CONSULTATION ON THE CLIMATE DISCLOSURE STANDARDS BOARD (CDSB) REPORTING FRAMEWORK

BT RESPONSE

Introductory questions

1. Do you agree that a single global framework for climate change-related disclosure in mainstream reports is necessary and/or possible, notwithstanding the background of different national developments? If not, please explain why.

We agree that a single global framework for climate change-related disclosure in all reports including mainstream reports is necessary. For multinational companies operating across many jurisdictions it is better that the international framework takes precedence over national variations otherwise the accounts for the same operations can vary between countires.

2. Do you agree with CDSB's overall approach of aligning its Guiding Principles to existing relevant principles and objectives of financial reporting so as to elicit information of value primarily for investors? If not, please explain why and share with us your ideas for a new/different approach to climate change-related reporting.

We would be cautious about promoting a strict compliance with the financial control approach. We have reviewed the implications of this and have discovered that it would result in significant changes to BT's carbon footprint; removing some emissions which we believe we should be rightly accountable for, and adding other emissions which we believe more appropriately belong to some of our customers. These effects arise out of some of the complex lease back arrangements on much of our estate and on outsourcing contracts we have with a number of larger customers.

3. At the current stage in its development, the CDSB Reporting Framework, including the Reporting Templates, are designed for general use by all companies within the stated scope of applicability. Do you agree that further work is required to develop the Reporting Framework, including the Reporting Templates, to take account of particular sector-specific issues related to climate change? If so, please provide your recommendations, referring to particular sector specific climate change-related initiatives if possible.

Some sector specific guidance may be helpful. However, we would recommend that the framework is applied for a number of years before considering any sector specific components.

Characterizing decision-useful information

4. Do you agree with the principles and characteristics of decision-useful information that CDSB recommends for making judgments on the information to be disclosed under CDSB's Reporting Framework? If not, what additional principles or characteristics are required, or which ones suggested in the Framework would you change?

These seem reasonable.

5. Do you agree that the CDSB characteristics of decision-useful information are practical for companies to apply and sufficient to limit the amount of information disclosed to the most relevant content for users? If not, what additional guidance or information do you suggest CDSB include?

The amount of information being proposed for inclusion in the annual report is out of line with all our other existing disclosures. For example, the entire business review in BT's annual report and 20F is shorter than the Typico example of 20 pages.

Content

6. Do you agree with the content that CDSB recommends for potential inclusion in disclosures under the CDSB Reporting Framework? If not, what additional areas would you recommend or which types of information in the Reporting Templates would you change?

For a consistent application of the framework more specific details will be required. Some can be interpreted from the Typico example but it would be best to state these explicitly. The way in which self-generated and purchased electricity is accounted for (eg renewables) can have very significant impacts on reported figures.

7. Does one or more of the jurisdictions in which you operate already have requirements for any of the content in the Reporting Templates to be disclosed according to local rules? If yes, are the requirements consistent with the proposed CDSB Framework including the Reporting Templates? If they are not consistent, what are the major areas of conflict or difference?

Yes in UK – particularly the way in which self-generated and purchased electricity is accounted for (eg renewables). See more details in our response to the UK consultation on carbon reporting.

8. CDSB's proposed Reporting Framework requires companies to define and explain the performance measures and indicators they use to track and demonstrate their progress in responding to climate change. CDSB considers performance measures and indicators to be crucial elements of decision-useful information as they aid understanding and comparability over time, provided that consistent metrics are used year on year. Do you foresee particular challenges in setting and explaining performance measures and indicators, and using those metric on a consistent basis over time? If so, please explain those challenges.

This is not an easy area particularly when it comes to accommodating: insourced activities from customers; outsourced activities to suppliers; acquisitions; organic business growth; etc.

Practicalities

9. How do you anticipate information for compliance with the CDSB Reporting Framework will be collected in your organization? If possible, please state whether in-house or proprietary software is likely to be used, which departments would be involved in the collection and review of information, and how long the annual information collection process is likely to take.

This is already undertaken in our organisation – it's just a matter of how it gets reported and where.

10. What practical issues do you envisage when disclosing under the CDSB Reporting Framework? For example, constraints on the length of the mainstream report or particular requirements applicable in the jurisdiction in which you operate. What could CDSB do to limit any practical difficulties associated with reporting under the CDSB Reporting Framework?

Plse see Q5.

11. Is there anything else of relevance you would like to raise?

It's important to recognise that corporate reports do not feed into national carbon accounts. The double counting associated with scopes 2 and 3 prevent this.

As such, in addition to providing relevant and material information to investors, it should be recognised that reporting requirements can significantly affect corporate behaviour. The UK approach, for example, is having affects that many see as suppressing carbon reduction investments.

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