What matters?

Richard Marsh
Director, sustainability reporting & insight
Our approach to materiality

Since 2006 we have applied a process to gain a comprehensive and balanced understanding and prioritisation of the material responsible and sustainable business issues BT faces.

Our approach is verified against the AA1000 Assurance Standard 2008.

We do this to:

- Understand the material issues affecting our business and reflect this in our public reporting.
- Influence strategy and drive action.
- Demonstrate our responsibilities appropriately take into account our stakeholders views.

30 May 2017
British Telecommunications plc 2017
Our approach to materiality

Annual review
Insights are gathered during the year and formal analysis is carried out in December.

Aim is to:
1. Confirm material issues
2. Identify issues that have increased in prominence in the last 12 months
The issues are stakeholders tell us are most relevant
And then we map these by relevance and significance
Material issues on the increase over last 12 months

Universal Service:
Much more focus from government and regulators on universal coverage of broadband. The focus has shifted from delivering superfast broadband to most of the country, to delivering at least 10Mbps to all premises.

Privacy, Data Security and Freedom of expression:
UK Investigatory Powers Bill remains a priority area of policy debate. Cyber security concerns heightened by hacking / breaches

Consumer protection:
The regulator is becoming increasingly concerned and active on the subject of consumer protections. E.g. Internet safety

Circular Economy & e-waste:
Exposure increases with EE acquisition and is a rising area of NGO activism.

UN Global Goals most at risk in UK for BT to help with are affordable & clean energy, decent work and economic growth, and life on land (smart agriculture).

Material issues for Sports Industry

Mega event management:
Environmental and supply chain social impacts from venues, transportation and operations

Grassroots movements:
Inspire and educate for better health and fitness (tackling obesity) and skills

Fair leadership:
Corruption of officials and excessive pay of professionals. Promoting equality, diversity and tolerance through the fan base using sports professionals as exemplars

Media Broadcasting:
Independence and responsibility of content relating to these issues

Material issues for Mobile Industry

Radio frequency & health:
Monitoring and funding of independent research, transparency of info & advice with consumers

Supply Chain standards:
Conflict minerals, human rights, living wage

Responsible marketing & selling:
Use of personal mobile device as a channel to market

Product stewardship of devices:
Recycled materials, waste in manufacturing (especially water), energy efficiency, take-back, obsolescence

Privacy & data security of devices:
Protection against hacking and cyber crime. Use of encryption. Wiping personal data at end of life.
Responding to global challenges

Using the power of communications to make a better world.

- Climate change & resource scarcity
  - 50% increase in global demand for energy by 2030
  - x5 times as many climate-related disasters since 1970
  - 35% increase in global food demand by 2030
  - 1/3 increase in global population by 2050

- Population growth and urbanisation
  - 2.5 billion more people living in cities by 2050
  - 836 million people worldwide live in extreme poverty
  - 32% of people living in the UK are in low income
  - 3 times as likely young people in the UK will be unemployed

- Social disadvantage
  - Number of people aged over 85 expected to double by 2039
  - 78% of UK adults now access the internet everyday
  - 38% increase in security incidents since 2014
  - 3 years old: the age children in the UK start using the internet

- Privacy and online safety
  - Protect customers' privacy, invest heavily in information security and help parents keep children safe online

- Tracking carbon emissions
- Adapting to climate change
- Managing environmental impacts
- Smart cities
- Connecting society
- Supporting our communities
- Building skills
- Protecting customers' privacy
- Keeping customer data secure
- Helping customers stay safe online

By 2020, we aim to help our customers cut their carbon footprints by three times our end-to-end emissions. We already have a net positive impact on climate change.

More than 25m premises can now get fibre-based products and services – that's around 85% of the UK so far – and our technology is enabling cities to build the infrastructure to cope with more people.

By 2020, we aim to improve tech skills for 5m kids, help 10m people overcome social disadvantage, help generate more than £1bn for good causes, and inspire two-thirds of our people to get involved through volunteering.
What’s not to like…?

How well does materiality support:

- The understanding of and mitigation of **risk**
  - Weak: 7/10

- The development of **strategy**
  - Weak: 6/10

- Idea generation as part of **innovation**
  - Weak: 4/10

- The ability to form a proactive view, based on **foresight**
  - Weak: 2/10

- A relative view of impact and **context**
  - Weak: 0/10

- A multi-capital approach to establishing **significance**
  - Weak: 2/10

Weak ↔ Strong