



BT Compliance Committee Bulletin

Issue 7

December 2019

Introduction

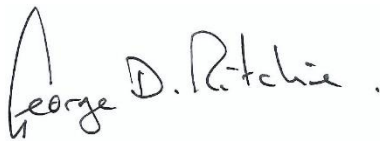
Welcome to Issue 7 of the BT Compliance Committee Bulletin, in which we provide an update on the November 2019 meeting of the BT Compliance Committee.

Our guest speaker at the November meeting was Ed Petter, BT Group Corporate Affairs Director, who provided the Committee with his view of stakeholder perceptions of BT. In addition, the BTCC heard about, and discussed, the following topics:

- Draft Guidance Note 6 (Regulatory and Legal Processes) and draft Guidance Note 7 (Commercial Processes), which have been approved by the Openreach Board;
- Openreach's progress in developing its Duct & Pole Access product;
- BT's preparations for delivering Broadband Universal Service; and
- Assurance Updates.

The BTCC did not review any potential breaches or non-conformances with policy at this meeting, but it did receive an update on remedial actions in a previously decided case.

The BTCC's next meeting will be on 27 January 2020. In the meantime, if you would like to get in touch please contact us via cao@bt.com.

A handwritten signature in black ink that reads "George D. Ritchie". The signature is written in a cursive style with a large initial 'G'.

George Ritchie
Commitments Assurance Director
19 December 2019

1. BTCC focus areas

1.1. BTCC membership

This was Jasmine Whitbread's final BTCC meeting before she stood down as a non-executive director of BT Group plc on 6 December 2019. Isabel Hudson, BTCC Chair, thanked Jasmine for her contribution to the work of the BTCC since its inception.

The BTCC also welcomed Allison Kirkby, who was appointed to the Board of BT Group plc in March 2019, as its new independent member. Allison was appointed President and CEO of Telia Company in October 2019, and will assume that position during the second quarter of 2020. Telia Company is a Swedish multinational telephone company and mobile network operator.

1.2. BT Update

Cathryn Ross, Group Director Regulatory Affairs, provided an update on developments since the September meeting. Of particular note were the two further Guidance Notes that are being developed by Openreach and BT (GN6: Regulatory and Legal Processes, and GN7: Commercial Processes). These were approved by the Openreach Board in November, and are being finalised for publication by BT on the BTplc.com website early in 2020 to provide transparency to stakeholders. The Committee has asked the CAO to provide an update at its next meeting in January on its plans for the assurance of GN7 where commercial matters are brought by Openreach to BT Group.

1.3. Corporate Affairs Update

The guest speaker at the November 2019 meeting was Ed Petter, BT Group Corporate Affairs Director. He shared his assessment of the current perceptions of key stakeholders regarding BT, drawing from a recent research study carried out for BT with 100 key stakeholders including media, politicians and industry analysts, and gave his perspective on the issues that the BTCC should be focused on in light of that stakeholder feedback.

1.4. Stakeholder Outreach

The CAO reported back on its outreach programme with CPs, the Office of the Telecommunications Adjudicator and the Openreach Chairman. Taken together with the views from Group Corporate Affairs this sought to provide the Committee with a rounded and balanced assessment of the current views of all key stakeholders.

1.5. Duct and Pole Access (DPA)

The CAO reported on its deep dive review into DPA undertaken jointly with Openreach's Commitments Monitoring Office (CMO). This covered Ofcom's objectives for DPA, and the CAO/CMO assessment of progress to date and of the architecture, ways of working and people and culture.

The CAO/CMO also reviewed the compliance controls with particular reference to two specific risk areas: the "no undue discrimination" obligation and information management. Openreach has made good progress both in

terms of service delivery and compliance assurance and the key risks are being kept under review by the compliance and audit teams.

1.6. Broadband Universal Service

Following on from the report provided at the September meeting, the Committee received a further update on the CAO's review of the systems controls which gave them greater confidence that very sensitive information about Openreach's and CPs' networks is currently being effectively managed. Given the importance of this to stakeholders, the Committee has asked the CAO to provide further assurance that key risks will be appropriately managed in Consumer once the obligation to supply broadband USO is activated.

1.7. Cultures and Behaviours

1.7.1. Project Seesaw Update

The Committee received an update on the one outstanding area (Brand) on Project Seesaw, which looked at the balance between greater Openreach independence and BT Group parent company oversight across various functional areas.

Responsibility for the BT brand now under Marc Allera, CEO Consumer. However the Openreach brand is separate, sitting with Catherine Colloms, MD Corporate Affairs Openreach. Catherine discusses Brand issues relating to Openreach with Ed Petter, who fulfils the Group oversight role on behalf of BT Group Chief Executive. This structure ensures no downstream CFU oversight of the Openreach brand. In addition, the ways of working between Brand in Group and the Openreach brand have been documented as part of the Organisational Design work ongoing within Group HR. On this basis the CAO is satisfied that concerns previously identified in relation to Brand in July 2018 have been addressed.

1.7.2. Training Effectiveness

Laura Reid, Senior Manager, Policies, Standards Learning & Culture, provided an update on training effectiveness around the Commitments covering the now-established Commitments mandatory training cycle and Commitments roadshows for people in higher-risk teams (which use face-to-face workshops to increase engagement, and interactive voting on more complex issues to stimulate discussion around making the right decisions).

1.8. Assurance Updates

Russell Hunter, CAO Head of Assurance, updated the Committee on the joint work by the CAO and Openreach's CMO on assuring BT Group's Strategy Development Process. This work is ongoing, with regular engagement with the Strategy teams in BT and Openreach by the CAO and CMO to enable as close to real-time assurance as is feasible. Russell explained that at present there are no indications of compliance concerns, and that the CAO and CMO will keep the Strategy Development process under review. He also updated the Committee on the CAO's work on assuring the Financial Planning process for setting the 2020 Medium Term Plan, noting that there has been good engagement to date from Group Finance.

2. Compliance update

2.1. Cases notified to the BTCC for consideration

No cases were referred to the BTCC by BT Group's interim Head of Regulatory Compliance for decision since the September meeting.

The CAO will present the Committee at the next meeting with a dashboard of issues reviewed by GRC as part of assurance that GRC's processes for identifying and reviewing potential issues are robust.

The Committee did receive an update on outstanding remedial actions in relation to one case decided at a previous meeting.

2.2. Quick Checks

The BTCC did not review any "quick checks" at its November meeting.

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