BT Group Supplier Environmental Standard (SES)

Author: BT Group Sustainability, Responsible Business

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BT Group

1 Purpose

BT Group is the UK's leading provider of fixed and mobile telecommunications and related secure digital products, solutions and services with a clear purpose: we connect for good. We uphold the highest ethical standards and expect the same from all who work with us.

We are committed to protecting the environment, supporting the UN Sustainable Development Goals, and achieving net zero. Our suppliers play a vital role in meeting these commitments.

This Supplier Environmental Standard sets clear expectations for all suppliers to act responsibly, reduce environmental impacts, and comply with local and international regulations. Compliance is assessed at various stages throughout the procurement cycle.

This standard acts in accordance with other BT policies and commitments including, but not limited to:

- Health, Safety and Environment BT Group Policy Statement
- BT Group carbon reduction plan
- BT Group: our approach to plastics
- Openreach Supplier Health, Safety and Environmental Mandatory Policy Requirements (if applicable)

All policies and standards, can be found at Selling to BT & Our reports & policies – Responsible business | BT Plc

2   Requirements for BT Suppliers

2.1   Legal compliance and environmental management systems

BT acknowledges its responsibility to safeguard the environment and expects suppliers to uphold the same commitment. This includes addressing the challenges of climate change, biodiversity loss and ecosystem collapse, pollution, resource depletion, waste management and helping preserve the livelihoods of communities.

Legal & Regulatory Compliance

Suppliers must:

- Comply with all applicable local, national, and international environmental laws in the territory where products or services are provided. Where local laws are stricter than international ones, comply with the stricter standard[1]

- This includes, but is not limited to, the following environmental topics: hazardous waste; chemical management; air pollutants (including ozone-depleting substances); water (withdrawal, discharges and pollutants); soil (run-off and discharges including organic pollutants); restricted substances in product design, labelling, manufacture, and end-of-life (in alignment with REACH regulations); energy and GHG emissions; natural environment and planning

- Apply the Precautionary and Preventive Principle[2] in cases of uncertainty

- Obtain and maintain all required permits, approvals, and registrations (including reporting, retention, and renewal)

- Be transparent with BT regarding any non-compliance or areas requiring improvement and must report such issues immediately, and no later than 72 hours after discovery through their BT/ BT Sourced contact, or the confidential hotline, Speak Up

A list of widely relevant UK /GB and EU laws are highlighted in Appendix A which our Suppliers must comply with. Kindly note that this is not an exhaustive list. It also includes EU Environmental Policy which is based on Article 191 of the Treaty on the Functioning of the European Union (including the "Precautionary and Preventive Principle"). There could be other laws relevant to your specific location or context, that you must still comply with.

Suppliers should:

- Apply the same requirements to their suppliers, partners, and subcontractors

Monitoring & reporting

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[1] A non-exhaustive list of relevant UK/GB and EU laws is provided in Appendix A, including EU Environmental Policy based on Article 191 of the Treaty on the Functioning of the European Union.

[2] The Precautionary and Preventive Principle enables decision-makers to adopt precautionary measures when there is limited scientific evidence about an environmental or human health hazards or impacts.

An Environmental Management System (EMS) is a structured framework that helps an organisation identify, manage, and monitor the environmental impacts of their operations. It supports compliance with legal requirements and allows an organisation to track progress in reducing negative environmental effects. The ISO 14001 certification is internationally recognised as a leading standard for an EMS.

Similarly, an Energy Management System (EnMS) helps organisations to improve energy efficiency, lower costs, and demonstrate effective energy management. The best practice certification for EnMS is ISO 50001.

Suppliers must:

- Regularly monitor environmental impacts, legal compliance, and progress on goals and targets as part of an Environmental Management System (EMS).
- Maintain monitoring reports and compliance records in line with statutory retention periods and make reports and data available to BT upon request.

Suppliers should:

- Attain a third-party certification for their Environmental Management System, such as ISO 14001 or equivalent.
- Attain a third-party certification for their Energy Management System, such as ISO 50001 or equivalent.

Managing environmental sustainability risks

Environmental sustainability risks are business risks that could arise from a supplier's relationship with the environment due to a supplier's dependence on the environment e.g. water for use in production processes, and / or a supplier's impact on the environment e.g. air pollution from vehicle fleet operated by the company. These could lead to reputational, legal, market, and business continuity risks that a supplier must manage.

All suppliers must:

- Consider whether environmental sustainability risks could pose a material risk to the business.
  - Evidence may include a risk register showing sustainability risks, outputs from a risk management system, risk reports, outcomes of a Double Materiality[3] assessment or outcomes from climate scenario analysis[4].
- If environmental sustainability risks are material, suppliers must manage these risks accordingly.

Supplier audit

BT reserves the right to conduct environmental audits of supplier facilities, tiered suppliers, operations, and records. Suppliers must provide timely access and information and must not obstruct or delay BT's audit rights.

BT is a member of the Joint Alliance for Corporate Social Responsibility (JAC), a global network of leading telecommunications companies. Through this alliance, BT participates in a program focused on supplier audits, ongoing monitoring, and corrective actions to ensure responsible business practices. As a BT supplier, you may be selected for an audit as part of this program. If selected, we will provide you with full details and guidance to support the process.

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[3] Double materiality looks at climate risks two ways: how climate change affects the company and how the company affects the wider environment and society

[4] Climate scenario analysis is a strategic tool used to understand and prepare for climate-related risks and opportunities by evaluating how different future climate scenarios might impact their operations, finances, and strategy. By modelling outcomes under various warming pathways and policy responses (e.g., a low-carbon economy vs. high-carbon impacts), businesses and investors can assess their resilience, develop mitigation plans, and foster long-term strategic thinking.

2.2   Climate change and net zero

Emissions reporting and verification

BT is committed to tackling the challenge of climate change, and we need your support in reducing greenhouse gas (GHG) emissions. By reporting your emissions data and setting clear reduction targets, you can measure progress and drive meaningful impact over time.

All suppliers must[5]:

- Measure and disclose scope 1 and 2 (market and location-based) GHG emissions annually. For example, disclosure through CDP, in annual report and accounts or on a supplier's website.

From **April 2027**, high-risk[6] suppliers must[5]:

- Measure scope 3 GHG emissions annually for all relevant emissions categories
- Disclose scope 3 GHG emissions annually for all relevant categories to a public platform such as CDP or a website
- Seek third-party verification for publicly disclosed scope 1, 2 (market and location-based) and scope 3 GHG emissions data annually at a minimum level of Limited Assurance

Emissions reduction targets

All suppliers must[7]:

- Be able to demonstrate efforts taken to reduce their scope 1 and 2 GHG emissions[8]
- Engage their own suppliers on energy efficiency and reducing GHG emissions
- Have internal policies and standards addressing environmental issues, including but not limited to, climate change; circularity; and protecting natural ecosystems and resources

From **April 2027**, high-risk[9] suppliers 'high risk' must:

- Have near-term and net zero science-based targets set, validated and approved by the Science Based Targets initiative (SBTi),[10]
- Report and demonstrate scope 1, 2 and 3 emissions reductions over the course of the contract with BT

All other suppliers should:

- Have a public commitment to reduce their scope 1 and 2 GHG emissions to net zero by 2050 in alignment with the UK Government's decarbonisation strategy
- Have a public commitment to reduce their scope 3 GHG emissions to net zero by 2050
- Develop and disclose a data-informed GHG emissions reduction programme that shows the actions the company will implement to achieve its emissions reduction targets. This should be in alignment with an internationally recognised standard such as the Transition Plan Taskforce (TPT) disclosure framework, the UK Government's carbon reduction plan, or ISO Net Zero Guidelines

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[5] If a supplier does not have this in place at time of onboarding, they must have outlined greenhouse gas (GHG) measurement and disclosure in place no more than 12 months after the commencement date of initial onboarding

[6] Risk in this context refers to the risk of BT Group not meeting its scope 3 targets. High Risk suppliers will be determined annually based on BT's spend categories with the highest emission factors and the annual order value with suppliers within those categories

[7] If a supplier does not have this in place at time of onboarding, they must have outlined greenhouse gas (GHG) measurement and disclosure in place no more than 12 months after the commencement date of initial onboarding

[8] Read more on the net zero transition with the We Mean Business Coalition

[9] Risk in this context refers to the risk of BT Group not meeting its scope 3 targets. High Risk suppliers will be determined annually based on BT's spend categories with the highest emission factors and the annual order value with suppliers within those categories

[10] If a supplier does not have this in place at time of onboarding, they must agree to set and have validated targets in place no more than 18 months after the commencement date of initial onboarding

2.3   Product stewardship and designing for circularity

Product Stewardship

For BT, Product Stewardship means ensuring that products are safe, legally compliant, and have the lowest possible environmental impact across their lifecycle - sourcing, manufacture, use, recycling, and disposal.

In addition to compliance requirements outlined in *2.1 Legal compliance and environmental management systems,* all suppliers must:

- Give BT visibility of conflict minerals, Substances of very high concern, and product energy use to support compliant and responsible product selection.
- Complete all Product Stewardship questions during onboarding to BT's satisfaction. For electronic and electrical products, these questions are mandatory.

Circular products & services

Applying circularity principles to business operations and product development can aid in minimising impacts on biodiversity, critical resource extraction, climate change, and water, while promoting efficiency and responsible resource use across the entire product lifecycle. This spans from raw material extraction through to production, transportation and storage, use, and end-of-life. BT expects suppliers to work towards applying circular economy principles to products and services.

Suppliers that sell electronic devices to BT must:

- Provide product-level data to BT upon request. This includes producing bill of materials, product Life-cycle Assessments (LCA), or Product Carbon Footprints (PCF)

All suppliers, whether supplying physical product or non-physical services (e.g. software or consultancy) should:

- Seek to understand the environmental impacts across the life cycle of their product or service. This may include conducting an LCA or PCF. Suppliers should make this data available publicly or engage with BT to provide the data upon request
- Follow the waste hierarchy: prioritising reuse and recycling, minimise waste incineration without energy recovery and waste that goes to landfill
- Improve energy, resource, and water efficiency across operations and supply chains
- Measure and report circularity metrics (e.g., percentage recycled content, recovery rates) to track progress
- Train and engage employees on circular business models; circular products; and circular services, to help embed practices into everyday decision-making
- Partner across industries to create circular ecosystems; closing loops beyond company boundaries

Suppliers of physical products and product-related services[11] should also:

- Reuse, refurbish, and recycle products, equipment, and materials where possible
- Reduce virgin material use; prioritise recycled and recyclable inputs
- Develop electrical products with energy efficiency in mind, exceeding minimum compliance requirements
- Extend product lifespan through improved durability, maintenance and software support
- Offer product-as-a-service models (e.g., leasing, sharing, and subscriptions) to retain traceability of hardware and enable reuse
- Provide takeback and recycling schemes for BT and their customers, where agreed
- Design products for easy disassembly, repair, and material recovery
- Minimise use of virgin and/ or single use plastics
- Minimise packaging, ensuring recyclability, and using reusable options where viable

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[11] Suppliers who are managing devices on behalf of BT, e.g., product recycling, refurbishment, donation, repair

2.4   Protecting natural ecosystems and resources

We recognise that our society, economy, and financial systems are embedded within the natural environment. Healthy natural ecosystems form the backbone of both societal well-being and economic prosperity[12]. However, we acknowledge that the manufacture of goods and services that we procure inevitably leads to a negative impact on natural ecosystems around the world. Negative impacts include pollution to air, water, soil, deforestation and habitat loss, introduction of invasive species, unsustainable use of natural resources (water, timber, minerals and metals).

At BT, we aim to minimise our impact on the natural environment and intend to use natural resources in a sustainable manner. We expect our suppliers to do the same.

Suppliers should:

- Understand the material impacts that your activities and upstream supply chain have on natural ecosystems and natural resources (e.g. chemical and plastic pollution from sites, illegal deforestation associated with mining in upstream supply chain)
- Understand the material dependencies your activities and upstream supply chain have on natural ecosystems and resources (e.g. clean water, forest-based materials, healthy soils, pollination)
- Identify sites that are in or near ecologically sensitive locations e.g. protected areas, key biodiversity areas, irreplaceable habitats, and disclose them to us
- Implement actions to reduce material impacts and demonstrate continuous improvement e.g. implementing water-efficient practises to reduce water consumption, ensuring proper disposal of waste with no leakage into the natural environment, applying circular economy principles (see section above)
- Engage with your own suppliers on the topic of natural ecosystems and resources and consider these factors in procurement decisions
- Consider disclosing suitable metrics and setting targets to improve performance over time e.g. volume of water withdrawals from areas of water scarcity, pollutants released to soil (kg) by type, quantity of high-risk commodities sourced under a sustainable management plan or certification programme

In sourcing commodities and/ or components, suppliers should:

- Identify which materials and commodities used in products and services sold to BT are at high risk of contributing to material environmental degradation and/ or loss of natural ecosystems and resources[13]
- Conduct due diligence to ensure that high risk materials are not sourced from illegal practices, from unknown origins, or from areas where high conservation values[14] are threatened
- Gain chain of custody certification and relevant sustainability standard for high risk materials e.g. Rainforest Alliance, Forest Stewardship Certification (FSC), Programme for the Endorsement of Forest Certification (PEFC)
- For high-risk materials and commodities, implement actions to mitigate risks e.g. working with suppliers on environmental practices, gaining third-party certification, use recycled materials where possible

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[12] Read more about global biodiversity framework Kunming-Montreal Global Biodiversity Framework

[13] High risk commodities could include those listed in EU's Deforestation Regulation, the TNFD's high impact commodities, or other legislation and frameworks

[14] High conservation values include environmental and social values that are of outstanding significance or critical importance

Appendix A.1   Key terms

Must – Suppliers are required to do this to meet BT's environmental standards. This will be checked during the onboarding process before any contract is awarded to a supplier.

Should – Suppliers are encouraged to carry out these actions as part of their commitments to operate sustainably. We may ask about these actions during onboarding and in our procurement decisions.

GHG emissions – Greenhouse gas emissions. The release of gases, such as carbon dioxide, methane, and nitrous oxide, into the atmosphere from human activities and natural processes, which contribute to climate change by trapping heat within the Earth's atmosphere.

Impacts - the effects that a business's operations have on natural ecosystems. For suppliers to BT, this means considering how your activities might contribute to pollution (such as chemicals and plastics entering air, water, or soil), changes in land use (like deforestation or habitat loss), the consumption of natural resources (including water), and the introduction of invasive species or disturbances to local species and ecosystems.

Dependencies - the ways businesses rely on natural resources and ecosystem services—such as clean water, raw materials, or healthy soil—for their operations. If these natural systems are disrupted or depleted, it can threaten business sustainability and resilience.

Environmental Sustainability risks - the possibility that events relating to the company's relationship with the environment will occur and could negatively affect the achievement of strategy and business objectives. This could include reputational risks, legal risks, operational resilience risks, and market risks.

Environmental Sustainability opportunities - the possibility that events relating to the company's relationship with the environment will occur and could positively affect the achievement of strategy and business objectives. This could include emerging markets for new products, cost savings initiatives, and reputational gains.

Material – the environmental issues that are most important for decision-making—both those that significantly affect a company's finances (financial materiality) and those where the company's activities have a notable impact on the environment (impact materiality). The organisation itself sets the thresholds for what is considered material.

Appendix A.2   Relevant UK / GB and EU laws

A list of widely relevant UK / GB and EU laws is highlighted below which our Suppliers are expected to be aware of and comply with. Kindly note that this is not a definitive list as there could be other laws that may apply to your specific location or context that are not included in this list, that you will still need to comply with. Suppliers must also ensure that they are aware of and comply with all applicable Codes of Practice, and any new and changes to existing laws.

Environmental focus areas	Legislation Requirements in the EU and UK and other important standards/reporting requirements that are applicable to BT Suppliers
Sustainability reporting	EU CSRD (Corporate Sustainable Reporting Directive). EU CSDDD (Corporate Sustainability Due Diligence Directive). EU Taxonomy Regulation 2020/852/EU - contribution to sustainable economic activities UK Climate-related financial disclosures for companies and limited liability partnerships UK Streamlined Energy and Carbon Reporting (SECR) UK Financial Conduct Authority Listing Rules requirements on disclosures consistent with the Taskforce for Climate-related Financial Disclosures (TCFD)'s recommendations
Climate change and net zero	EU Regulation on fluorinated greenhouse gases (EU) 2024/573 Fluorinated Greenhouse Gases Regulations 2015 (UK) EU Regulation on substances that deplete the ozone layer (EU) 2024/590 The Ozone-Depleting Substances Regulations 2015 (UK) Industrial Emissions Directive 2010/75/EU – as implemented in the England and Wales by the Environmental Permitting (England and Wales) Regulations 2016 and Scotland by the Pollution Prevention and Control (Scotland) Regulations 2012 Eco-design requirements for energy-related products (EU) Ecodesign for Energy-Related Products Regulation UK Energy Labelling Regulation 2017/1369/EC Energy Labelling Regulation UK
Product stewardship and designing for circular economy	Environmental Protection Act 1990 (GB) The Waste (Scotland) Regulations 2011 The Waste Duty of Care: Code of Practice - England and Wales. Hazardous Waste (England and Wales) Regulations 2005 (England and Wales) EU Waste Framework Directive 2008 Batteries and Accumulators Directive EU 2006/66/EC as implemented in the UK by the Batteries and Accumulators (Placing on the Market) Regulations 2008 and The Waste Batteries and Accumulators Regulations 2009 'WEEE' - Waste Electronic and Electrical Equipment EU Directive 2002/96/EC – as recast Directive 2012/19/EU and implemented into the UK by The Waste Electrical and Electronic Equipment Regulations 2013 'RoHS' - EU Restriction of Hazardous Substances Directive (Hazardous substance e.g. lead, cadmium, mercury etc) as implemented in the UK by The Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment Regulations 2012 'REACH' EU Regulation 1907/2006 concerning the Registration, Evaluation, Authorisation and Restriction of Chemicals 'UK REACH'- Registration, Evaluation, Authorisation, and Restriction of Chemicals – as retained EU law and amended in GB in relation to the majority of chemical substances manufactured in or imported into Great Britain Persistent Organic Pollutants Regulation 2019/1021/EU CE Marking Directive EU 93/68/EEC and UKCA requirements Carriage of Dangerous Goods and Use of Transportable Pressure Equipment Regulations UK (CDG Regulations)

	EU Circular Economy Action Plan
	EU Ecolabel regulation
	UK Circular Economy package
	EU Critical Raw Materials Act
	The Packaging and Packaging Waste Directive EU
	PPT – Plastic packaging Tax UK
Protecting natural ecosystems and resources	EU Conflict Minerals Regulation
	European Critical Raw Materials Act
	EU Air Quality Standards from EU Ambient Air Quality Directive
	EU Regulation on deforestation-free supply chains (EUDR)
	Fluorinated Greenhouse Gases Regulations 2015
	The Environment Act 2021 (UK)
	Conservation of Natural Habitats & Species (UK)
	Environmental Impact Assessment (UK)
	The Timber and Timber Products Placing on the Market Regulations (UKTR)-Great Britain
	The Water Environment (WFD) England and Wales Regs 2017
	The Environment Act 2021 (UK)
	The Environment Act 2021 (UK)- (particulate matter)
	Air Quality Standards Regulations 2010 UK

Date xx/xx/xxxx

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