Welcome to the BT Group Business Briefing on Digital Impact and Sustainability

30 November 2018
Welcome

Gavin Patterson
Chief Executive
# Agenda

<table>
<thead>
<tr>
<th></th>
<th>Welcome and overview</th>
<th>Gavin Patterson</th>
<th>Jasmine Whitbread</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Chief Executive</td>
<td>Independent Non-Exec Director and Chair of the CSRB¹</td>
</tr>
<tr>
<td>2</td>
<td>A new digital impact and sustainability approach</td>
<td>Andy Wales</td>
<td>Chief Digital Impact &amp; Sustainability Officer</td>
</tr>
<tr>
<td>3</td>
<td>Human &amp; digital rights</td>
<td>Moira Oliver</td>
<td>Group Head of Policy &amp; Chief Counsel, Human &amp; Digital Rights</td>
</tr>
<tr>
<td>4</td>
<td>Inclusion &amp; diversity</td>
<td>Candice Cross</td>
<td>Group Head of Diversity and Inclusive Culture</td>
</tr>
<tr>
<td>5</td>
<td>Climate action journey</td>
<td>Gabrielle Ginér</td>
<td>Group Head of Environmental Sustainability</td>
</tr>
<tr>
<td>6</td>
<td>Q&amp;A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹Committee for Sustainable and Responsible Business
Our purpose drives our entire strategy

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

Our vision
Leadership in converged connectivity and services, brilliantly delivered

Our goal
Drive sustainable growth in value

Our strategy
Converged Services for UK Consumer and Enterprise
Digital Global Services for MNCs
Unmatched UK-wide Fixed Access for all CPs

Deliver differentiated customer experiences
Invest in integrated network leadership
Transform our operating model

Renew our capabilities and culture

Our values
Personal
Simple
Brilliant

1 Multi-National Corporations
2 Communications Providers

© British Telecommunications plc 2018
Digital skills with the Barefoot programme

Human rights and tackling modern slavery

BT - a leadership journey

Gender equality

Climate action
Jasmine Whitbread
Independent Non-Executive Director and Chair of the CSRB
Committee for Sustainable and Responsible Business

Composition

Two non-executive members

Jan du Plessis
Chairman

Jasmine Whitbread
Independent Non-Exec & Chair of the CSRB

Three external independent members

Lisa MacCallum
Formerly ran the Nike Foundation

Gunhild Stordalen
Founder of the EAT Foundation

Phil Hodkinson
Chair, Action Medical Research

Four internal executive members

Gavin Patterson
Chief Executive

Ed Petter
Group Corporate Affairs Director

Alison Wilcox
Group HR Director

Andy Wales
Chief Digital Impact & Sustainability Officer
A time of challenge and opportunity for the UK & BT

Over 40 million people are in some form of slavery around the world

The UK will need an additional 0.5 million workers in digital industries by 2022

By 2022, only 30% of the digital workforce will be women

UK target to reduce carbon emissions by 80% by 2050
A new digital impact and sustainability approach

Andy Wales
Chief Digital Impact & Sustainability Officer
BT aims to step up its societal leadership

Mitigating risk
- Reactive sustainability efforts

Enhancing reputation
- Brand aligned sustainability platforms

Supporting strategy
- Sustainability platforms that align with business objectives

Leading change
- Catalytic partnerships that drive economy-wide solutions to major challenges and support commercial returns

What it looks like
- Catalyses action across the business, change within the market and solutions to global challenges

Business outcome
- Focused on compliance & philanthropy
- Builds reputation
- Supports business outcomes

Based on Accenture analysis
Scaling up our focus on digital skills

We use the power of communications to make a better world

- Digital Skills: Targeted digital support for our customers at key stages of life
- Human & Digital Rights: Collaborating on modern slavery
- Climate Change & Environment: Leading global telco on carbon

Built on strong foundations: inclusion and diversity, security, health and safety

Amplified through our brands and portfolio
Mobilising employees with BT’s purpose
Building and enhancing our reputation
The UK faces a major digital skills challenge

65% of children starting school today will hold jobs that don’t yet exist\(^1\)

11.3m adults do not have basic digital skills – largely unchanged over recent years\(^2\)

3 in 4 UK businesses report internal digital skills gaps\(^3\).
The estimated cost of the gap to the UK of £63bn / year\(^3\)

Women will only represent 30% of the UK’s digital workforce by 2022\(^4\)

---

\(^1\) New Skills Now – Accenture 2017  \(^2\) Lloyds UK Consumer Digital Index 2018  \(^3\) DCMS, 2018  \(^4\) BITC, Brace New World
But people don’t see it that way: insights from research*

It’s not about ‘digital skills’…

This is a question of control

Changing mindsets

* BT research (2018)
Working parents present the biggest opportunity

Not targeted by existing digital skills programmes
28.9m people live in households with dependent children
Core BT customer and largest commercial opportunity
BT will scale up its drive to help people get more from tech

We’ll focus in three areas:

Your family

Your business

Your life

Current partners:

Delivered through:

Campaigns, schools, home, workplaces, stores and community
Utilising the best available global frameworks as we design our programmes

- **Digital Citizen Identity**: Ability to build and manage a healthy identity online and offline with integrity.

- **Privacy Management**: Ability to handle with discretion all personal information shared online to protect one's and others' privacy.

- **Screen Time Management**: Ability to manage one's screen time, multitasking, and one's engagement in online activities.

- **Critical Thinking**: Ability to distinguish between true and false info, good and harmful content, and trustworthy and questionable contacts online.

- **Cyberbullying Management**: Ability to detect cyber-bullying situations and handle them wisely.

- **Digital Footprints**: Ability to understand the nature of digital footprints and their real-life consequences and to manage them responsibly.

- **Cyber Security Management**: Ability to protect one's data by creating strong passwords and to manage various cyber attacks.

- **Digital Empathy**: Ability to be empathetic towards one's own and others' needs and feelings online.
Scaling up our focus on digital skills

We use the power of communications to make a better world

Digital Skills
Targeted digital support for our customers at key stages of life

Human & Digital Rights
Collaborating on modern slavery

Climate Change & Environment
Leading global telco on carbon

Built on strong foundations: inclusion and diversity, security, health and safety

Amplified through our brands and portfolio

Mobilising employees with BT’s purpose

Building and enhancing our reputation
Human and digital rights

Moira Oliver
Group Head of Policy & Chief Counsel, Human & Digital Rights
“The same rights that people have offline must also be protected online.”

The UN Human Rights Council in 2017
Embedding policy and behaviours

Supply chain
- Labour rights
- Materials sourcing
  - Pre-contract & in-life risk assessment
  - Labour standards
  - Conflict minerals policy
  - Modern slavery statement

Customers
- Privacy & free expression
- Accessibility
  - Privacy impact assessments
  - Product design process
  - Acceptable use policy
  - Data subject access requests

Governance

Policy & Training

Due Diligence

Transparency

Recruitment policy
Health, safety & wellbeing
Speak Up helpline
Unions & employee relations

ISO\(^1\) 14001
Environment targets
Win business process
Country impact assessments

Our people
• Equality
  • Health and safety

Communities
• Environmental rights
  • Product use

1 International Organization for Standardization

22 © British Telecommunications plc 2018
Safeguarding digital rights in privacy
Safeguarding digital rights in free expression
Tackling modern slavery
Responding to artificial intelligence
Collaborating to protect human rights in sport
Safeguarding digital rights

Privacy

- GDPR
- Investigatory powers

Free expression

- Safeguarding online rights
- Transparency

1 General Data Protection Regulation
Tackling modern slavery

Partnering with Government

Tech Sector

Consumers

Home Office

Tech Against Trafficking

A coalition of technology companies collaborating with global experts to help eradicate human trafficking using technology.

08000 121 700

unseen modern slavery helpline
Responding to artificial intelligence

- We have a 20-year history in AI research
- This supports network planning, network security and protects customers from nuisance calls
- We’re engaged in the developing debate
Collaborating to protect human rights in sport

Broadcasters Taskforce

[Logos of BT Sport, IHRB, ITV, Sky, Discovery Networks Europe]
Evolving expectations

Increasing transparency

- Corporate Human Rights Benchmark
- Workforce Disclosure Initiative

Increasing legislation

- Modern Slavery Act review
- UN¹ Treaty on Business & Human Rights

¹ United Nations
Inclusion and diversity

Candice Cross
Group Head of Diversity and Inclusive Culture
Our global inclusion & diversity journey

- Pioneer of flexible working and home working
- Pioneer in recognising the need to focus on inclusion & diversity
- Set gender and ethnicity targets for achievement by 2020
- Deepening leadership ownership
- Inclusion is owned by everyone
- Maximising business impact

Annual overview and highlights from 2018

Our focus areas:

- Building the pipeline
- Growing our capability
- Creating an inclusive environment
- Building sponsorship

Performance and ambitions:

### Gender

<table>
<thead>
<tr>
<th>SLT</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>19%</td>
<td>23%</td>
</tr>
</tbody>
</table>

Ambition of 30%<sup>2</sup>

<table>
<thead>
<tr>
<th>SMT</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>34%</td>
<td>32%</td>
</tr>
</tbody>
</table>

Ambition of 40%<sup>2</sup>

### Ethnicity

<table>
<thead>
<tr>
<th>SLT</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Ambition of 12%<sup>2</sup>

<table>
<thead>
<tr>
<th>SMT</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>6%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Ambition of 15%<sup>2</sup>

---
<sup>1</sup> Senior Leadership Team – top 100 leaders
<sup>2</sup> By end of FY20/21
<sup>3</sup> Senior Management Team – top 600 leaders
TechWomen – female leadership development programme

Feedback from participants:

- **96% (+23%)** Are currently confident or very confident about having confidence in the workplace
- **83%** Agreed/strongly agreed the programme is meeting the development needs they set out when they applied
- **94%** Would recommend the programme to others
- **80%** Are likely/very likely to actively look to pick up a new role/challenge/promotion in the next 12 months
Inclusion is Personal – unconscious bias, inclusive leadership and decision making

Common issues:

1. Stereotypes
2. Affinity bias
3. Confirmation bias
4. Benevolence bias
5. Halo and horns

Inclusion is Personal programme:

- Inclusion is Personal (IIP) Espresso Shot
- 12 month team workouts
- Inclusive leadership
- Inclusive recruitment
- Inclusion toolkit – videos, exercises, guidance
Awards and recognition
Climate action journey

Gabrielle Ginér
Group Head of Environmental Sustainability
Climate change is a major challenge and opportunity

ICT\(^1\) has the potential to enable a **20% reduction** of global CO\(_2\) emissions by 2030

Last year our products and services helped our customers avoid over **11 million tonnes** of carbon

\(^1\text{Information and communications technology}\)
BT’s climate action journey

- **1992**: Set first carbon reduction target
- **2008**: Launched plan to cut emissions intensity by 80% by 2020
- **2012**: BT Better Future Supplier Forum goes live
- **2013**: Announced 3:1 Net Good carbon abatement target
- **2016**: Reached 2020 carbon target 4 years ahead of schedule
- **2017**: Launched 1.5 degree 2030 Science Based Target
- **2018**: Pledged net zero emissions by 2045
Our awards for environmental sustainability leadership

- ‘A’ rated on climate and on supplier engagement leader board
- Top FTSE100 company for carbon measurement and reporting
- 8th most sustainable business in the world
- The world’s greenest telco
- Sustainability team of the year
- Supply chain project of the year
Net zero – our journey so far

BT’s scope 1 and 2 carbon emissions (ktC02e)

- **1996**: 1,511 ktC02e (0% renewables)
- **2004**: 792 ktC02e (40% renewables)
- **2016**: 224 ktC02e (80% reduction achieved (95% renewables))
- **2018**: 340 ktC02e
- **2030**: 33 ktC02e (87% reduction required from 2016)
- **2045**: 0 ktC02e (Further 13% reduction from 2030 to become ‘net zero’)
How we will meet our long-term carbon reduction targets

- Replace HFCs
- Decarbonise diesel generators
- Offset business travel
- Renewable electricity
- Ultra low emission vehicles
- Heating of buildings

HFC = Hydrofluorocarbons
Benefits achieved

Since our base year of 2009/10, we’ve made savings of £250m through our energy efficiency programme

Data centre modernisation  
Network optimisation  
Buildings
How we’ll reduce our supply chain carbon emissions

18,000+ suppliers with a global spend of £14.1bn

Focus on carbon reduction through CDP\(^1\) disclosure, new contract clause and renewables

Collaborating on innovation

Redesigning BT home phones to conserve resources

\(^1\) Carbon Disclosure Project
What’s next for BT

• Continue to open source and collaborate

• Lead by example and share best practice

• Send demand signals and drive innovation
Andy Wales
Chief Digital Impact & Sustainability Officer
The new approach will drive better alignment to our growth strategies

Supporting growth
Digital skills supporting demand for connectivity and additional services

Cost savings
Drive energy efficiency
Supplier energy and carbon savings

Brand value
Attracting and retaining customers
Employer of choice

Risk reduction
Supply chain human rights
Digital rights debates
Q&A

We use the power of communications to make a better world

Digital Skills
Targeted digital support for our customers at key stages of life

Human & Digital Rights
Collaborating on modern slavery

Climate Change & Environment
Leading global telco on carbon

Built on strong foundations: inclusion and diversity, security, health and safety

Amplified through our brands and portfolio

Mobilising employees with BT’s purpose

Building and enhancing our reputation