

Progress against our strategic framework

1

Build the strongest foundations

50,000+

homes and businesses built to with our full fibre network every week



c. 1.8m

customers connected to our full fibre network (up 96% on last year)

The first year of our Digital unit – a key enabler for process efficiency and innovation



7.2m

5G ready customers, 120% more than a year ago

50%

our 5G network now covers over half of the UK population



We're building the strongest foundation for our future. That means transforming what we sell, what we do and how we do it. To do that, we must invest in the best converged network, create a simpler, more efficient and more dynamic BT Group and build a culture where people can be their best.

The best converged network Market leader in full fibre

This year we expanded and accelerated our ambition to reach 25m premises with full fibre by December 2026. The target includes committing to build to 6.2m homes and businesses in hard-to-reach rural communities so they too can benefit from our next generation network.

Our investment of approximately £15bn in full fibre will support the UK's digital economy into the future. Thanks to our engineers and network partners that are using the latest innovations in tools and processes, we're rolling it out at low cost and at an unrivalled pace. In total we've now passed over 7m homes and businesses, including over 2m in rural areas. And every quarter our build rate improves – with the fourth quarter of FY22 being our best yet.

Right now, our engineers are building to over 50,000 homes and businesses every week. That's nearly 300 an hour – faster than every other major fibre builder combined. And we're doing it at lower cost. Because of productivity improvements, earlier this year we announced our expected build cost per premises was £50 (c. 15% on average) lower than we initially planned.

42

CPs have signed up to the Equinox pricing deal on our full fibre platform

Almost 1.8m customers are already connected to our full fibre network (up 96% on last year). Our Consumer unit leads in full fibre uptake, with over 1m total connections and 20,000 new full fibre connections every week.

Importantly, 42 of our CP customers have already signed up to the Equinox pricing deal on our full fibre platform. And we continue to strengthen our CP relationships. For example, Sky's engineers can now connect their customers to our network directly.

Market leader in 5G

We were first to launch 5G in the UK in 2019 and we're rolling it out further and faster. Our 5G network is now available in hundreds of towns and cities across the UK, and we offer 5G in more places than any other network.

This year we announced our 5G rollout now reaches over half the UK population, five years ahead of the Government's ambition, and we're aiming to cover c. 90% of the UK geography by 2028. To support this, we are utilising the 700MHz and 3.7 GHz spectrum we bought in 2021. And we've been doing all of this while implementing the Government's directive to remove equipment from high-risk vendors in the network.

The new network will give customers faster speeds, more reliable service, and near-instant connectivity. Our 5G customer base keeps growing. We now have 7.2m 5G ready^a customers, 120% more than a year ago.

By working with partners to harness the power of 5G we've achieved a number of firsts. We've travelled through rainforests via an EE 5G and BBC Green Planet augmented reality experience which went live in February. And with North Lanarkshire Council we created the UK's first 5G immersive classroom in Scotland.

Overall EE's outstanding network continues to be recognised. This year we kept our RootMetrics #1 UK network status for the 8th consecutive year. We were also #1 overall, in voice, in data, and in crowd in London according to Umlaut.

Overall performance Rootscore award winner

EE	95.3
Vodafone	90.9
Three	88.6
O2	87.6

Enhanced network capabilities and broadest reach

Starting with the core network, we're upgrading our technology to make our network intelligent, converged and virtualised. We've hit major milestones in our Mobile Cloud Core project this year as we move to a single converged IP network starting with a standalone 5G core.

This year we signed a partnership agreement with a major cloud provider to deploy an edge platform in our network. This will improve customers' connectivity by reducing latency, optimising data traffic, enhancing security and meeting data residency needs for applications hosted in the BT network edge.

Our Adastral Park R&D facilities continue to push network boundaries. For example, this year, together with partners we ran a world first trial of Quantum Key Distribution (an ultra-secure communication method over hollow core fibre cables).

We want customers to be able to connect wherever they go. That's why our network coverage is the UK's broadest. Our mobile network reaches 99% of the UK's population and Openreach's fixed network reaches over 31m homes and businesses.

^a EE consumer customers receiving or capable of receiving 5G network connection using one or both of a 5G-enabled handset and a 5G-enabled SIM.

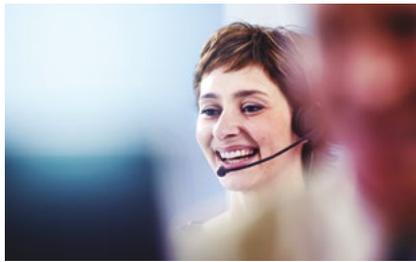
Progress against our strategic framework continued Build the strongest foundations

This year we deployed 200 new small cells into existing street assets like lamp posts and telephone boxes around cities such as London, Leeds and Manchester. These small cells boost capacity in high demand areas, allowing customers to benefit from download speeds up to 300Mbps.

To have the broadest reach we're not just building in towns and cities. With Government and operators, we're increasing EE's network ambition to grow rural coverage by 4,500 square miles. That's more than the Lake District, Snowdonia, Peak District, Dartmoor and Cairngorms National Parks combined.

On top of our fixed and mobile networks we provide the UK's most extensive public wi-fi network. It has more than 500 hotspots and extra coverage in cities through our digital street hubs. The latest versions of our street hubs include environmental monitoring, rapid mobile device charging, an emergency call button as well as free gigabit capable wi-fi.

We've also rolled out 4G in Glasgow's subway stations and have announced a partnership to provide mobile connectivity throughout the London Underground.



We are also working to cover more hard-to-reach places with things like portable cells and low earth orbit satellites. This year we announced a partnership with OneWeb to offer satellite connectivity to consumers and businesses. The first trials are happening in 2022.

c. 50%

of EE mobile journeys in digital channels have been automated

4,500

we're increasing EE's network ambition to grow rural coverage by 4,500 square miles

A simpler, more efficient and dynamic BT Group

Simplified product portfolios

We're simplifying and refining our product portfolio. We're retiring old products to create a new streamlined portfolio of solutions that deliver brilliant experiences and serve our customers' future needs. We're also withdrawing products with outdated features, slow speeds and data caps to reduce the complexity of our business.

In the last 12 months we've made big progress. In line with our aim to close the PSTN network by December 2025, Openreach has started the process to stop selling legacy products to c. 5m premises across over 550 exchanges as of March 2022.

52% of our legacy Global portfolio has been or is currently being withdrawn. And in Consumer we've halved the number of broadband propositions by cutting old promotional tiers.

Transformed customer journeys

We want the best customer engagement in our industry. So, we're redefining our digital journeys to be simple, omnichannel and with customer-led design. We're also automating our processes and using AI capabilities for better experiences.

In Consumer, we've automated c. 50% of the EE mobile journey in digital channels, reducing the amount of manual interventions.

We've simplified the EE website by cutting back the number of links in the online shop from 50 to less than 15. We've also improved EE's digital upgrade journey, boosting customer satisfaction and increasing order volume by 23%.

By transforming our Consumer customer journeys and call centre operations we've seen 14% fewer broadband customers and 5% fewer mobile customers needing to call us to fix an issue. This has reduced our service costs by 9% year on year.

In SME we have improved broadband acquisition journeys for small businesses. We've seen a 3.1pp increase in the digital channel share, a 53% increase in conversions, a £15 higher average order value and 18% of orders wanting extra lines.



For corporate and public sector customers we have enhanced our EE digital self-serve capabilities for mobile customers with the volume of monthly online service transactions increasing by over 40% in the year. For customers this means they can keep track of their costs and manage more aspects of their accounts quickly and efficiently online, without needing to contact an agent.

In Global, we have rolled out AI-based solutions across almost 700 customer queues. It's cut the effort needed to monitor and manage incidents where no fault is found by 45% – and freed our agents to spend more time on issues that really matter to customers.

In Openreach we have a new systemic treatment for repeat faults, helping a specialist team investigate and find permanent fixes. It's driven down the number of complex customer faults repeated three or more times by 50%. We've also put in a new automated scheduling system which is helping our colleagues in the field complete 14% more tasks a week.

Modern, modular IT architecture

By embracing integrated platforms, data-driven analytics and AI, we're radically simplifying and modernising our IT architecture. It's helping us be more agile, make better decisions and create better outcomes for us and our customers.

We are implementing Google's powerful Cloud Platform to become smarter in our data analysis and AI capabilities across the group. Our new cloud-based decision engine is already using network and premises data to optimise routes for our engineers.

We have announced our intention to accelerate moving data into our Cloud Data Platform and aim to have 60% of core data in the cloud by the end of 2023. Using AI techniques, we have already successfully used the platform to train our in-app messaging and automated assistant, Aimee, and have unlocked over £100m in potential benefits from our existing data in the next five years – in terms of revenue potential and savings opportunities.

Simultaneously, we are dramatically simplifying our technology estate, having announced the aim to reduce our application count from over 2,420 in 58 stacks to fewer than 500 strategic applications in 14 stacks in the next five years.

We're changing how we develop products and services, with new digital processes making it faster and simpler to add new features and build new solutions. This includes simplifying our service and change management processes, and implementing our new, modular, event-oriented architecture.

Our Salesforce Evolution is rationalising and upgrading our sales processes, so we are better-placed to deploy changes and launch products and services on an efficient customer-focused platform.

Across the group, our transformation programmes Making Finance Brilliant and iConnect are streamlining complex finance and HR systems and data, to make them easier to use and automate.

Customers on strategic networks

So everyone gets the most reliable connectivity, we're investing in next-generation strategic networks. This also unlocks commercial benefits by letting us gradually retire old networks with high running costs.

We've made good progress on moving customers off our legacy networks and this year we switched off Featurenet – the first of eight networks targeted for closure – saving us approximately £1.8m in run-rate energy costs.

We take care to minimise disruption when gradually moving customers off these old networks and this year we paused managed migrations off our PSTN network for our consumer customers, as we develop alternative solutions to protect vulnerable users.

As we look to recover and reuse scarce resources, in line with our commitment to sustainability, this year we estimated that as we replace old copper networks with fibre, we'll be able to recover and sell up to 200k tonnes of copper through the 2030s in line with customer migrations.

Competitive cost base

We're saving money as we modernise – through better ways of working, improved processes and productivity and by getting rid of old systems and networks.

We reached our target of £1bn gross annualised cost savings earlier this year and 18 months earlier than planned. We have now extended our gross annualised cost savings target to £2.5bn by the end of FY25, all within the original expected cost to achieve of £1.3bn.

 You can read about costs savings achieved to date on [page 48](#).

We're also finding better ways of doing business. 'Digital Garage' is a suite of tools which automates high-volume, low-level procurement activities.

Our new procurement company, BT Sourced, is fundamentally shifting our costing and sourcing models – streamlining the way we buy goods and services and driving innovative partnerships with suppliers.



£1bn

we've reached our target of £1bn gross annualised cost savings earlier this year and 18 months earlier than planned

Progress against our strategic framework continued

Build the strongest foundations

A culture where people can be their best

We can't deliver our ambition without our colleagues. So our people strategy aims to make BT Group a brilliant place to work. This year, we focused on continued skills development, diversity and inclusion, and health, safety and wellbeing.

Skills and organisational development

Continually nurturing future skills creates a culture where people always want to be at their best. So we continue to invest in colleagues' development – in things like technical skills, agile working, resilience and adaptability.

It's crucial to match skill supply to future demand. So we're integrating workforce and skills planning capabilities, combined with AI, to bring data-driven external benchmarks into skills development. This is going to help us find ways of matching reskilled colleagues with areas of demand.

We're also building up flexibility between retail store and contact centre colleagues, which will help to support customers where and when they need.



This year we hired over 15,200 colleagues, c. 10,800 of them in the UK. Graduate and apprentice programmes play a big part in attracting fresh talent, and we hired more than 3,400 apprentices and close to 300 graduates. At the same time c. 17,000 colleagues left the organisation – c. 13,700 through natural attrition and c. 3,100 through paid leaver programmes. During the year, Openreach announced a plan to add 4,000 new jobs to support full fibre rollout, 3,000 of which will be apprentices.

We champion flexible, continuous professional development. Our future-ready programme equips colleagues with skills and knowledge to future-proof their career and achieve our ambition. On top of that, 25,000 engineers passed through our 11 world class training schools last year – reskilling for the full fibre world.

In July our Consumer unit was placed 9th in the Best Big Companies to work for and won a special award for 'giving back'. The award focused on simplicity, leadership and wellbeing and gave us a world class 3-star score.

Our new Digital unit went live on 1 April 2021. As well as building our digital capability it will lead our broader cultural transformation to more flexible and agile working. We intend to significantly reduce our dependency on costly external contractors and bring more digital capabilities in-house over the coming years to boost our productivity and reduce our costs. This year we also signed a new agreement with Distributed that will enable flexible resourcing via freelancers with high demand digital skills. This model is a sustainable way of meeting short-term demand and provides new routes to work regularly with BT or become a permanent employee.

Diversity and inclusion (D&I)

Diversity, inclusion, accessibility and equality are everyone's business. That's why they're core elements of our people strategy.

This year we rolled out mandatory anti-racism training to all colleagues, helping them challenge racism if they discover it anywhere in our business. And the reverse mentoring programme we started in 2020 for our *Executive Committee* and senior leaders has helped shape our D&I plans.

We also announced stretching targets to attract, recruit, promote and keep women, people from ethnic minority groups and disabled people. By 2030, we want our workforce (excl. Openreach) to be made up of 50% women^a, 25% ethnic minority^b and 17% disabled^b colleagues. And we are making progress toward these goals. As an example, this year Openreach recruited over 530 female trainee engineers. As of 31 March 2022, nearly 11% of UK employees said they were of Black, Asian or minority ethnic background^c.

The things we're doing and the targets we're setting show our commitment to making BT Group a fully diverse and inclusive workplace.



Read more on diversity and inclusion, including our Diversity and Inclusion Report, at bt.com/diversity-and-inclusion



You can find out about our Board's diversity and inclusion on [page 87](#).

Health, safety and wellbeing

Covid-19 continued to have a real impact. We focused most on supporting our colleagues, preventing illness through limiting workplace transmission, communicating with colleagues on managing safety during the pandemic and reinforcing testing and vaccination programmes.

Working with the Department for Health and Social Care, we piloted workplace testing and test click and collect schemes, and supported home asymptomatic testing. During the year we distributed c. 250,000 rapid lateral flow tests to colleagues, aiming to protect the most vulnerable and safely return things to as normal as possible.

^a Global workforce.

^b UK workforce only due to data limitations and based on declared data only.

^c UK employees include, amongst others, those who had not disclosed, or had responded 'prefer not to say' in respect of their ethnicity pursuant to our self-declaration campaign. None of those employees are counted for the purpose of this statistic as coming from a Black, Asian or minority ethnic background.

Gender pay gap

Our 2021 median and mean gender pay gaps are well below national and industry averages. As we build a more diverse company we've seen more women joining our engineering apprenticeship programmes. Because these are in our lowest pay quartile, this has contributed to a slight increase in our median pay gap from last year.

 You can find details of progress on our gender pay gap at bt.com/genderpaygap

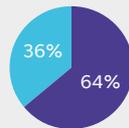
6.7%

(2020: 5.0%)
our overall median gender pay gap (UK colleagues)

5.0%

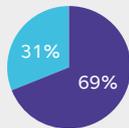
(2020: 4.9%)
our mean gender pay gap (UK colleagues)

Our people^a



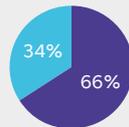
BT Group plc Board

Male	7
Female	4
Total	11



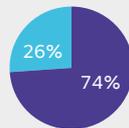
Leadership^b

Male	75
Female	34
Total	109



Senior management^c

Male	515
Female	264
Total	779



Employees

Male	74,503
Female	25,972
Total	100,475

With the pandemic's ongoing challenges – and physical and mental health effects in and out of work – we launched a series of evidence-based programmes to support our colleagues' wellbeing. These included a campaign on resilience during the social restrictions which more than 3,500 colleagues participated in. Another campaign encouraged less stigma and more conversations around mental health.

More than 700 managers had mental health training to help them support their teams with knowledge, practical skills and the confidence to respond in the right way to anyone struggling. 90% of them agreed or strongly agreed the training

gave them more confidence to deal with mental health problems at work.

When colleagues need mental health and wellbeing support and want to talk with someone, they have lots of options.

Our Employee Assistance Programme is a free, 24/7 confidential service for everyone in the organisation, with experts there to help on a range of issues. We have a mental health service with phone or face-to-face cognitive behavioural therapy, and our wellbeing portal has lots of self-guided help and support.

Sickness absence rose this year, with 3.69% calendar days lost per colleague (up from 3.02% last year^d).

To improve how we report and investigate accidents or 'near-misses', we now include supervisors and contractors in our reporting. This year we had 258 lost time injuries as a result of accidents (up from 203 last year). If and when our colleagues need support after an injury, BT-funded rehabilitation returns nearly 95% of them to full duties.

Improving our workspaces

We continued to transform our workplaces. In London, we finally bade farewell to our old Newgate Street home and moved into a brand new, state of the art HQ at One Braham in Aldgate. We also opened new sites in Birmingham and Warrington, and we completed major refurbishments in Bangor, Doncaster and Gosforth. And we're now starting developments in Belfast, Bristol, Glasgow, Manchester, Newcastle, Dundee and Plymouth.

Our investment in better working environments is definitely improving colleague satisfaction. In our Birmingham office there's been a 45% rise, taking the overall score to 81%. We're getting similar scores for all our new buildings, demonstrating that we're building strong foundations for the future.

Pay and benefits

To attract and keep the best talent, and reward colleagues for their work, we regularly review pay and benefits against competitiveness, sustainability and fairness.

For BT Group managers eligible for a bonus, we use a scorecard with a mix of financial and non-financial measures. It helps make sure bonuses match our strategic priorities and responsibilities to those of our stakeholders. And, in line with the Commitments, Openreach colleagues' bonuses are linked to Openreach's performance only.

We've also redesigned our colleague products so that all eligible colleagues get brilliant discounts for themselves and loved ones across all our brands.

Colleagues also have the opportunity to join our all-employee share plans; save as you earn and the share incentive plan, to the extent that these are operated each year.

a Colleague headcount at 31 March 2022. Excludes approximately 500 colleagues located in jurisdictions where local labour laws restrict reporting of gender.
 b For the purpose of the UK Corporate Governance Code 2018, our leadership comprises the *Executive Committee* (excluding executive directors on the Board but including the CEO, Openreach) and all of their direct reports.
 c For the purpose of the Companies Act 2006, our senior management comprises those employees responsible for planning, directing and controlling the activities of the group, or a strategically important part of it (being members of our senior leadership and senior management teams, and directors of the group's subsidiaries but excluding executive directors on the Board). Numbers presented include 47 subsidiary directors (35 male and 12 female) who are not otherwise members of our leadership or senior management teams.
 d 2.85% as presented in last year's annual report; restated following review of calculation methodology in FY22.