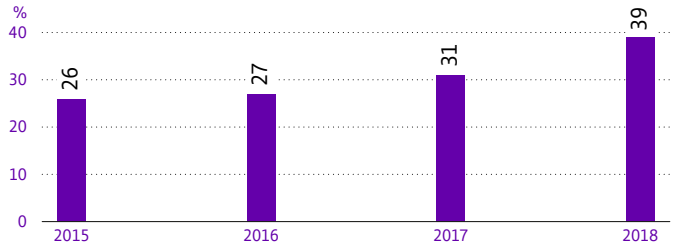
Getting involved in community and charity programmes through volunteering helps our employees feel personally involved in delivering our purpose.

When our people volunteer their time and expertise, it's great for all involved. They get an opportunity to widen their horizons, build their experience and give back to their communities. Charities get an extra helping hand – and access to skills they may not have themselves – to help them reach more people in need. We get the benefit of a more productive and engaged workforce, thanks to the new skills and experience they bring back with them to BT.

39% of our employees (40,175 of them) got involved in volunteering opportunities this year, up from 31% last year. Collectively, they volunteered 37,348 days of their time. We want to grow this culture of volunteering and inspire at least two-thirds of our employees to become involved by 2020.

We've also set targets specifically to encourage more employees to help us improve tech literacy, a cause that many of them feel strongly about. More than 2,000 of our people spent nearly 5,000 days supporting our tech literacy programme, either helping teachers to inspire primary school children, or coaching young people through our Work Ready boot camps (see page 24).

BT employees volunteering
Year ended 31 March



Teaching tech skills in Cornwall

Steve Amor, senior sales engineer at BT and seasoned volunteer, has been spreading tech skills in Cornwall for five years as an ambassador for education and careers in science, technology, engineering and maths (STEM).

He's spent hundreds of hours teaching teenagers how to develop software, training teachers and librarians, and introducing people of all ages and abilities to computer programming. His efforts, volunteering with local organisation Software Cornwall, won them an excellence award for their contribution to the tech and digital sector at the Cornwall Live EDGE Awards.

"It was fantastic to be recognised for all the work we do. Cornwall is the third-fastest growing tech cluster in the UK and Software Cornwall supports the region's digital community and helps people get into local tech careers. After 29 years with BT, my own volunteering came about because I'd got to a point in my life where I wanted to give something back to the community. And for me, it's fun too."

Steve Amor
Senior Sales Engineer, BT

Rewarding our people

We regularly benchmark our pay and benefits against companies of a similar size and complexity to help us offer competitive packages.

Pay for our UK-based engineering and support staff is negotiated through collective bargaining with recognised trade unions, ensuring fairness for all. Our managers' pay ranges are set at competitive levels. Our leaders receive bonuses based on business performance and their personal contribution to the company.

In line with regulatory obligations, incentives for people in Openreach are tied to a combination of personal contribution and Openreach's performance, rather than that of the wider group. These incentives are paid in cash, as opposed to BT shares.

We support our people by providing a range of retirement savings plans and country-specific benefits. We've recently announced that we'll be making changes to our main defined benefit scheme in the UK (the BT Pension Scheme) and making enhancements to the contribution structure in the defined contribution plan in the UK (the BT Retirement Saving Scheme).

See our Annual Report for more information on pay and benefits.

Investing in our people continued

Creating an inclusive workplace

We want everyone to feel welcome and included at BT. Anyone with the right talent and mindset should be able to succeed, no matter who they are or where they're from.

We're putting in place new governance and processes to ensure everyone in our workforce has what they need to do their best. We take a broad view of inclusivity and we want to make sure we're not unintentionally excluding anyone who could thrive at BT and bring different skills and perspectives to our business. For example, we've changed some of our procedures to be more inclusive of people with neurodiverse conditions (see feature, right).

This year we've started to deliver inclusion training to our senior leaders, to help them understand unconscious bias and how it can affect their decision-making. We also appointed five new executive sponsors to promote diversity and inclusion. They meet quarterly with representatives from our business units and employee networks as part of our inclusion leadership board that reviews and reports progress to the group chief executive.

In March 2018, we launched a new strategy that emphasises our commitment to build an inclusive culture at BT. We've introduced targets on gender balance at the top level of the business for the first time.

The British Quality Foundation recognised our efforts to champion equality and diversity, by awarding us its Innovation in Diversity and Equality Award 2018 for our TechWomen programme (see page 54).

Promoting inclusivity, supporting neurodiversity

People with neurodivergent conditions, such as Asperger's Syndrome, can have very strong abilities in maths and pattern-recognition – the very skills that our cyber security teams need most.

But these talented individuals often face challenges finding a job as many employers don't know how to provide the right support to help them shine. That's why we're running work placements specifically for people on the autistic spectrum.

With advice from the National Autistic Society, we ran a number of two-week placements for adults and young people to build confidence and gain new skills.

Ed Jakeman, who came up with the idea to run the programme after watching a TV documentary on autism, said: "They took everything in their stride. The main learning curve was for us. Any preconceptions we had were blown away. In fact, two individuals (pictured) impressed us so much that we hired them both into permanent roles."

We've also made changes to the way we recruit for certain apprenticeships to ensure we're inclusive of neurodivergent people. We're sharing our knowledge and understanding on this topic with the UK Government, charities and other tech businesses so more employers can follow our lead.

"We're committed to boosting neurodiversity across our organisation through initiatives like our Work Ready programme. Will and Tim, and others with Asperger's Syndrome and autism, have the ability to think in a different way and that can be a real asset. They can offer critical skills to our business."

Gavin Patterson
Chief Executive, BT Group

Investing in our people continued

Embracing diversity

Our employee networks connect people around the business who share common interests. We've networks on gender equality, ethnicity, LGBT+, disability, faith and carers. Anyone's welcome to join and we encourage the networks to work together on common issues. Most operate under a charter to demonstrate how they support our business objectives and their members, and reach out to wider society.

For example, our ethnic diversity network runs regular events with senior leaders to inspire and connect people across the business. This year, it sponsored and hosted the Powerlist Foundation Leadership Programme, a three-day event for black, Asian and minority ethnic undergraduates with strong potential as future leaders. Around 60 exceptional students and six of our graduates attended the event at the BT Centre in London to take part in interactive sessions, hear high-profile speakers and learn about the BT graduate programme. We were named by Business in the Community as one of the Best Employers for Race in 2017.

We strive to make BT an attractive employer for everyone. This year, we were proud to celebrate our first full year as a Disability Confident employer. This helps us send a clear message that we want to recruit disabled people and help them develop their careers with us. If someone applying for a job has a disability and meets the minimum requirements for the role, we'll automatically move them to the next stage of the recruitment process. In addition, both BT and EE have a disability smart silver standard award from the Business Disability Forum.

LGBT+ Allies

5 GENDER EQUALITY

We want people to bring their whole selves to work. Our LGBT+ network leads our LGBT+ Allies programme which calls on people across the business to stand by LGBT+ colleagues to create a supportive working environment. We're proud to have openly LGBT+ senior leaders at BT, two of whom appeared on the OUTstanding list of Leading 100 LGBT+ Executives 2017.

"The LGBT+ Allies programme breathed new life into our organisation. We've hundreds of new members in Northern Ireland. The support from our senior leaders and the central LGBT+ committee has been fantastic."

Jonathan Campbell
BT LGBT+ Network Lead, Northern Ireland

Promoting gender balance

We've set targets to promote gender balance in our business. We've set ourselves a target of a 40% female senior management team by the end of 2020. We're also members of the 30% Club, a campaign to achieve at least 30% women on all FTSE boards.

Women made up 25.7% of our workforce this year. Including three of our 11 Board members, women held 32% of our most senior roles (our top 780 leadership and management positions). Over 40% of our executive hires were women.

This year, we signed the Tech Talent Charter to pledge our commitment to addressing gender imbalance in the tech sector and we're proud to be named, for the second year in a row, in The Times Top 50 Employers for Women 2018.

Our gender equality network hosted an event with three high-profile politicians to explore how to get more women into leadership roles. Members also celebrated International Men's Day with an event that focused on men's issues, including personal stories from a colleague who had recently taken extended paternity leave.

More than 500 women from across the business are involved in our TechWomen network that aims to help more women progress their careers in technology roles that have been historically male-dominated. In a survey, 67% of members said the network helped them progress their career and 94% would recommend it to others. We plan to expand the programme next year, to include more junior managers and to increase its worldwide reach. Programmes like this will help us address the gender pay gap (see page 55).

We support women through pregnancy, maternity leave and their return to work. Our maternity return rate is 86% (women who took maternity two years ago, returned last year and have stayed for at least 12 months).

Addressing the gender pay gap

5 GENDER EQUALITY

8 DECENT WORK AND ECONOMIC GROWTH

We're serious about tackling gender balance and creating a workforce that represents the society we work in and the customers we serve.

In line with new regulations, we published our first gender pay gap report this year. It found our median gender pay gap is 5.2%, based on the hourly rates of our employees in Great Britain[a]. That's well below the 2017 average of 18.4% from the Office for National Statistics, but we still have work to do.

We've more men than women working at all levels of the company, which impacts our pay gap. We've a lower proportion of women at more senior levels and women are under-represented in technical and engineering jobs – especially in Openreach. The balance is getting better. But we want to do more.

We're working hard to bring more women into engineering roles and to increase opportunities for women at more senior levels of the organisation (see page 54). Having fewer women in engineering roles is a nationwide challenge that we're working to help solve through our Tech Literacy programme (see page 23).

a This is the difference in the average hourly rate of pay of our male and female workforce, expressed as a percentage of men's earnings.

5.2%
Median gender pay gap

7.0%
Mean gender pay gap

Investing in our people continued

Promoting wellbeing

Foundation measure

Maintain or reduce % of calendar days lost to sickness year on year

2017/18 performance

2.30%

calendar days lost to sickness in 2017/18 (down from 2.32% in 2016/17)

We see improving the wellbeing of society as an integral part of our purpose to use the power of communications to make a better world.

That starts with our own people – what we do there ripples out to their families, friends and communities. Helping our people to avoid illnesses and injuries is part of it, but we try to go beyond that to create an environment in which our people can thrive.

We've refreshed our health, safety and wellbeing policy to emphasise that positive approach, because we care about our people and because it contributes to our commercial success. In support of our policy, we have a balanced scorecard of key performance indicators. This includes not just traditional metrics like our sickness absence rate and our lost time injury rate, but also measures of our peoples' perception of their own wellbeing, their mental health status and our success rate in getting people back into their own jobs. We regularly report those numbers, with an associated commentary, to senior leaders across our business, and our Board discusses them at least twice a year.

We challenge ourselves to continually improve. We benchmark our performance against other organisations and each year we audit a selection of our activities. A particular focus this year has been on our risk management. Health, safety and wellbeing is one of the top items on our company risk register and the Board has directed that we should apply the highest level of response. A material controls audit showed that our controls are all well designed and largely operating effectively, but that we need to improve our levels of assurance. That is consistent with other findings when we have examined ourselves critically. We are therefore investing in a new assurance IT system which will be implemented next year.

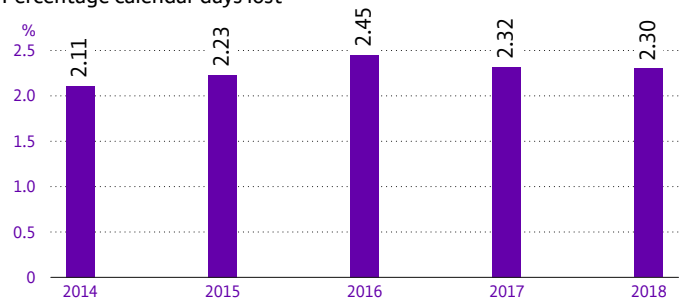
The Health and Safety Executive have not issued us with any prohibition or improvement notices this year and we have not faced any prosecutions. Our injury rate has again fallen to its lowest ever rate of 0.225 incidents per 200,000 hours – 11% lower than last year. Most of the injuries to our people are minor, but we still experience occasional serious incidents. We investigate these thoroughly to identify the learning and prevent future occurrences.

Our sickness absence rate has also fallen this year to 2.30%, maintaining the downward trend that began last year. The reduction is not as great as we had hoped, due to more cases of influenza and other respiratory illnesses than we have experienced in recent years. We ran a high profile winter wellness campaign to help our people avoid becoming ill and we believe that has helped to minimise the impact of this year's infections to their benefit and that of the business.

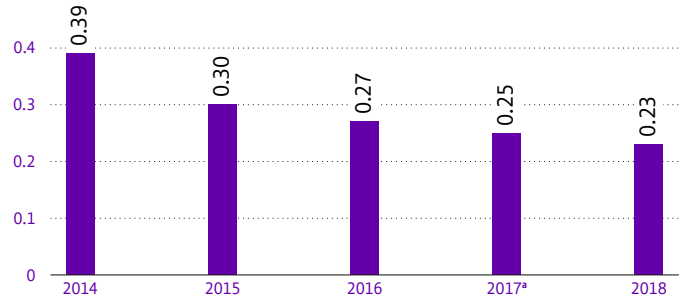
Our continuing focus on mental health has paid dividends and sickness absence attributable to mental ill-health has declined by 3%. The number of people contacting our employee assistance programme with work-related mental health issues has reduced by 33% and most issues are due to pressures outside of work (including relationships and financial). Our broad wellbeing approach allows us to respond to that and we have been strengthening our professional support services in those areas. We've also launched a peer to peer support scheme, to make best use of the lived experience of the many people in our company who have successfully overcome mental health problems. Some of those have benefited from our highly successful rehabilitation programme, which now achieves a 97% success rate.

We recognise there remains much to do if we're to continue improving the wellbeing of our people in our fast-changing business. We're adapting our training to reflect a large influx of younger people, who have a different perception of risk. We're also tailoring our support services for those who are working on longer than has been the case in the past. We try to approach the wellbeing of all our people with humanity.

Sickness absence rate
Percentage calendar days lost



Lost time injury rate
Incidents per 200,000 working hours



a 2016/17 lost time injury rate has been restated due to the inclusion of newly available data from BT Facilities Services, now part of BT Group.

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Our key non-financial metrics

Our ambitions

✓ Target met ✕ Target failed > Ongoing

	Our ambitions	2016/17 performance	2017/18 performance	Status	Target for 2018/19	Page	Financial indicators and results	2016/17	2017/18
Connecting society	By 2020, more than 9/10 people in the UK will have access to our fibre-based products and services	8.8 out of 10 UK premises passed	**95% of UK premises can now receive superfast broadband**	–	Ambition superseded. New network reach goals being set by Openreach and EE	14			
	By 2020, to help 10m people overcome social disadvantage through the benefits our products and services can bring	3.9m people reached	**4.6m people reached**	>	Continue to deliver against 10m target	18			
	By 2020, to help 5m children to receive better teaching in computer skills	1.1m children reached	**1.6m children reached**	>	Continue to deliver against 5m target	23			
	By 2020, to use our skills and technology to help generate more than £1bn for good causes	£95m raised for good causes Cumulative total: £422m since 2012	**£109m raised for good causes** **Cumulative total: £531m since 2012**	>	Continue to deliver against £1bn target	26			
Behaving responsibly	By 2020, to inspire 66% (two-thirds) of our people to volunteer	31% of BT people volunteering	**39% of BT people volunteering**	>	Continue to deliver against 66% target	30	In-kind value of BT people volunteering	£11.5m	**£10.3m**
Protecting the environment	By 2020, to enable customers to reduce their carbon emissions by at least three times the end-to-end carbon impact of our business	1.8:1 achieved	**2.2:1 achieved**	>	Continue to deliver against 3:1 target	32	Global portfolio revenue from products and services contributing towards our 3:1 goal	£5.3bn	**£5.3bn**
	By 2030, to cut our carbon emissions intensity by 87%, compared with 2016/17 levels	n/a (new ambition)	**6.8% reduction**	>	Continue to deliver against 87% target	50			

Our key non-financial metrics continued

Our foundation measures for being a responsible and sustainable business

	Our foundation measures	2016/17 performance	2017/18 performance	Status	Target for 2018/19	Page	Financial indicators and results	2016/17	2017/18
Investment in society	Investment to accelerate our purposeful business approach; to be more than 1% of previous year's adjusted profit before tax (PBT)	1.03% of PBT invested 1.08% 5-year average	**1.02% of PBT invested** **1.06% 5-year average**	✓	Maintain 1% of PBT invested	11	Investment in society of cash, time volunteered and other in-kind contributions	£35.6m	**£35.9m**
Customers	**Customer service:** to consistently improve RFT across our entire customer base	6.4% improvement	**4.3% improvement**	✓	Maintain or improve from previous year's performance	14	BT Group plc revenue[b]	£24,082m	**£23,746m**
Employee	**Employee engagement index:** to maintain or improve our relationship with our employees	71% favourable	**74% favourable**	✓	Maintain or improve from previous year's performance	50	Number of employees at year end	106,400	**105,800**
	Sickness absence rate: to maintain or reduce % of calendar days lost to sickness	2.32% calendar days lost to sickness	**2.30% calendar days lost to sickness**	✓	Maintain or improve from previous year's performance	56	UK sick pay costs	£86.3m	**£83.6m**
	Ethical perception: to maintain or improve our employees' perception of our ethical performance	76% favourable	**83% favourable**	✓	Maintain or improve from previous year's performance	43			
	Ethics training: all employees[a] to complete annual training on our ethics code (including our zero tolerance approach to Anti-Corruption & Bribery)	99.3% trained	**99.5% trained**	✓	At least 99.5% trained	43			
Supply chain	**Ethical trading:** across our supply chain, with focus on human rights. Achieve 100% follow-up within three months, for all suppliers identified as high or medium risk, through our ethical standards questionnaire	100% follow-up within three months	**100% follow-up within three months**	✓	100% follow-up within three months	47			
	Renewable electricity: by 2020 to buy 100% of our electricity worldwide from renewable sources, wherever markets allow	77% bought from renewable sources[c]	**81% bought from renewable sources**	›	Continue to deliver against 100% target	34	Total GB energy and water costs – including fleet fuel, electricity, gas, oil, water and CLL (climate change levy or levies)	£341m	**£370m**
	Carbon emissions: by 2030, to reduce our supply chain carbon emissions by 29%, compared with 2016/17 levels	n/a (new target)	**6.3% reduction**	›	Continue to deliver against 29% target	32			

a Excludes those on maternity, paternity or long-term sick leave or with other extenuating circumstances.
b Before specific items.
c 2016/17 energy figures restated due to revised data from EE and MBNL.

Our reporting methodology

We report annually on our approach to managing our material social and environmental issues. This report, 'Delivering our Purpose – update on our progress in 2017/18', covers the year 1 April 2017 to 31 March 2018, in line with our financial reporting. Our previous report covered the financial year to 31 March 2017.

Unless we state otherwise, the report covers all BT's wholly owned operations and subsidiaries. References to 'BT Group', 'BT', 'the group', 'the company', 'we' or 'our' are to BT Group plc (which includes the activities of British Telecommunications plc) and its subsidiaries and lines of business, internal service units, or any of them as the context may require.

Reporting on our ambitions and foundation measures

Connecting society

9/10 ambition: We have helped the Government achieve its target to pass 95% of premises with superfast broadband (including from other operators). This supersedes our original 2020 ambition. We are setting new targets for network reach, both for broadband and mobile networks.
10 million ambition: We are progressing towards our ambition to help 10 million people overcome social disadvantage, through a number of products and programmes. We've been developing social impact methodologies to allow us to affirm the outcomes and we have applied this to over 2.5m beneficiaries so far. Whilst the products and programmes are often quite different, we aim to extend the approach to at least five additional areas during the next 12 months.
5 million ambition: We measure progress towards our ambition to improve the teaching of computing and tech skills of five million children using average class sizes in the UK as the multiplier for each teacher who uses our resources. The target date for this ambition is the end of the 2020/21 academic year.
£1bn ambition: We want to use our skills and technology to help generate more than £1bn for good causes by the end of the 2020/21 financial year. We've defined what will count towards this goal and we track progress each year. This includes:

- money raised using MyDonate for fundraising, telethons and appeals (including Gift Aid), through our contactless fundraising device, text to donate services and payroll giving, and by BT employees fundraising during working hours;
- time volunteered by our people for good causes during working hours. We calculate the value of volunteering time to our communities by multiplying the hourly salary of the volunteer by the number of hours volunteered. We then apply a multiplier to take account of other pay-related costs (eg pension and other benefits);
- membership fees, donations, sponsorships, matched funding and the value of in-kind support given to charities, not-for-profits and social enterprises;
- payments made to these organisations to run projects that are aligned with our ambition;
- funds raised by charities as a result of our financial support and the use of our technology, skills and assets, including money raised by BT-sponsored fundraising events and where BT assets such as the BT Tower in London are used in fundraising events; and
- investment in infrastructure and partnerships that support our ambition, including the running of MyDonate and its associated internal administration costs.

Protecting the environment

3:1 ambition: Our ambition is to help our customers reduce their carbon emissions by at least three times the end-to-end carbon impact of our business (3:1) by the end of 2020/21 financial year. We've been working with several expert organisations to calculate our end-to-end carbon emissions. Our 3:1 methodology is shared on our website.
87% ambition: Our carbon emissions intensity ambition is that, by 2030, we'll reduce our greenhouse gas (GHG) scope 1 & 2 emissions by 87% compared with 2016/17. This is measured in tons of CO_2e per unit of gross value added; where value added = EBITDA adjusted (before specific items) + employee costs. This ambition was approved by the Science Based Target Initiative in 2017, alongside our additional commitment to reduce our Scope 3 supply chain GHG emissions (categories 1-8) by 29% over the same time-period, as being BT's share of the reductions needed to limit global warming to no more than 1.5°C.
Carbon emissions: To calculate and report on our end-to-end CO_2 equivalent (CO_2e) carbon emissions, we:

- report greenhouse gases (GHGs) covered by the Kyoto Protocol, using the World Resources Institute Greenhouse Gas Protocol (GHGP) Corporate Accounting and Reporting Standard (revised edition), and the GHGP Corporate Value Chain (Scope 3) Standard.
- use conversion factors:
  - **in the UK:** as published annually by the Department for Environment, Food and Rural Affairs (Defra).
  - **for other countries:** specific national or contract factors where appropriate, or else based on World CO_2e emission factors from electricity generation and fuel combustion, developed by the International Energy Agency (IEA), © OECD/IEA 2016 (Note: any calculations undertaken by BT plc do not necessarily reflect the views of the IEA);
- report our emissions in relation to indirect and direct GHG emissions:
  - **Scope 1:** direct emissions (such as from combustion in owned or controlled boilers and vehicles).
  - **Scope 2:** indirect emissions associated with electricity, heating/cooling or steam for our own consumption, which we report – in line with the GHG scope 2 guidelines – using both the market-based and (in the environmental data tables on our website) location-based methods.
  - **Scope 3:** all other indirect emissions;
- exclude emissions from energy provided by a landlord as part of a full service buildings contract and emissions from energy charged to our tenants; and
- exclude emissions data from most countries where we've never reached 250MWh per year, and from joint ventures or partnerships where we do not have a controlling interest.

Emission factors: Our CO_2e emission declarations are affected by any annual variations in carbon intensity factors, such as the electricity grid average. Where this is deemed as of significant material impact we will make specific reference within our published data tables.

Our reporting methodology continued

Behaving responsibly

66% ambition: We want our people to play an active part in society and we aim to have at least 66% (two-thirds) of our people volunteering by the end of the 2020/21 financial year. Employees can take up to three working days each year to do this and we record the working time they use for volunteering. But we also include any volunteering that our people do in their own time because we believe that both the individual and BT benefit from volunteering, irrespective of when this takes place.
Our foundation measures: Diversity data covers UK employees only. Disability and ethnicity data is voluntarily self-declared. All other employee data covers the whole of BT, except where specifically stated otherwise.

Materiality methodology

Since 2006, we've conducted an annual materiality review at the end of each calendar year to assess the trends and issues identified by our stakeholders. We draw on multiple sources of qualitative and quantitative information that have been gathered throughout the preceding 12 months. This is to determine the relevance and significance of issues identified through stakeholder engagement, such as day-to-day interactions by phone or in meetings, as well as through online discussion forums, focus groups, social media and participation in industry collaborations.

These sources of information include:
- interactions with multiple organisations we work with that represent different stakeholder groups and issues, such as the World Business Council on Sustainable Development and the World Economic Forum;
- analysis of content from blogs, social media and TV, radio and online news gives us a broad understanding of the issues that are important to a wide group of stakeholders;
- targeted primary or secondary research to help fill gaps in our understanding, such as online surveys of consumer perceptions or interviews with subject matter experts; and
- reviews of peer companies' sustainability reports to help us check that we've a comprehensive list of the relevant issues for our sector and challenge us to further improve our reporting.

The following questions help us prioritise issues that emerge from our research:
- is there wider societal interest in this issue? This is quantified through evidence of mentions online and offline.
- are our key stakeholders consistently expressing an interest in this issue? This is quantified by evidence from each of our key stakeholder groups: customers, employees, suppliers, investors, governments/regulators.
- to what extent is BT already managing this issue through policy, principles and procedures?
- what potential financial impact might this issue have on BT over the next three years?

The issues that emerge as the most material are mapped onto a matrix to help visualise their potential impact on BT and their significance to our stakeholders. This mapping supports our strategic decision-making and directs our reporting.

Restating past data

Every year, we replace any estimates in the previous year's reporting with actual figures. This year's list comprises:
Connecting society: We have restated our progress in 2016/17 against our £1bn ambition to include an additional £6.3m from EE.
Energy, carbon and water: All energy numbers for 2016/17 have been restated, given revised data from EE & MBNL. All restatements of previous estimates related to energy, carbon and water data are recorded in the environmental data tables on our website.
Behaving responsibly: As well as restating our lost-time injury rate for 2016/17, our sickness absence rate for 2013/14 was incorrectly reported last year, and has now been corrected from 2.10 to 2.11.
Our reporting methodology: We have clarified the end date for our £1bn 2020 ambition.

Aligning with standards and guidelines

- This report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option.
- We've also assessed the report content and our performance based on the ISO 26000 Guidance on social responsibility.
- We've been a signatory to the United Nations Global Compact (UNGC) since 2000. We reaffirmed our support of its ten principles this year. Our UNGC index represents our Communication on Progress.
- We're also a signatory to the Climate Disclosure Standards Board (CDSB) fiduciary duty and climate change disclosure. Our CDSB index shows how we've integrated the CDSB reporting framework across both this report and our Annual Report and Form 20-F (2018).

Assuring our report

Our report is externally assured by LRQA against the AA1000 Assurance Standard (2008). The AA1000 principles of inclusivity, materiality, responsiveness and reliability were all reviewed by LRQA across the whole report. The assurance process helps us review and benchmark our performance, as well as providing valuable feedback on where we can improve. The Observations section of this year's LRQA Assurance Statement identifies specific areas that we'll focus on next year.

Contact information

We hope you enjoy reading about how we're delivering social and environmental benefits, and on our performance as a responsible and purposeful business. We welcome feedback on this report or its content. Please complete the online feedback form or contact us via our Twitter account @BTGroup. David Long, Editor.

LRQA independent assurance statement

Relating to BT Group plc's 'Delivering our Purpose – update on our progress 2017/18' Report for the financial year ending 31st March 2018

Lloyd's Register

This Assurance Statement has been prepared for BT Group plc in accordance with our contract but is intended for the readers of this Report.

Terms of engagement

Lloyd's Register Quality Assurance (LRQA) was commissioned by BT Group plc (BT) to provide independent assurance on its 'Delivering our Purpose – update on our progress 2017/18' Report ("the report") to a high level of assurance using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS).

Our assurance engagement covered BT's worldwide operations and activities and specifically the following requirements:
- Reviewing adherence to AA1000AS's Accountability Principles of Inclusivity, Materiality and Responsiveness and evaluating the reliability of the specified sustainability performance information (Type 2 engagement).
- Verifying Greenhouse Gas emissions data related to BT's Carbon Disclosure Project submission, including Direct (Scope 1), Energy Indirect (Scope 2), and Other Indirect (Scope 3).

Our terms excluded data and information:
- Accessed through links that take the reader out of the report, including video streams
- Presented by BT but originated from a second party. Here LRQA corroborate only that data and information was transcribed accurately and the correct reference was provided
- Communicated via social networks
- Included in BT's indexes for United Nations Global Compact, ISO 26000:2010 and Global Reporting Initiative.

LRQA's responsibility is only to BT. LRQA disclaims any liability or responsibility to others as explained in the end footnote. BT's responsibility is for collecting, aggregating, analysing and presenting all the data and information within the report and for maintaining effective internal controls over the systems from which the report is derived. Ultimately, the report has been approved by, and remains the responsibility of BT.

LRQA's Opinion

Based on LRQA's approach, we believe that BT has, in all material respects:
- Met the requirements above
- Disclosed accurate and reliable performance data and information
- Covered all the issues that are important to the stakeholders and readers of this report.

The opinion expressed is formed on the basis of a high level of assurance and at the materiality of the professional judgement of the verifier.

LRQA's approach

LRQA's assurance engagements are carried out in accordance with our verification procedure. The following tasks though were undertaken as part of the evidence gathering process for this assurance engagement:
- Assessing BT's approach to stakeholder engagement to confirm that issues raised by stakeholders were captured correctly. We did this through reviewing minutes of meetings and reviewing associated documents and records.
- Reviewing BT's process for identifying and determining material issues to confirm that the right issues were included in their report. We did this by benchmarking reports written by BT and its peers to ensure that sector specific issues were included for comparability. We also tested the filters used in determining material issues to evaluate whether BT makes informed business decisions that may create opportunities that contribute towards sustainable development.
- Auditing BT's data management systems to confirm that there were no significant errors, omissions or mis-statements in the report. We did this by reviewing the effectiveness of data handling procedures, instructions and systems, including those for internal verification. We also spoke with those key people responsible for compiling the data and drafting the report.

LRQA independent assurance statement continued

- Reviewing BT's Internal Audit Division's (IAD)[a] process and evidence files to confirm that their internal verification was performed thoroughly. IAD checked the validity of data and information in the following sections of the report:
  - Being purposeful: Our business
  - Being responsible: Overview and highlights, Doing business ethically, Respecting human rights and Investing in our people.

Observations

Further observations and findings, made during the assurance engagement, are:

- **Stakeholder inclusivity:** We are not aware of any key stakeholder groups that have been excluded from BT's stakeholder engagement process. BT demonstrated that they have incorporated these stakeholder concerns into their management approach and decision-making processes in order to develop a structured engagement approach and response to sustainability issues.
- **Materiality:** We are not aware of any material issues concerning BT's sustainability performance that have been excluded from the report. It should be noted that BT has established extensive criteria for determining which issue is material and that these criteria are not biased to the company's management. BT present material aspect performance in relation to the broader concepts of sustainability and the aspect boundaries appropriately reflect the material economic, environmental and social impacts.
- **Responsiveness:** BT has processes in place to respond to its stakeholders especially government authorities, employees and the public, partners and suppliers, shareholders and investors.
- **Reliability:** Data management systems are considered to be well defined and implemented. BT have acted upon the recommendations made by LRQA in 2017. However, work should continue to improve the data from MBNL Ltd, particularly with regards to that related to refrigerants.

LRQA's standards, competence and independence

LRQA ensures the selection of appropriately qualified individuals based on their qualifications, training and experience. The outcome of all verification and certification assessments is then internally reviewed by senior management to ensure that the approach applied is rigorous and transparent.

LRQA is BT's certification body for ISO 9001, ISO 14001, ISO 27001, ISO 22301, ISO 20000-1 and OHSAS 18001. We also provide BT with a range of related training services and supply chain assessments. The verification and certification assessments, together with the training and supply chain assessments, are the only work undertaken by LRQA for BT and as such does not compromise our independence or impartiality.

Signed Dated: 22 May 2018

Richard Oxley
LRQA Lead Verifier

Graham Colebeck
LRQA Verifier

On behalf of Lloyd's Register Quality Assurance
1 Trinity Park, Bickenhill Lane, Birmingham, B37 7ES, United Kingdom

LRQA reference: LRQ0772591

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a IAD is an independent, objective, review function for the BT Group. Its role is to provide independent and objective assurance to senior management and the Board as to the adequacy and effectiveness of key controls and of risk management activities across the organisation. The Director Internal Audit retains the right to report to the Board Audit & Risk Committee instances where the department's independence or objectivity is impaired by the activity or behaviour of audit.

The UN Sustainable Development Goals

The UN SDGs call on governments, businesses and others around the world to meet three key objectives by 2030: to end extreme poverty, fight inequality and injustice and limit climate change. They translate into 17 goals (shown here) and 169 targets.

Achieving these Global Goals is essential for the good of society, the environment and sustainable economic growth. If the world can't address global challenges effectively, national economies could slow down. This could have a knock-on effect on our business.

SUSTAINABLE DEVELOPMENT GOALS

Read more at www.globalgoals.org

1 NO POVERTY
End poverty in all its forms everywhere.

2 ZERO HUNGER
End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

3 GOOD HEALTH AND WELL-BEING
Ensure healthy lives and promote well-being for all at all ages.

4 QUALITY EDUCATION
Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all.

5 GENDER EQUALITY
Achieve gender equality and empower all women and girls.

6 CLEAN WATER AND SANITATION
Ensure availability and sustainable management of water and sanitation for all.

7 AFFORDABLE AND CLEAN ENERGY
Ensure access to affordable, reliable, sustainable and modern energy for all.

8 DECENT WORK AND ECONOMIC GROWTH
Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

10 REDUCED INEQUALITIES
Reduce inequality within and among countries.

11 SUSTAINABLE CITIES AND COMMUNITIES
Make cities and human settlements inclusive, safe, resilient and sustainable.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Ensure sustainable consumption and production patterns.

13 CLIMATE ACTION
Take urgent action to combat climate change and its impacts.

14 LIFE BELOW WATER
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.

15 LIFE ON LAND
Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

17 PARTNERSHIPS FOR THE GOALS
Strengthen the means of implementation and revitalize the global partnership for sustainable development.

Global Reporting Initiative (GRI)

The GRI sustainability reporting framework is widely used by organisations around the world.

BT's Delivering our Purpose report 2017/18 has been prepared in accordance with the GRI standards: Core option

GRI Content Index: This material references: GRI 102: General disclosures (2016)

We've used the SDG Compass tool to map our response and increase transparency. GRI/Global Goals mapping is based on analysis available here

Disclosure number	SDG	Disclosure title	Where reported
102-1		Name of the organisation	BT Group plc
102-2		Activities, brands, products, and services	DoP – Our business, page 5 Group businesses
102-3		Location of the headquarters	London (UK)
102-4		Location of operations	We're one of the world's leading communications services companies. We're based in the UK and serve customers across 180 countries
102-5		Ownership and legal form	BT Group plc is the listed holding company for the BT group of companies. Its shares are listed on the London Stock Exchange, and on the New York Stock Exchange in the form of American Depositary Shares Group businesses
102-6		Markets served	DoP – Our business, page 5 Group businesses
102-7		Scale of the organisation	AR – Our business model, page 30 DoP – Our business, page 5
102-8	8 DECENT WORK AND ECONOMIC GROWTH	Information on employees and other workers	AR – Our people, page 43 DoP – BT people data in our Download Centre
102-9		Supply chain	AR – Suppliers, page 49 DoP – Sourcing responsibly, page 47
102-10		Significant changes to the organisation and our supply chain	We didn't make any material disposals or acquisitions in the year ended 31 March 2018. This year one of our more significant suppliers, Carillion, went into liquidation. However, by implementing our risk and governance arrangements we were able to manage and reduce the disruption to our business
102-11		Precautionary principle or approach	Our environmental policy sets out our approach
102-12		External initiatives	We are a signatory to the UN Global Compact principles and we're actively contributing to the UN Sustainable Development Goals DoP – Respecting human rights, page 45 and Creating shared value, page 6
102-13		Membership of associations	DoP – Teaming up with others, page 32
102-14		Statement from senior decision-maker	DoP – Introduction from our Chairman and Chief Executive, page 2

Key: AR – BT Group plc Annual Report and Form 20-F 2018
DoP – BT's Delivering our Purpose Report 2017/18

Disclosure number	SDG	Disclosure title	Where reported
102-15		Key impacts, risks, and opportunities	AR – Our principal risks and uncertainties, page 57 DoP – How we prioritise, page 9
102-16	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Values, principles, standards and norms of behaviour	AR – Our culture, page 40 DoP – Doing business ethically, page 43 Our Purpose and our ethics code
102-17	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Mechanisms for advice and concerns about ethics	DoP – Doing business ethically, page 43
102-18		Governance structure	Our Board DoP – Governing our purpose, page 10
102-19		Delegating authority	DoP – Governing our purpose, page 10
102-20		Executive-level responsibility for economic, environmental and social topics	Our Board-level Committee for Sustainable and Responsible Business (CSRB) leads our purposeful business strategy and oversees progress towards our ambitions
102-21	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Consulting stakeholders on economic, environmental and social topics	AR – Our stakeholders, page 42 DoP – Listening to our stakeholders, page 8
102-22	5 GENDER EQUALITY; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Composition of the highest governance body and its committees	AR – Governance, page 131 DoP – Governing our purpose, page 10 Our Board
102-23	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Chair of the highest governance body	The roles of the chairman and chief executive are separate and we judged our chairman to be independent at the time of his appointment
102-24	5 GENDER EQUALITY; 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Nomination and selecting the highest governance body	AR – Nominating and Governance Committee chairman's report, page 150
102-25	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Conflicts of interest	AR – Power to authorise conflicts, page 182
102-26		Role of highest governance body in setting purpose, values, and strategy	AR – Board of Directors, page 134 DoP – Governing our purpose, page 10
102-27	4 QUALITY EDUCATION	Collective knowledge of highest governance body	AR – Board of Directors, page 134
102-28		Evaluating the highest governance body's performance	AR – Board of Directors, page 134
102-29	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Identifying and managing economic, environmental and social impacts	AR – The Board, page 136 DoP – Governing our purpose, page 10
102-30		Effectiveness of risk management processes	AR – Audit & Risk Committee, chairman's report, page 144 DoP – Governing our purpose, page 10
102-31		Review of economic, environmental and social impacts	DoP – Governing our purpose, page 10

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DoP – BT's Delivering our Purpose Report 2017/18

Disclosure number	SDG	Disclosure title	Where reported
102-32		Highest governance body's role in sustainability reporting	All significant announcements are reviewed by our Disclosure Committee for accuracy and compliance requirements DoP – Governing our purpose, page 11
102-33		Communicating critical concerns	The CSRB meets twice a year and reports to the Board annually DoP – Governing our purpose, page 10
102-34		Nature and number of critical concerns	DoP – Governing our purpose, page 10
102-35		Remuneration policies	AR – Report on Directors' remuneration, page 156
102-36		Process for determining remuneration	AR – Report on Directors' remuneration, page 156
102-37	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Stakeholders' involvement in remuneration	All shareholders are invited to attend our Annual General Meeting and meet the chairman and the Board of directors. We welcome this opportunity to report on our performance and answer any questions
102-40		List of stakeholder groups	DoP – Our priorities, page 8
102-41	8 DECENT WORK AND ECONOMIC GROWTH	Collective bargaining agreements	DoP – Rewarding our people, page 52
102-42		Identifying and selecting stakeholders	DoP – Our priorities, page 8
102-43		Approach to stakeholder engagement	DoP – Our priorities, page 8
102-44		Key topics and concerns raised	DoP – Our priorities, page 8
102-45		Entities included in consolidated financial statements	The group financial statements consolidate the financial statements of BT Group plc and its subsidiaries, and include its share of the results of associates and joint ventures using the equity method of accounting
102-46		Defining the report content and topic boundaries	DoP – Our reporting methodology, page 60 and Our priorities, page 8
102-47		List of material topics	DoP – Our priorities, page 8
102-48		Restatements of information	DoP – Our reporting methodology, page 60
102-49		Changes to reporting	DoP – Our reporting methodology, page 60
102-50		Reporting period	DoP – Our reporting methodology, page 60
102-51		Date of most recent report	DoP – Our reporting methodology, page 60
102-52		Reporting cycle	DoP – Our reporting methodology, page 60
102-53		Contact point for questions regarding the report	DoP – Our reporting methodology, page 60
102-54		Claims of reporting in accordance with the GRI standards	Delivering our purpose – update on our progress 2017/18 has been prepared in accordance with the GRI standards: Core option
102-55		GRI Context Index	DoP – Appendices, page 65
102-56		External assurance	Our Delivering our purpose – update on our progress 2017/18 is assured to AA1000 (AS) 2008 by LRQA DoP – LRQA assurance statement, page 62

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This material references GRI 201 to GRI 206 (2016) economic standards. The following standards have not been identified as material; 202 and 204.

Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
201		**Economic performance** GRI 103: Management approach	The BT Group plc Annual Report and Form 20-F 2018 covers our economic performance and governance
201-1	2 ZERO HUNGER, 5 GENDER EQUALITY, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Direct economic value generated and distributed	AR – Financial statements, page 189 DoP – Our business, page 5, and Investment, page 11
201-2	13 CLIMATE ACTION	Financial implications and other risks and opportunities due to climate change	AR – Security and resilience risk, page 66 DoP – Identifying and managing risks, page 9, and Helping customers save emissions, page 35
201-3		Defined benefit plan obligations and other retirement plans	AR – Pensions, page 64 DoP – Rewarding our people, page 52
201-4		Financial assistance received from government	AR – Government grants relating to Broadband Delivery UK (BDUK) contracts, page 231
203		**Indirect economic impacts** GRI 103: Management approach	We undertake independent studies to better understand our indirect impacts, in particular from our network investments
203-1	2 ZERO HUNGER, 5 GENDER EQUALITY, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 11 SUSTAINABLE CITIES AND COMMUNITIES	Infrastructure investments and services supported	AR – Our networks and physical assets, page 35 DoP – Connecting society, page 12
203-2	1 NO POVERTY, 2 ZERO HUNGER, 3 GOOD HEALTH AND WELL-BEING, 7 AFFORDABLE AND CLEAN ENERGY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS	Significant indirect economic impacts	Our research papers on this subject, can be found here and Valuing Digital Inclusion
205		**Anti-corruption** GRI 103: Management approach	We do not tolerate bribery or corruption in any form Anti-corruption and bribery policy AR – Audit & Risk Committee, chairman's report, page 144 DoP – Doing business ethically, page 44
205-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Operations assessed for risks related to corruption	AR – Significant control failure, page 57 DoP – Doing business ethically, page 44
205-2	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Communication and training about anti-corruption policies and procedures	DoP – Doing business ethically, page 44
205-3	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Confirmed incidents of corruption and actions taken	AR – Audit & Risk Committee, chairman's report, page 144 DoP – Acting on improper behaviour, page 44

Key: AR – BT Group plc Annual Report and Form 20-F 2018
DoP – BT's Delivering our Purpose Report 2017/18

Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
206		**Anti-competitive behaviour** GRI 103: Management approach	We compete vigorously but fairly, being honest, respectful and trustworthy in all our dealings Our statement of business practice, AR – Communications industry regulation, page 61
206-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	None reported in the year

Key: AR – BT Group plc Annual Report and Form 20-F 2018
DoP – BT's Delivering our Purpose Report 2017/18

This material references GRI 301 to GRI 308 (2016) environmental standards. The following standards have not been identified as material; 301 and 304.

Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
302		**Energy** GRI 103: Management approach	Our group-wide environmental policy and environmental management systems help us minimise our impacts, manage risks and comply with relevant regulations. BT TSO is responsible for managing the group's energy consumption We do not measure energy use outside our operational boundaries, however we encourage our suppliers to seek energy efficiencies in their operations and the products they supply us We report on our key non-financial metrics and improvement targets
302-1	7 8 12 13	Energy consumption within the organisation	AR – Cutting our energy use, page 55 DoP – Reducing our emissions, page 36, and Environmental data in our Download Centre
302-2	7 8 12 13	Energy consumption outside of the organisation	The aim of our procurement standard on climate change is to encourage and support the design and delivery of energy efficiency and carbon reduction at all stages of production, delivery, use and disposal of products and services supplied to BT Together with our main energy provider, we're encouraging our suppliers to switch to 100% renewable energy DoP – Reducing our emissions, page 36
302-3	7 8 12 13	Energy intensity	Not applicable – We don't report energy intensity, however we're investigating an appropriate normalising metric to help drive our energy reduction activities
302-4	7 8 12 13	Reduction of energy consumption	AR -Cutting our energy use, page 55 DoP – Reducing our emissions, page 36, and Environmental data in our Download Centre
302-5	7 8 12 13	Reductions in energy requirements of products and services	DoP – Reducing our emissions, page 36
303		**Water** GRI 103: Management approach	Our group-wide environmental policy and environmental management systems help us minimise our impacts, manage risks and comply with relevant regulations We report on water use for our UK operations only, outside the UK most of our operational sites are fully managed by landlords We report on our improvement targets
303-1	6	Water withdrawal by source	AR – Reducing water usage, page 55 DoP – Water use, page 39 and Environmental data in our Download Centre
303-2	6	Water sources significantly affected by withdrawal of water	Not applicable – No water sources are significantly affected by the withdrawal of water used for cooling purposes
303-3	6 8 12	Water recycled and reused	Not applicable – we neither recycle nor reuse significant volumes of water at present
305		**Emissions** GRI 103: Management approach	GHG emissions are one of the most material environmental issues to BT and our wider value chain Our group-wide environmental policy and environmental management systems help us minimise our impacts, manage risks and comply with relevant regulations We report on our key non-financial metrics and improvement targets DoP – Governing our purpose, page 10

Key: AR – BT Group plc Annual Report and Form 20-F 2018
DoP – BT's Delivering our Purpose Report 2017/18

Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
305-1	3, 12, 13, 14, 15	Direct (Scope 1) GHG emissions	AR – Our net positive carbon impact, page 54 DoP – Reducing our emissions, page 36 and Environmental data in our Download Centre
305-2	3, 12, 13, 14, 15	Energy indirect (Scope 2) GHG emissions	AR – Our net positive carbon impact, page 54 DoP – Reducing our emissions, page 36 and Environmental data in our Download Centre
305-3	3, 12, 13, 14, 15	Other indirect (Scope 3) GHG emissions	AR – Our net positive carbon impact, page 54 DoP – Reducing our emissions, page 36 and Environmental data in our Download Centre
305-4	13, 14, 15	GHG emissions intensity	AR – Our net positive carbon impact, page 54 DoP – Reducing our emissions, page 36 and Environmental data in our Download Centre
305-5	13, 14, 15	Reduction of GHG emissions	AR – Our net positive carbon impact, page 54 DoP – Reducing our emissions, page 36 and Environmental data in our Download Centre
305-6	3, 12, 13	Emissions of ozone-depleting substances (ODS)	The GHG emissions related to ODS are included in our carbon emissions model DoP – Environmental data in our Download Centre
305-7	3, 12, 13, 14, 15	Nitrogen oxides (NO_x), sulfur oxides (SO_x), and other significant air emissions	Air pollution came up as an issue that concerns our stakeholders in our materiality assessment this year DoP – Environmental data in our Download Centre
306		**Effluents and waste** GRI 103: Management approach	Our group-wide environmental policy and environmental management systems help us minimise our impacts, manage risks and comply with relevant regulations We don't monitor or measure waste outside our operational boundaries, however we encourage our suppliers to seek efficiencies in their operations and the products they supply us We report on our improvement targets DoP – Governing our purpose, page 10
306-1	3, 6, 12, 14	Water discharge by quality and destination	Not applicable – Less than 2% of BT properties in the UK require and have a licence or consent for these activities and measuring discharge volumes is not a requirement

Key: AR – BT Group plc Annual Report and Form 20-F 2018
DoP – BT's Delivering our Purpose Report 2017/18

Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
306-2	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Waste by type and disposal method	AR – Waste and recycling, page 55 DoP – Waste and recycling page 38, and Environmental data in our Download Centre
306-3	3 GOOD HEALTH AND WELL-BEING, 6 CLEAN WATER AND SANITATION, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION, 14 LIFE BELOW WATER, 15 LIFE ON LAND	Significant spills	DoP – Preventing fuel leaks, page 40
306-4	3 GOOD HEALTH AND WELL-BEING, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Transport of hazardous waste	Less than 1% of waste produced in the UK is classified as hazardous. We hold waste carriers licences in the UK to transport waste DoP – Waste and recycling page 38, and Environmental data in our Download Centre
306-5	6 CLEAN WATER AND SANITATION, 15 LIFE ON LAND	Water bodies affected by water discharges and/or run-off	Not applicable – All waste water is discharged through municipal waste water systems
307		**Environmental compliance** GRI 103: Management approach	We aim to comply with laws and regulations in all the countries we operate in Our EMS provides a framework for the management and reporting of environmental performance through our governance systems DoP – Managing environmental risks, page 40
307-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Non-compliance with environmental laws and regulations	DoP – Our purposeful business targets in our Download Centre
308		**Supplier environmental assessment** GRI 103: Management approach	Our EMS provides a framework for the management and reporting of environmental performance, including our supply chain, through our governance systems We report on our key non-financial metrics and improvement targets DoP – Sourcing responsibly, page 47
308-1		New suppliers that were screened using environmental criteria	DoP – Sourcing responsibly, page 47
308-2		Negative environmental impacts in the supply chain and actions taken	DoP – Sourcing responsibly, page 47

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This material references GRI 401 to GRI 419 (2016) social standards. The following standards have not been identified as material; 402, 410, 411, 413, 415, 416 and 417.

Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
401		**Employment** GRI 103: Management approach	Our ethics code, defines BT's business principles that apply worldwide, to all employees, agents, contractors and others when representing BT Our policies
401-1	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	New employee hires and employee turnover	DoP – BT people data in our Download Centre
401-2	8 DECENT WORK AND ECONOMIC GROWTH	Benefits provided to full-time employees that are not provided to temporary or part-time employees	DoP – Rewarding our people, page 52
401-3	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Parental leave	DoP – Promoting gender balance, page 54
403		**Occupational health and safety** GRI 103: Management approach	Our global health, safety and wellbeing policy sets out our approach and the Executive Committee and Board regularly monitor progress AR – Health, safety and wellbeing, page 46 DoP – Promoting wellbeing, page 56
403-1	8 DECENT WORK AND ECONOMIC GROWTH	Workers representation in formal joint management–worker health and safety committees	DoP – Promoting wellbeing, page 56
403-2	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	DoP – Promoting wellbeing, page 56, and BT people data in our Download Centre
403-3	3 GOOD HEALTH AND WELL-BEING, 8 DECENT WORK AND ECONOMIC GROWTH	Workers with high incidence or high risk of diseases related to their occupation	DoP- Promoting wellbeing, page 56
403-4	8 DECENT WORK AND ECONOMIC GROWTH	Health and safety topics covered in formal agreements with trade unions	DoP – Promoting wellbeing, page 56
404		**Training and education** GRI 103: Management approach	Everyone at BT gets the tools and training they need to do their job, build their skills and gain experience
404-1	4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Average hours of training per year per employee	DoP – Developing our people, page 49
404-2	8 DECENT WORK AND ECONOMIC GROWTH	Programmes for upgrading employee skills and transition assistance programmes	AR – Our workforce, page 43 DoP – Developing our people, page 49
404-3	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Percentage of employees receiving regular performance and career development reviews	DoP – Developing our people, page 49

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Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
405		**Diversity and equal opportunity** GRI 103: Management approach	Our inclusion leadership board reviews and reports progress on diversity and inclusion to the group chief executive In March 2018, we launched a new strategy that emphasises our commitment to build an inclusive culture at BT. We've introduced targets on gender balance at the top level of the business for the first time DoP – Creating an inclusive workplace, page 53
405-1	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH	Diversity of governance bodies and employees	AR – Diversity of the Board, page 138 DoP – Promoting gender balance, page 54 and BT people data in our Download Centre
405-2	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES	Ratio of basic salary and remuneration of women to men	DoP – Promoting gender balance, page 54
406		**Non-discrimination** GRI 103: Management approach	We respect the dignity, liberty and equality of everyone we work with. We use the UN Guiding Principles on Business and Human Rights to inform our approach Our ethics code DoP – Embracing diversity, page 53
406-1	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Incidents of discrimination and corrective actions taken	DoP – BT people data in our Download Centre
407		**Freedom of association and collective bargaining** GRI 103: Management approach	We only work with people who choose to work freely. We respect their rights to equal opportunities, freedom of association and collective bargaining Our ethics code Our statement on Modern Slavery
407-1	8 DECENT WORK AND ECONOMIC GROWTH	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	DoP – Sourcing responsibly, page 47
408		**Child labour** GRI 103: Management approach	We've a long-standing policy that we don't use or accept forced, bonded or involuntary prison labour or child labour Our ethics code Our statement on Modern Slavery
408-1	8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Operations and suppliers at significant risk for incidents of child labour	DoP – Respecting human rights, page 45 and Sourcing responsibly, page 47
409		**Forced or compulsory labour** GRI 103: Management approach	We've a long-standing policy that we don't use or accept forced, bonded or involuntary prison labour or child labour Our ethics code Our statement on Modern Slavery
409-1	8 DECENT WORK AND ECONOMIC GROWTH	Operations and suppliers at significant risk for incidents of forced or compulsory labour	DoP – Respecting human rights, page 45 and Sourcing responsibly, page 47
412		**Human rights assessment** GRI 103: Management approach	Our human rights team works on day-to-day integration of the UN Guiding Principles in our business and our Human Rights Steering Group oversees progress in this area. It's chaired by our group corporate affairs director (a member of our Executive Committee) AR – Respecting human rights, page 40 DoP – Respecting human rights, page 45
412-1		Operations that have been subject to human rights reviews or impact assessments	AR – Compliance risks, page 56 DoP – Assessing supplier performance and risk, page 47

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Standard/ Disclosure number	SDG	Standard/Disclosure title	Management approach/where reported
412-2		Employee training on human rights policies or procedures	DoP – Doing the right thing, page 43
412-3		Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	DoP – Sourcing responsibly, page 47
414		**Supplier social assessment** GRI 103: Management approach	We're steered by the UN Guiding Principles on Business and Human Rights (UN Guiding Principles) Sourcing with human dignity
414-1	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	New suppliers that were screened using social criteria	AR – Ethical standards in our supply chain, page 50 DoP – Assessing supplier performance and risk, page 47
414-2	5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Negative social impacts in the supply chain and actions taken	DoP – Sourcing responsibly, page 47
418	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	**Customer privacy** GRI 103: Management approach	We integrate privacy issues into our training and product design, comply with privacy regulations, and put safeguards in place when managing requests from law enforcement agencies Privacy and free expression in UK communications
418-1		Substantiated complaints concerning breaches of customer privacy and losses of customer data	AR – Processing our customers' data, page 58 DoP – Protecting people's privacy, page 22
419		**Socioeconomic compliance** GRI 103: Management approach	Our audit and risk committee's responsibilities include reviewing the effectiveness of processes for compliance with laws, regulations and ethical codes of practice, including the company's Speak Up arrangements AR – Audit & Risk Committee chairman's report, page 144
419-1	16 PEACE, JUSTICE AND STRONG INSTITUTIONS	Non-compliance with laws and regulations in the social and economic area	DoP – Acting on improper behaviour, page 44 and Our purposeful business targets in our Download Centre

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DoP – BT's Delivering our Purpose Report 2017/18

United Nations Global Compact

We have been a signatory to the Global Compact since 2000 and we reaffirm our support of the Ten Principles of the United Nations Global Compact in the areas of human rights, labour, environment and anti-corruption.

This annual Communication on Progress (see table) summarises the key sections of our report as they relate to the Global Compact's principles and our business strategy, culture and operations. There are links to further information such as measures, lessons learned and our future plans.

Principles	Information in Delivering our Purpose – update on progress 2017/18	Information in BT Group plc Annual Report and Form 20-F 2018 and elsewhere
Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights	Everyone's entitled to basic rights and freedoms – whoever they are, wherever they live. We're committed to respecting these human rights. Respecting human rights, page 45, summarises our approach to human rights	Our commitment, as an original signatory to the United Nations Global Compact principles, is to embrace, support and respect human rights and ensure we're not complicit in human rights abuses. Respecting human rights, page 41
Principle 2: Businesses should make sure that they are not complicit in human rights abuses	Respecting human rights, page 45, summarises our approach to human rights. Our human rights team works on day-to-day integration of the UN Guiding Principles in our business and our Human Rights Steering Group oversees progress in this area. It's chaired by our group corporate affairs director (a member of our Executive Committee)	We've been working on a formal human rights policy, which we'll launch early in 2018/19. We have to maintain a difficult balance of respecting rights to privacy and free expression, and supporting police and other government agencies in protecting the nation's security. In December 2015, we published our thinking on achieving this balance. This is currently being updated
Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	We respect rights to equal opportunities, freedom of association and collective bargaining. Rewarding our people, page 52	Our ethics code, gives guidance to our employees, suppliers and anyone working on our behalf, on how we expect them to behave and on our values
Principle 4: Businesses should uphold the elimination of all forms of forced and compulsory labour	We have a long-standing policy that we don't use or accept forced, bonded or involuntary prison labour or child labour. Nor do we demand deposits or hold onto our workers' identity papers, or work with businesses that do. We only work with people who choose to work freely. Sourcing responsibly, page 45	Our Modern Slavery Act transparency statement, updated in August 2017 sets out our stance on modern slavery and human trafficking. We are founding partners of the UK's Modern Slavery Helpline and Resource Centre
Principle 5: Businesses should uphold the effective abolition of child labour	We have a long-standing policy that we don't use or accept forced, bonded or involuntary prison labour or child labour. We only work with people who choose to work freely. Sourcing responsibly, page 45	Our Sourcing with Human Dignity standard, introduced in 2001, specifies the minimum standards we expect of our suppliers
Principle 6: Business should uphold the elimination of discrimination in respect of employment and occupation	We want everyone to feel welcome and included at BT. Anyone with the right talent and mind-set should be able to succeed, no matter who they are or where they're from. Creating an inclusive workplace, pages 53-54	We want a diverse workforce that matches our customers and delivers our business goals. Diversity at work, page 45
Principle 7: Businesses should support a precautionary approach to environmental challenges	Our environment policy and management systems are designed to help us comply with environmental legislation and continually improve our performance in these areas. Managing environmental impacts, page 45	We've worked with the University of Cambridge Engineering Design Centre to develop the Designing Our Tomorrow (DOT) in a box initiative. It helps our designers think about the environmental impact at each stage of a product's life cycle
Principle 8: Businesses should undertake initiatives to promote greater environmental responsibility	We take our environmental responsibility seriously. Our group-wide environmental policy and environmental management systems (EMS) help us minimise our impacts, manage risks and comply with relevant regulations. Conserving natural resources, page 38	Since the early nineties, we've made social and environmental responsibility central to our business. We have incorporated environmental factors into our procurement processes. Our procurement standards on Product Stewardship and Climate Change sets out our expectations and requirements from suppliers

Principles	Information in Delivering our Purpose – update on progress 2017/18	Information in BT Group plc Annual Report and Form 20-F 2018 and elsewhere
Principle 9: Businesses should encourage the development and diffusion of environmentally friendly technologies	The UN's Sustainable Development Goals (SDGs) highlight the need to create a low-carbon economy and to ensure sustainable consumption of our natural capital. Our ambition is to help customers reduce their carbon footprint by at least three times our own end-to-end emissions. We can help them achieve this through our products and services. Helping customers cut carbon emissions, page 35. We want to work with suppliers who not only monitor the impact they have on the environment but work hard to reduce it. Promoting environmental sustainability, page 45	Our Purposeful Business web pages
Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery	We don't tolerate bribery or corruption in any form. Doing business ethically, pages 43-44	Our anti-corruption and bribery policy

ISO 26000:2010

Guidance on social responsibility, provides a guidance framework to help businesses and organisations operate in a socially responsible way.

This is the eighth year that we have cross referenced our report to the core subjects and issues of the guidance.

Subject	Clause	Information in Delivering our Purpose – update on progress 2017/18	Our response
Organisational governance	6.2	Governing our purpose, page 10	Our Board Committee for Sustainable and Responsible Business has a duty to: maintain and grow world-class corporate responsibility performance, to minimise any Corporate Responsibility and Sustainability (CR&S) risks to BT's operations and reputation, and to help maximise business opportunities from CR&S
Human rights: Issue 1: Due diligence	6.3.3	Respecting human rights, page 45	We believe our communication services can play a positive role by helping people exercise their rights and freedoms in an increasingly digital age. But we also recognise there are risks we need to address, including the need to prevent labour abuses in our supply chain and to protect our customers' rights to privacy and free expression.
Issue 2: Human rights risk situations	6.3.4	Identifying and managing risks, page 9, Respecting human rights, page 45, and Sourcing responsibly, page 45	Assessing risks helps us determine potential impacts on our business. We use our enterprise risk framework to identify and manage risks
Issue 3: Avoidance of complicity	6.3.5	Doing business ethically, page 43	Our ethics code guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations. It states our commitment to the United Nations Universal Declaration of Human Rights
Issue 4: Resolving grievances	6.3.6	Doing business ethically, page 43	The Contact BT pages on our website provide access for external stakeholders to contact us for any queries about the company. Our employees and suppliers have access to a confidential hotline to report any concerns
Issue 5: Discrimination and vulnerable groups	6.3.7	Including everyone, page 18, Doing business ethically, page 43, and Creating an inclusive workplace, page 53	We've brought together a wealth of information and advice on how customers with impairments can use the phone, internet and TV on our Including You website
Issue 6: Civil and political rights	6.3.8	Respecting human rights, page 45	We respect the dignity, liberty and equality of every BT employee and everyone who has dealings with us
Issue 7: Economic, social and cultural rights	6.3.9	Building infrastructure, page 14, Including everyone, page 18, and Building tech literacy for the next generation, page 23	Our Tech Literacy programme is about empowering young people to navigate the new digital world. We want them to grow up to become active creators of technology, not passive consumers. Our Including You website contains a wealth of information on the products and services we offer to people who need extra help with communications
Issue 8: Fundamental principles and rights at work	6.3.10	Doing business ethically, page 43	We don't use or accept forced, bonded or involuntary prison labour. We don't demand or hold on to deposits or identity papers for our workers, or deal with businesses that do. We only work with people who choose to work freely. We respect their rights to equal opportunities, freedom of association and collective bargaining. We don't use child labour and we demand the same of our suppliers and their suppliers. Our ethics code guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations
Labour practices: Issue 1: Employment and employment relationships	6.4.3	Creating an inclusive workplace, page 53	We want everyone to feel welcome and included at BT. Anyone with the right talent and mind-set should be able to succeed, no matter who they are or where they're from
Issue 2: Conditions of work and social protection	6.4.4	Rewarding our people, page 52	We regularly benchmark our pay and benefits against companies of a similar size and complexity to help us offer competitive packages

Subject	Clause	Information in Delivering our Purpose – update on progress 2017/18	Our response
Issue 3: Social dialogue	6.4.5	Listening to our people, page 50	Twice a year, we ask our people to provide feedback on working for BT through our employee engagement survey
Issue 4: Health and safety at work	6.4.6	Promoting wellbeing, page 56	We see improving the wellbeing of society as an integral part of our purpose to use the power of communications to make a better world
Issue 5: Human development and training in the workplace	6.4.7	Investing in our people, page 49	We help our people grow through learning – on the job or through formal training
The environment: Issue 1: Prevention of pollution	6.5.3	Managing environmental risks, page 40	Our group-wide environmental policy and environmental management systems (EMS) help us minimise our impacts, manage risks and comply with relevant regulations
Issue 2: Sustainable resource use	6.5.4	Conserving natural resources, page 38	We put a lot of effort into reducing our carbon emissions because that's the biggest difference we can make to the environment. We also manage other impacts to help us conserve natural resources
Issue 3: Climate change mitigation and adaptation	6.5.5	Tackling climate change, page 30	We've been measuring and reporting on our efforts to reduce our carbon emissions since 1992. In 2013 we set an ambition to help customers reduce their carbon emissions by at least three times the end-to-end carbon impact of our business by 2020
Issue 4: Protection of the environment, biodiversity and restoration of natural habitats	6.5.6	Our priorities, page 7 and Biodiversity, page 39	We're not a significant landowner. We have procedures in place to reduce the impact of our operations on the environment. We aim to promote biodiversity by using our sites to provide natural habitats such as wildflower meadows that support flora, insects and wildlife
Fair operating practices: Issue 1: Anti-corruption	6.6.3	We don't tolerate bribery or corruption in any form. Targeting bribery and corruption, page 44	We have specific policies covering anti-corruption and bribery, gifts and hospitality, and charitable donations and sponsorships. These cover our people around the world
Issue 2: Responsible political involvement	6.6.4		We aim to be transparent about our public policy activities, current public policy issues can be found on our website
Issue 3: Fair competition	6.6.5	Doing business ethically, page 43	We compete vigorously but fairly, being honest, respectful and trustworthy in all our dealings. Our ethics code guides employees, suppliers and anyone working on behalf of BT on how to behave in different situations
Issue 4: Promoting social responsibility in the value chain	6.6.6	Sourcing responsibly, page 47	Our procurement standards include: environment, climate change and labour rights
Issue 5: Respect for property rights	6.6.7		We're not a significant landowner, either in the UK or our international markets
Consumer issues: Issue 1: Fair marketing, factual and unbiased information and fair contractual practices	6.7.3		Our web pages include our Codes of Practice, covering our customer, sales and marketing activities
Issue 2: Protecting consumers' health and safety	6.7.4	Addressing health concerns about radio frequency emissions, page 9, and Managing environmental risks, page 40	We don't manufacture our own products, so we work closely with our suppliers to ensure that the products and services we provide are to the highest standards. Our Product Stewardship Standard makes sure that the products we buy, use and sell are safe
Issue 3: Sustainable consumption	6.7.5	Waste and recycling, page 38	As part of our commitment to the principles of the circular economy, we're exploring ways to use recycled materials and ensure materials are recyclable when a product is no longer needed. Our consumer products are labelled to provide customers with information on energy use and disposal
Issue 4: Consumer service, support, and complaint and dispute resolution	6.7.6	Getting it right for our customers, page 14	Getting the customer experience right, and improving the quality of our customer relationships, is at the heart of our strategy for growth. The different methods to contact us are summarised on our Contact BT page
Issue 5: Consumer data protection and privacy	6.7.7	Protecting people's privacy, page 22	We're open about our privacy policies, helping our customers understand in simple terms how their personal information is used. Our privacy centre gives a detailed breakdown by service to show customers how we collect and use their personal information
Issue 6: Access to essential services	6.7.8	Including everyone, page 18	BT Basic is our low-cost telephone service. Our Codes of Practice describe our procedures for requesting payment and the help customers can expect if they have problems paying

Subject	Clause	Information in Delivering our Purpose – update on progress 2017/18	Our response
Issue 7: Education and awareness	6.7.9	Including everyone, page 18	We use many channels to engage with our customers on sustainability-related issues. From the labelling on our products through to our marketing communications and our sustainability report. Increasingly we're using social media channels such as YouTube and Facebook to engage with a wider audience
Community involvement and development: Issue 1: Community involvement	6.8.3	Listening to our stakeholders, page 8 and Volunteering our skills and time, page 52	We engage with our stakeholders throughout the year. Our people are supporting the communities that we live and work in through our volunteering initiatives
Issue 2: Education and culture	6.8.4	Building tech literacy for the next generation, page 32	We're helping young people across the UK develop the skills, knowledge and confidence they need to use the internet
Issue 3: Employment creation and skills development	6.8.5	Building tech literacy for the next generation, page 32 and Developing talent, page 49	We're an equal opportunities employer. We've longstanding apprentice and graduate entry programmes, and provide skills-for-work training for young people to help prepare them for their working lives. Through our tech literacy programme we're helping people gain the digital skills and confidence to create possibilities for everyone
Issue 4: Technology development and access	6.8.6	Connecting society, page 12	Both in the UK and overseas, we're going above and beyond to help millions of people overcome social disadvantage through the benefits our products and services bring. We're also using our technology and expertise to help charities support more people in need
Issue 5: Wealth and income creation	6.8.7	Our business, page 5 and A responsible approach to tax, page 44	We actively support the communities in which we operate. Our purchasing stimulates economic and social development. Our Social Study 2016 – the Economic Impact of BT & EE in the UK looks at our Gross Value Add across the UK
Issue 6: Health	6.8.8	Sourcing responsibly, page 47 and Promoting wellbeing, page 56	Protecting health and safety is a priority for us. Not only for our people but our customers, contractors and suppliers
Issue 7: Social investment	6.8.9	Investment, page 11 and Supporting good causes, page 26	We've wide ranging partnerships with organisations (for example charities) who are best equipped to address social inequalities. We support charities by sharing our skills, supporting fundraising and by providing technology

CDSB Framework for reporting environmental information & natural capital

We're signatories to the Climate Disclosure Standards Board (CDSB) Statement on fiduciary duty and climate change disclosure. We're committed to producing and using climate change-related information in mainstream corporate reporting as a matter of fiduciary duty.

We report on our material environmental impacts and performance on an annual basis in our Annual Report and Form 20-F and our Delivering our Purpose report. These reports aim to serve different stakeholder groups – the Annual Report , investors, analysts and shareholders – the Delivering our Purpose Report a wider audience, including customers, employees, suppliers and society.

We aim not to duplicate information unnecessarily so have provided this index showing how and where our environmental and natural capital reporting meets the principles and requirements of the CDSB Framework (June 2015).

		Comments	BT Group plc Annual Report and Form 20-F 2018	BT Delivering our Purpose report 2017/18
P1	Relevance and materiality	Since 2006, we've conducted an annual materiality review at the end of each calendar year to assess the trends and issues identified by our stakeholders. We draw on multiple sources of qualitative and quantitative information that have been gathered throughout the preceding 12 months. This is to determine the relevance and significance of issues identified through stakeholder engagement, such as day-to-day interactions by phone or in meetings, as well as through online discussion forums, focus groups, social media and participation in industry collaborations. Carbon emissions reductions remain a relevant environmental issue to our business and important to our investors	Shareholders, page 48. We give particular attention to 'socially responsible investors' via a programme designed to meet their specific needs	Materiality methodology, page 61 and Our priorities, page 8, which covers material environmental information to a wide range of stakeholders
P2	Faithful representation	We aim to provide a balanced view of our progress and challenges. We ask LRQA to review and comment on our report using AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS)	Our Annual Report and Form 20-F performance is aligned to our Delivering our Purpose report	LRQA Assurance Statement, page 62
P3	Connected with other information	We recognise that our use of natural resources presents both cost and risk to our business, as well as opportunities to develop solutions to help others minimise their use of natural resources	Our business model, page 30, The environment, page 54 and Our principal risks and uncertainties, page 56	Delivering environmental benefits section, page 37
P4	Consistent and comparable	We've been reporting on our environmental performance for over 25 years. Annually we provide five-year trend information on progress and disclose the methodology that we use	The environment, page 54	Delivering environmental benefits, page 37, Our reporting methodology, page 60 and Environmental data in our Download Centre
P5	Clear and understandable	We work hard to ensure that our reporting is fair, balanced and understandable	We're committed to communicating openly with each of our stakeholder audiences in the manner most appropriate to their requirements. Investors can contact us via our investor web pages	We welcome feedback on our report, how we're delivering social and environmental benefits, and our performance as a responsible and sustainable business. Please complete the online feedback form or contact us via our Twitter account @BT Group
P6	Verifiable	We ask LRQA to review and comment on our natural capital reporting using AA1000AS (2008)	We include key natural capital information in our Annual Report, this data has previously been assured as part of our Delivering our Purpose Report by LRQA.	LRQA assurance statement, page 62

		Comments	BT Group plc Annual Report and Form 20-F 2018	BT Delivering our Purpose report 2017/18
P7	Forward-looking	We've set ourselves long-term, ambitious goals to deliver improved performance. This year we set science-based targets based on a 1.5°C limit, in line with the Paris Agreement	By 2030, we aim to cut our carbon emissions intensity by 87% compared with 1996/97 levels. The environment, page 54	Tackling climate change, page 30, Setting science-based targets, page 32, and Our targets in the Download Centre
REQ-01	Policy, strategy and targets	Our environmental policy sets out our aims to: reduce the environmental impact of our operations, supply chain and customer solutions and to help our customers reduce their own environmental impact	Our 2020 ambition, page 54	Tackling climate change, page 30 and Our targets in the Download Centre
REQ-02	Risks and opportunities	We aim to mitigate the risks of climate change – our 2020 ambition sets out our approach to minimising our GHG emissions and helping our customers to reduce their emissions. We recognise climate change as an increasingly likely trigger to some of our main business risks, and are adapting our business accordingly	Our principal risks and uncertainties, page 56. Climate change feeds into two of these risks, with climate-related issues posing risks to the resilience of our network and the security of our supply chain	Tackling climate change, page 30, Identifying and managing risks, page 9, and Keeping people connected, page 17
REQ-03	Governance	Our purpose is to use the power of communications to make a better world. Our board-level Committee for Sustainable and Responsible Business (CSRB) leads our purposeful business strategy and oversees progress towards our ambitions. The chief executive of BT Group has ultimate responsibility for the company's environmental policy and performance	Committee for Responsible and Sustainable Business, Chair's report, page 153	Governing our purpose, page 10
REQ-04	Sources of environmental impact	Our annual materiality review continues to find that Climate Change (GHG emissions and related energy use) is the most significant environmental issue to our investors, customers, suppliers and people	We report our energy use, GHG emissions, waste generated and water use. The environment, page 54	We report on a wider range, relevant to a broader stakeholder group, of environmental impacts. Protecting the environment, page 28
REQ-05	Performance and comparative analysis	Annually we provide five-year trend information on progress against our targets and disclose the methodology that we use	Our non-financial performance as a sustainable and responsible business, page 26	Protecting the environment, page 28, Our reporting methodology, page 60 ,and Environmental data in our Download Centre
REQ-06	Outlook	Climate change is one of the world's biggest challenges. We're tackling it through targets, technology and teamwork – and using our influence to ask our suppliers, customers and peers to do their bit too. We're mitigating our impacts by reducing our carbon emissions and our products and services help our customers cut theirs too. Our ambition is to help our customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business by 2020. We've launched a new science-based target, based on a 1.5°C limit, to reduce our carbon emissions intensity by 87% by 2030 (per unit of gross value added) from 2016/17 levels. We're managing other risks and impacts such as waste. We promote a circular economy and aim to turn our waste into resources wherever possible. We consider anything that threatens that resilience – including climate-related risks like flooding – among the biggest risks to our business. To minimise the impact on our customers and our business, we are taking steps to strengthen our resilience and adapt to climate change	The environment, page 54 and Our principal risks and uncertainties, page 56	Protecting the environment, page 28, Helping customers save emissions, page 35, Keeping people connected, page 17, and Conserving natural resources, page 38
REQ-07	Organisational boundary	Our reports cover all BT's wholly-owned operations and subsidiaries worldwide, unless stated otherwise	Our financial statements consolidate BT Group plc, the parent company, and its subsidiaries (together the 'group'). Note 1, page 206	Unless we state otherwise, the report covers all BT's wholly owned operations and subsidiaries

		Comments	BT Group plc Annual Report and Form 20-F 2018	BT Delivering our Purpose report 2017/18
REQ-08	Reporting policies	Our consolidated financial statements are prepared in accordance with the Companies Act 2006 as applicable to companies using International Financial Reporting Standards (IFRS), Article 4 of the IAS Regulation and International Accounting Standards (IAS) and IFRS and related interpretations, as adopted by the European Union. Our integrated approach to reporting means that the requirements of the new Non-Financial Reporting Directive are addressed throughout the Strategic Report. Our Delivering our Purpose Report is prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. We've been a signatory to the United Nations Global Compact (UNGC) since 2000. Our UNGC index represents our Communication on Progress.	BT's Annual Report complies with UK regulations and is part of the Annual Report and Form 20-F for the US Security and Exchange Commission to meet US regulations. This is the fourth year that we've applied an Integrated Reporting (IR) approach to how we structure and present our Annual Report	Our report adheres to AA1000AS (2008) principles of Inclusivity, Materiality and Responsiveness
REQ-09	Reporting period	We report annually on performance to year ending 31 March		
REQ-10	Restatements	Every year, we replace any estimates in the previous year's environmental reporting with actual figures		Restating past data, page 61
REQ-11	Conformance	We've provided this table to demonstrate our conformance		
REQ-12	Assurance	Our reported information is audited to provide assurance to stakeholders	Independent auditors' report, page 190	Our report is externally assured by LRQA against AA1000AS (2008), page 62