



Commitments Assurance Office

Operating Manual: How We Work

June 2021

Introduction

This is the Operating Manual of the Commitments Assurance Office (CAO). It sets out how we work in supporting the BT Compliance Committee (BTCC), including our approach to key issues, and the processes that we follow.

While the CAO follows the guidance in this manual in most instances, we adapt our approach where it is the right thing to do in the circumstances. In such cases, we explain the approach taken to relevant BT and external stakeholders.

This manual has been written by the CAO, with input from Group Regulatory Affairs, Group Legal and Communications Regulatory Compliance in BT, and also from Openreach's Commitments Monitoring Office. Comments or feedback can be sent to the Senior Manager, Commitments Assurance in the CAO (or 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
June 2021

Table of Contents

| | |
|---|-----------|
| Introduction..... | 1 |
| Table of Contents..... | 2 |
| 1. Background | 3 |
| 2. Operating Framework | 4 |
| 2.1. Introduction to the BTCC and the CAO | 4 |
| 2.2. The basis of the BTCC..... | 5 |
| 2.3. The BTCC's Terms of Reference | 6 |
| 2.4. The CAO's Memorandum of Understanding with Ofcom's OMU | 7 |
| 2.5. BTCC Meetings – Process..... | 7 |
| 2.6. The BTCC's Accountability and Reporting | 8 |
| 2.7. The CAO's Accountability and Reporting..... | 9 |
| 2.8. The BTCC website | 10 |
| 2.9. The CAO intranet site..... | 10 |
| 3. Monitoring & Assurance Activities..... | 10 |
| 3.1. Introduction..... | 10 |
| 3.2. CAO Deep Dive Review Framework..... | 11 |
| 3.3. General Approach to Deep Dives..... | 11 |
| 3.4. Regular Deep Dive Reviews..... | 13 |
| 3.5. Management of Sensitive Information | 14 |
| 3.6. Regular Assurance of other Commitments Obligations | 14 |
| 4. Handling Concerns and Complaints | 15 |
| 4.1. Triage Stage | 15 |
| 4.2. Quick Check Stage | 15 |
| 4.3. Full Breach Investigation Stage..... | 16 |
| 5. Breaches & Non-Conformances with Process | 16 |
| 6. CAO Email Inbox | 16 |

Annexes

1. Approach to and process for Deep Dive Reviews (June 2021)
2. CAO Complaint Guidelines for Communications Providers (June 2021)
3. CAO internal procedure for conducting Quick Checks and Breach Investigations (June 2021)
4. CAO process for handling Breach and Non-Conformances Cases referred by BT (March 2020)

1. Background

In March 2017, BT notified Ofcom of its intention to reform the governance of and operating model for Openreach. These reforms were fully implemented by October 2018.

Ofcom's 2015/16 Digital Communications Review (DCR)¹ identified concerns that the governance structure for Openreach left BT with an ability to discriminate against competitors. Because new strategic investment decisions were taken at a group level, there was a risk that decisions could favour the interests of BT's downstream Customer Facing Units (CFUs) over competing providers, which in turn would undermine the incentive for other companies to invest. Ultimately, this could influence the price, quality and availability of services received by consumers.

The current structure was put in place to resolve this by giving Openreach more independence in making strategic and operational decisions, taking equal account of all its customers' interests.² BT and Openreach intend the current governance and operating model to be an effective, long-term solution to address those concerns.

BT and Openreach also intend this operating model to help deliver the goals that BT, Openreach and Ofcom believe are the right ones for consumers, and industry.³ These are:

- To provide widespread availability of more fibre-based broadband networks, to deliver fast, reliable services as a result of Openreach engaging effectively with its customers;
- To ensure that decent broadband connectivity is available for all UK consumers and businesses at a speed that is sufficient to meet modern needs; and
- To drive continued improvement in quality of service, so as to ensure Openreach's performance meets the needs of all wholesale customers, consumers and businesses.

The changes implemented in 2018 help to achieve these objectives by:⁴

- **Setting out new and stronger governance arrangements for Openreach.** Openreach now has much greater independence from the rest of BT. Openreach Limited was created in 2018 as a separate 100% owned subsidiary of BT, with its own board of directors (with a majority of independent non-executive members) and executive leadership team responsible for setting Openreach's commercial strategy and for overseeing the performance of the Openreach CFU.
- **Committing BT and Openreach to be more open and transparent.** Particularly with Ofcom and Openreach's customers about how Openreach and the rest of BT deal with each other so that we can show that we are all doing the right things to live up to the Commitments.
- **BT, Openreach and Ofcom setting up enhanced compliance and monitoring processes.** This is to ensure that BT and Openreach do not just comply with the letter of the Commitments, but that they truly live up to them in their behaviours and can demonstrate they have done so.

¹ Ofcom, *Delivering a more independent Openreach* (13 July 2017), paras 1.6 ([available here](#)).

² Ofcom, *Delivering a more independent Openreach* (13 July 2017), paras 1.7 ([available here](#)).

³ Guidance Note 1, slide 3 ([available here](#)).

⁴ Guidance Note 1, slide 4 ([available here](#)).

Following the implementation of the Commitments, BT and Openreach have developed a set of Guidance Notes which provide further detail and explanation of the operation of the Commitments in key areas. These have been approved by the Openreach Board and are published on the [BTplc.com website](https://www.bt.com/commitments).

The current suite of Guidance Notes (as at June 2021) is:

| GN | Theme | Published |
|----|---|---------------|
| | Background & Introduction | April 2019 |
| 1 | Equivalence of Inputs and Equal Treatment | April 2019 |
| 2 | Openreach and BT Trading | April 2019 |
| 3 | Strategy Development Process | March 2019 |
| 4 | Financial Planning Process | March 2019 |
| 5 | Northern Ireland | April 2019 |
| 6 | Regulatory and Legal Processes | February 2020 |
| 7 | Commercial Processes: Pricing and Portfolio | February 2020 |

This manual describes how the CAO monitors the operation of the current arrangements, including BT's adherence to these Guidance Notes.

2. Operating Framework

2.1. Introduction to the BTCC and the CAO

The BT Compliance Committee (BTCC), a Committee of the BT Group plc Board, monitors BT's compliance with the letter and spirit of the Commitments and Governance Protocol. It is supported by the Commitments Assurance Office (CAO), which is part of BT's Company Secretary function (CoSec). The Commitments Assurance Director reports to the General Counsel, Governance and BT Group plc Company Secretary.

On behalf of the BTCC, the CAO monitors BT's performance in achieving compliance with the spirit as well as the letter of the Commitments and Governance Protocol specifically, and with DCR outcomes more broadly:

- Ongoing compliance with the Commitments and Governance Protocol;
- Behavioural measures and other measures relating to the culture of BT people, to provide assurance that they are living up to the Commitments;
- Reviews of consumer and industry outcomes; and
- Investigation and resolution of complaints and informal issues raised by CPs or other stakeholders.

The CAO's work depends on inputs from other teams across BT, in particular from BT Group Communications Regulatory Compliance (CRC) within BT Group's Risk, Compliance and Assurance function and BT Group Internal Audit. The CAO reports on these areas to the BTCC at each of its meetings. Thus the CAO has an accountability to the BTCC, and the BTCC is accountable to both the BT Group plc Board and to Ofcom.

Ofcom expects Openreach to deliver better investment outcomes and more innovation in the UK, through more effective engagement and consultation by Openreach with its wholesale customers and better opportunities to work together with them to determine network investment. It is for this reason that the CAO looks at compliance with both letter and spirit and whether the behaviours it sees in BT and Openreach support consumer and industry outcomes.

Responsibility for monitoring Openreach's compliance with the Commitments sits with the Openreach Board Audit Risk & Compliance Committee (OBARCC). It is supported by the Commitments Monitoring Office (CMO). The CAO engages regularly with the CMO, for example keeping each other updated about breach cases, and by working collaboratively on the monitoring of key processes.

The CAO and CMO each meet regularly with Ofcom via its Openreach Monitoring Unit (OMU) to provide transparency about their work and to share feedback on how BT and Openreach are doing in living up to the Commitments.

2.2. The basis of the BTCC

The Commitments specify the need for the BTCC:

- **Section 19.4** *"BT shall identify a compliance body (which shall not be the OBARCC) with the role of reviewing compliance by BT with these Commitments and the Governance Protocol, as set out in the Governance Protocol."*

This is supplemented by provisions in the Governance Protocol:

- **Part A, section 7.14** *"An extract of the minutes of each meeting of the BT Compliance Body in relation to compliance with the Commitments and this Governance Protocol shall be sent to Ofcom within a reasonable time of each such meeting. Such minutes shall be a fair, true and accurate summary of each meeting."*
- **Part A, section 7.15** *"BT plc shall inform the BT Compliance Body and the BT Compliance Body shall inform Ofcom if it identifies that there has been a breach by BT plc of the Commitments or this Governance Protocol. The BT Compliance Body shall notify the OBARCC if it determines that there has been a breach of the Commitments or this Governance Protocol, in so far as such breach relates to the Openreach Division and/or Openreach Northern Ireland. The OBARCC shall include the details of any such breach in the Openreach Report."*

2.3. The BTCC's Terms of Reference

The BTCC is a committee of the BT Group plc Board. Its remit and role is set out in the BTCC's Terms of Reference.⁵ In short:

- 1) The BTCC's remit is to monitor:
 - a) BT's compliance with the Commitments and the Governance Protocol;
 - b) whether the culture in BT and the behaviours of BT people in relation to the Commitments and Governance Protocol are conducive to BT's compliance with them and to delivery of DCR objectives⁶; and
 - c) the extent to which the DCR objectives are being met.
- 2) The BTCC shall:
 - a) review the content of the Code of Practice for BT Employees;
 - b) review alleged breaches of the Commitments and the Governance Protocol by BT and determine in each case whether a breach has occurred and whether it is trivial or serious and if the committee determines that a breach relates to the Openreach Division, it shall notify the Openreach Board Audit, Risk and Compliance Committee (OBARCC) of its finding;
 - c) review complaints relating to BT's compliance with the Commitments and the Governance Protocol including those made by: (i) British Telecommunications plc (BT plc) or Openreach employees; (ii) BT's customers; and/or (iii) Ofcom;
 - d) report back to complainants regarding the outcome of their complaints;
 - e) review the culture in BT in relation to BT's parent company, customer and supplier relationships with Openreach, having regard to the Design Principles agreed by BT and Openreach;
 - f) review and assess whether the Commitments are delivering the outcomes anticipated by BT, Ofcom and other stakeholders; and
 - g) carry out any other functions specified as being within the remit of the committee in the Commitments or in relation to the compliance framework surrounding the DCR as requested by the Board Audit & Risk Committee.
- 3) The Committee shall be responsible for informing Ofcom if it identifies that there has been a breach of the Commitments or the Governance Protocol by BT.
- 4) The Committee may of its own initiative:
 - a) request support in reviewing aspects of BT's compliance with the Commitments and the Governance Protocol; and
 - b) suggest to BT remedial action to ensure its compliance with the Commitments and the Governance Protocol.

⁵ The BTCC's Terms of Reference are available [on the BTCC's website](#).

⁶ These are: the widespread availability of fibre broadband, decent broadband for all and a step-change in quality of service, as described in Ofcom's July 2017 statement "[Delivering a more independent Openreach](#)".

2.4. The CAO's Memorandum of Understanding with Ofcom's OMU

The CAO and Ofcom have signed a Memorandum of Understanding (MoU) setting out the working arrangements agreed between the CAO and the OMU.⁷

The MoU is a tool to support a good working relationship between the CAO and the OMU to facilitate monitoring of the Commitments. However, the MoU does not have legal effect and therefore the rights of BT, Ofcom and any third parties are not affected. To the extent there is inconsistency between the MoU and the Commitments, the Commitments will prevail.

The MoU covers the following areas:

- Guiding principles underpinning the MoU;
- Information provision by the CAO to the OMU;
- How the CAO deals with complaints and the role of OMU in conducting investigations;
- Escalation of issues where the OMU becomes aware of compliance failures by BT;
- Northern Ireland monitoring;
- How the OMU will report on its activities; and
- Regular meetings between the CAO and OMU.

2.5. BTCC Meetings – Process

The BTCC meets four times per year.⁸ The dates for the meeting are set by the CoSec team to align with other BT Group plc Board Committees.

In collaboration with the CoSec team, the CAO maintains a rolling agenda of key themes. The BTCC discusses the CAO's proposed work plan annually to inform the content of the agendas for the coming year and reviews it at each meeting.

At least one month prior to each meeting, the CAO Director liaises with the BTCC Chair to agree the items on the agenda (the initial draft agenda is produced by the CAO), whether they should be discussion papers or information papers and whether to request the attendance of BT personnel at the meeting.

One to two weeks prior to each meeting, the CAO Director meets with the BTCC Chair to review draft papers and resolve any outstanding queries on the agenda.

The BTCC Board pack of papers for each meeting are issued to members of the BTCC by the CoSec team via Diligent (secure Board management software), one week prior to the meeting.

At each meeting, with reference to the work plan and rolling agenda, typically:

- 1) There is a "guest presenter" – which provides the opportunity for the Committee Members to hear directly from relevant stakeholders. Presenters may be from (i) external stakeholders such as Ofcom's OMU, the Office of the Telecoms Adjudicator, CPs or Openreach, or (ii) internal BT stakeholders, such as Parent Company ExCo members or BT CFU CEOs.
- 2) The CAO presents:

⁷ The Memorandum of Understanding is available [on the BTCC's website](#) under "How We Work".

⁸ Under the BTCC's [Terms of Reference](#), para. 4.1, the BTCC "shall meet at least three times a year, and otherwise as required".

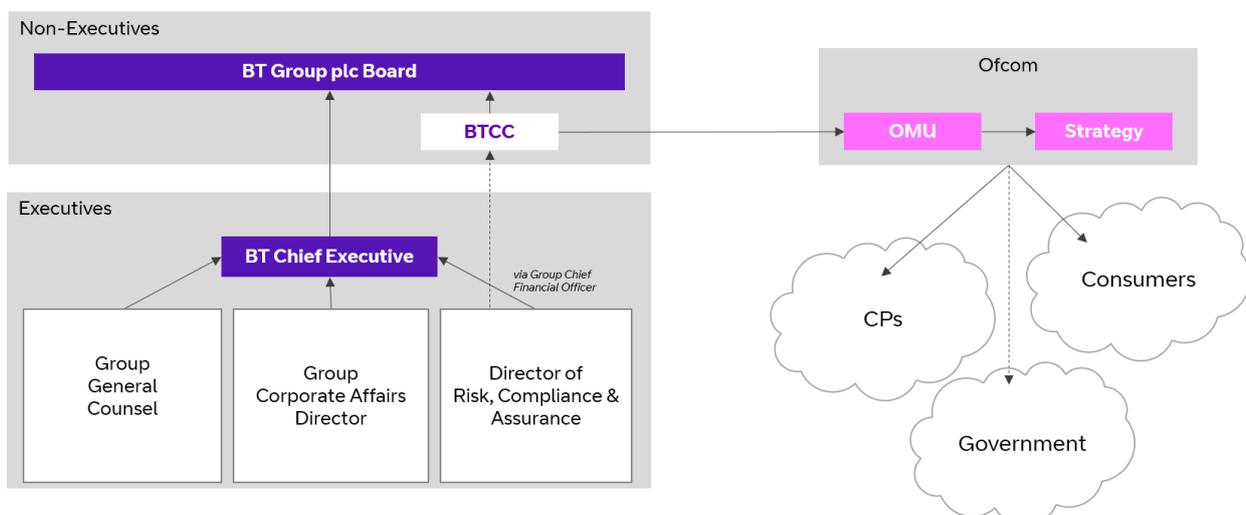
- a) **Discussion Papers**, such as the findings from deep dive reviews, where the views of the Committee Members are sought regarding approach and conclusions;
 - b) **Information Papers**, which are intended to provide information to the BTCC but on which no discussion is deemed necessary (in consultation with the BTCC Chair); and
 - c) The **CAO Director's Report** which sets out other relevant updates that may not appear elsewhere in the BTCC Board pack, details of the CAO's monitoring work and any breach or non-conformance cases, and the CAO's assessment of the compliance assurance update and the quarterly Significant information Disclosure Record Report provided by the BT Group Senior Manager, CRC.
- 3) The BT Regulatory Affairs Director (on behalf of the BT Group General Counsel) presents an update on progress made by BT since the last meeting.
- 4) In addition (at least) annually the BTCC receives:
- a) The report of the Board Committee Effectiveness Review
 - b) Six monthly updates from Group Internal Audit of Commitments related audits undertaken and planned
 - c) BT's Annual Update on Culture and Behaviours
 - d) Update on Stakeholder Engagement and Perception
 - e) The Commitments Assurance Director's Review of the year past and proposed monitoring plan for the year to come.

2.6. The BTCC's Accountability and Reporting

2.6.1. BTCC Accountability Map

The BTCC's role within BT Group's governance framework and its links to BT Group senior executives, Ofcom and stakeholders more generally are set out below:

Stakeholders and Accountabilities: Simplified Governance Framework



2.6.2. Accountability to BT

The BTCC accounts to the BT Group plc Board as follows:

- After each BTCC meeting, the BTCC Chair provides a short oral update to the BT Group plc Board, and BTCC minutes are sent to the BT Group plc Board for information; and
- The BTCC also participates in the annual Board Committee effectiveness review which assesses how the BTCC is performing in delivering against its Terms of Reference, and indirectly how the CAO is doing in discharging its role and responsibilities.

2.6.3. Accountability to and engagement with Ofcom

The BTCC has the following accountability to Ofcom, which is predominantly discharged through the work of the CAO:

- The agendas for BTCC meetings are shared with the OMU one week prior to the meeting and the draft minutes of each meeting are also shared with the OMU; the CAO aims to get the draft minutes to Ofcom within one month of the relevant BTCC meeting. Note the meeting minutes are not formally adopted until the following BTCC meeting⁹; the draft minutes should be sufficiently developed to provide a true reflection of the essence of the issues discussed by the BTCC;
- The OMU is informed of the BTCC's decisions in relation to all breach cases and non-conformances with policy with the OMU within two weeks of each BTCC meeting¹⁰;
- The BTCC Chair is interviewed by Ofcom annually ahead of the publication of Ofcom's annual implementation reviews. This is part of a series of interviews with senior BT and Openreach people, which the CAO coordinates with the OMU.
- The BTCC publishes an Annual Review. This sets out the BTCC's factual findings. It is based on the editions of the BTCC Bulletin issued during the relevant period, with additional commentary as needed to provide a perspective of issues across the 12-month period.

2.7. The CAO's Accountability and Reporting

There are three key strands in respect of the CAO:

- First, the CAO meets on a monthly basis with Ofcom's OMU to update it on the CAO's monitoring of what BT is doing to ensure it has delivered on the Commitments. We also report on deep dives, quick checks, and other monitoring activities;
- Second, we respond to Ofcom requests for information, both ad hoc, and as part of submissions used by Ofcom ahead of their annual reports on BT's implementation of the Commitments; and
- Third, we investigate any matters referred to us by the OMU.

⁹ Governance Protocol, Part A, Section 7.14.

¹⁰ Governance Protocol, Part A, Section 7.15. While this section only specifies breach cases, the BTCC also notifies Ofcom of non-conformances with policy intended to support compliance with the Commitments that it is notified of by BT.

2.8. The BTCC website

The CAO maintains the [BTCC website on bt.com](#).

This site contains the core [DCR documents](#) (including the Commitments, Governance Protocol, Agency & Services Agreement and Northern Ireland Governance Protocol). This is the only place that these files should be stored, so that anyone linking to them externally or from a BT intranet site will always arrive at the current versions.

The core DCR documents are split into “Current DCR Documents” (i.e. those which are presently in force) and then past versions, which are listed under “Past DCR Documents”. Each document has its version number and the date of publication listed next to it. Previous documents are not deleted. Details of the changes made to a new issue of the core DCR documents are summarised in the relevant BTCC bulletin.

Other BTCC publications (the BTCC Bulletin and the BTCC Annual Review) are listed chronologically, most recent first, and split by year, with the date of publication listed.

When the CAO becomes aware that any of the core documents are to be amended, it liaises with BT Group Regulatory Affairs to ascertain the precise nature of the alteration and the rationale for it. We arrange for the updated version to be published on the website and inform the BTCC of the changes at its next meeting.

Requests for changes to or publication of additional documents on the BTCC website should be submitted to the Senior Manager, Commitments Assurance (or via cao@bt.com).

2.9. The CAO intranet site

The [CAO's own intranet site](#) provides further information on the work of the CAO for BT people and links to relevant materials elsewhere on the BT intranet. It is reviewed every six months by the Commitments Assurance Professional to check it remains current and that all links provided still work. Requests for changes or additions should be sent to cao@bt.com.

3. Monitoring & Assurance Activities

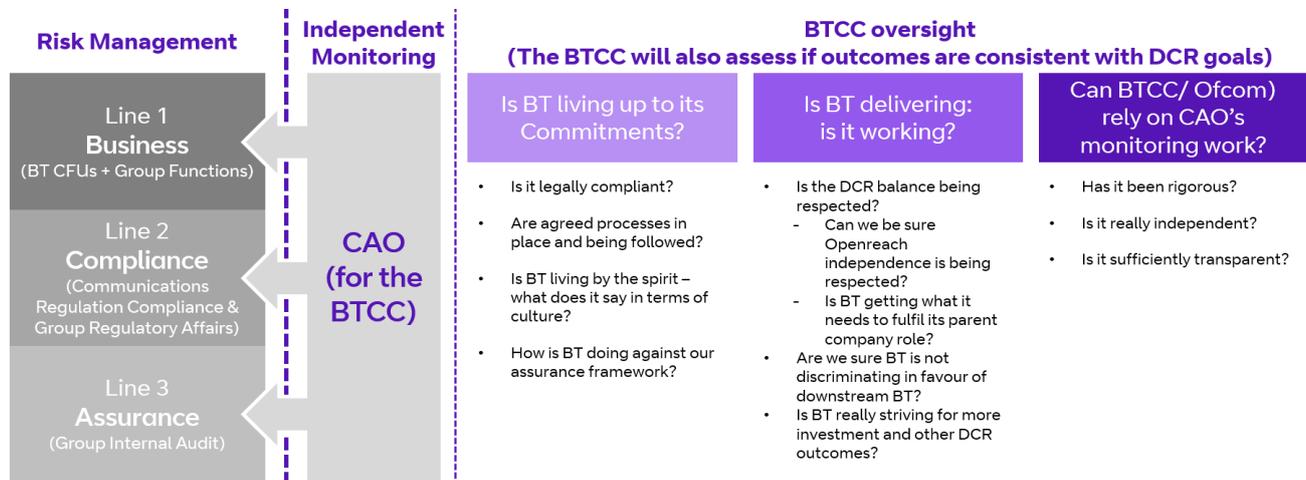
3.1. Introduction

The work of the CAO falls into three broad categories:

- **Regular deep dive reviews of key processes.** Certain processes – namely (1) Financial Planning, (2) Strategy Development, and (3) Commercial Processes: Pricing, Products and Projects – are fundamental to the success of the Commitments. The CAO, together with the CMO, keeps the operation of these under regular review, engaging with key leaders in each functional area, to undertake as close to real-time assurance of what is happening as is feasible.
- **Other ad hoc deep dives.** In addition, the CAO undertakes one-off deep dive reviews of major projects that must be undertaken in line with the Commitments.
- **Regular assurance of other Commitments obligations.** This is undertaken jointly by the CAO and CRC on a risk-based approach.

The CAO’s aim is to ensure that the range of activities undertaken across BT Group and Openreach are covered from end to end.

BT operates the 3 lines of defence model. The CAO (and in turn the BTCC) engages with each of the “lines” through the lens of whether people are living up to the Commitments. This is shown in the diagram below:



3.2. CAO Deep Dive Review Framework

The CAO’s review framework (**Annex 1**) sets out the criteria to consider in terms of three pillars: governance, ways of working and people.

Annex 1 sets out, against each theme, what we would regard as of concern, what we would normally expect to see, and examples of role modelling good behaviours and actions. This is not a tick-box checklist, and of course not every item is relevant in every case. Similarly, this framework does not seek to prescribe how BT should run a project. If a particular project brings a legitimate need for a different way of working, the CAO’s framework does not prevent this; the CAO would simply seek to understand the drivers and why this is happening, by reference to whether it supports DCR outcomes.

The CAO’s approach makes use of:

- Real-time monitoring (or as close to real-time as is feasible). For example, access to relevant documentation or observing key meetings.
- Constructing timelines of key interactions.
- Interviews with key personnel to understand their perceptions of the process.
- Email reviews where relevant and proportionate.

3.3. General Approach to Deep Dives

Deep Dives are reviews intended to give the CAO, and in turn the BTCC, a clear view about a particular area.

The DCR is a balance between appropriate Openreach independence and appropriate BT parent company control to enable BT to be satisfied that enterprise risk is being appropriately managed. The CAO’s role on deep dives is to consider whether the governance arrangements and operating model are working as intended, rather than whether in a given situation the “right” business decision has been taken.

Our approach is therefore to understand:

- from a compliance perspective, whether people did what was expected from them;
- how this supports DCR outcomes; and
- whether this properly manages enterprise risk.

The CAO's methodology for Deep Dive review is also set out in **Annex 1**.

Our approach to deep dives is also informed by the following Design Principles¹¹:

| Principles agreed between BT and Openreach | What this means in practice |
|--|---|
| Greater operational and strategic independence of Openreach | Ensuring that what we do gives effect to the aim of the Commitments in securing greater independence for Openreach from BT Group, treating Openreach differently where appropriate, and enabling Openreach to treat all its customers equally (see below) |
| Appropriate parent company economic control and oversight by BT | Recognition that BT remains one economic enterprise with one set of shareholders in which interest BT must act, and that finances need to be consolidated into one |
| Recognition of the important role of the Openreach board | Recognition of the role of the Openreach board in decision-making, provision of direction to, and oversight of, Openreach |
| Accountability | Clarity in roles, decision making and best practice governance. This includes recognition of the personal responsibility of everyone involved in the process for the effective and efficient working of the Commitments |
| Efficiency | Following a clear and agile process, capable of evolution and timely escalation routes |
| Simplicity | Acting in a way that avoids duplication, minimises complexity and gets things done |
| Equal treatment | Ensuring that what we do enables and encourages Openreach to address the needs of all Openreach customers equally |
| Transparency | Demonstrate we are acting and behaving in line with the Commitments, including to Ofcom and other CPs. This includes operation of process and controls in a way that is auditable and capable of assurance. |

¹¹ See Guidance Notes, Background & Introduction (April 2019), page 5 ([available here](#)).

3.4. Regular Deep Dive Reviews

3.4.1. Strategy Development

As a starting point, the CAO expects that the published [GN3: Strategy Development](#) guidance note is adhered to in the development of the BT Group Strategy.

When the Strategy Development process commences, the CAO sets up regular calls (e.g. between every two weeks and monthly) with a representative from the CMO, plus leads from Group Strategy and Openreach Strategy. This is an opportunity to review the timeline, where Openreach and Group are as against the plan and likely next steps.

The CAO gathers relevant materials and evidence from each key step as they are reached, and stores these on an access-controlled internal site.

If BT and/or Openreach follow a process which differs from that set in the GN3, the CAO will seek to understand what was different, why it was done in that way, and then consider whether this supports DCR outcomes. The CAO will consider whether it is necessary to invite senior Strategy leads to share their perceptions of how the process worked at a meeting of the BTCC.

3.4.2. Financial Planning

As a starting point, the CAO expects that the published [GN4: Financial Planning](#) guidance note is adhered to in the setting of the BT Group Medium Term Plan (MTP).

When the MTP process commences, the CAO sets up regular calls (e.g. between every two weeks and monthly) with a representative from the CMO, plus leads from Group Finance and Openreach Finance. This is an opportunity to review the timeline, where Openreach and Group are as against the plan and likely next steps.

The CAO gathers relevant materials and evidence from each key step as they are reached, and stores these on an access-controlled internal site. The CAO works with the CMO to obtain a reconciliation from Openreach Finance of what has changed in each version of the Annual Operating Plan/MTP presented to the Openreach Board, to facilitate understanding the drivers for any changes.

If BT and/or Openreach follow a process which differs from that set in the GN4, the CAO will seek to understand what was different, why it was done in that way, and then consider whether this supports DCR outcomes. The CAO will consider whether it is necessary to invite senior Finance leads to share their perceptions of how the process worked at a meeting of the BTCC.

3.4.3. Openreach Commercial Processes, Pricing, Products and Projects

As a starting point, the CAO expects that the published [GN7: Commercial Processes, Pricing, Products and Projects](#) guidance note is adhered to in relation to relevant Openreach commercial matters.

Unlike the Financial Planning and Strategy Development processes, issues in scope to GN7 are likely to be ad hoc. Assurance in relation to Openreach Commercial Processes, Pricing, Products and Projects matters is undertaken jointly by the CMO and the CAO:

- The CMO monitors processes in Openreach when Openreach Commercial decides that a matter must be sent to BT Group for input and/or approval. The process will formally commence via a decision at the Openreach Commercial Policy & Pricing Board; and

- The CAO is notified of cases that are submitted to BT Group following a decision of the Openreach Commercial Policy & Pricing Board, to enable the CAO to monitor, in conjunction with CRC, how cases progress through governance in line with the Commitments, Governance Protocol and GN7.

The CAO gathers relevant materials and evidence from each key step as they are reached, and stores these on an access-controlled internal site, to help inform the CAO's view about whether people involved have lived up to the Commitments. The CAO presents its findings to the BTCC.

3.5. Management of Sensitive Information

The CAO is mindful that correct management of sensitive information (Openreach CI and CCI) between Openreach and BT Group, and between certain functional areas within BT Group, is vital to the successful operation of the Commitments and Governance Protocol.

In order to support this, the CAO has 3 areas of focus:

- Information sharing forms part of the activities that are subject of the CAO's deep dive reviews. We consider how sensitive information is managed as part of those deep dive reviews;
- The CAO receives the quarterly Disclosure Record Reports prepared by CRC approximately 4 weeks after the end of each quarter. The CAO reviews the report and raises queries within 2 weeks, allowing 2 weeks for further checks and updates to be carried out by CRC. The CAO may write a paper setting out its commentary on the report for the BTCC, or include this in the CAO Director's Report and
- The CAO receives regular reports on the ISA process, and other aspects of the process (e.g. Regulatory Compliance Markers), from CRC as part of the Senior Manager, CRC's quarterly reports to the CAO, and reviews and interrogates them as appropriate.

3.6. Regular Assurance of other Commitments Obligations

The various obligations in the Commitments and Governance Protocol are tracked and monitored in a variety of ways:

- Some provisions are complete and do not require ongoing monitoring (e.g. establishment of the Openreach Limited Board, TUPE transfer of Openreach people to Openreach Limited);
- Other ongoing provisions are covered by Guidance Notes (Financial Planning, Strategy Development, Openreach Portfolio and Pricing); and
- Certain provisions are relevant only to Openreach "trigger condition" and do not require monitoring until the relevant trigger event happens.¹²

This leaves a series of more routine conditions which are part of "business as usual" (e.g. the financial reporting provisions in Commitment 20 and the residual system separation commitments). The CAO has developed a Commitments Monitoring Tool which lists the different elements of the Commitments and Governance Protocol, identifies which are covered by ongoing monitoring, and which need to be the subject of periodic, generally lighter touch, monitoring. This enables the CAO to have confidence that there are no Commitments requirements which are being missed by our monitoring. On the basis of this,

¹² Examples of this include: (1) Commitment 3.6 (which requires BT to consider moving services and assets out of Openreach when they are deregulated following an Ofcom market review); (2) the obligation in Commitment 5.5 which requires that if, following a proposal by the Openreach Division, BT decides not to make an investment because it considers it would be to the detriment of BT as a whole, it shall notify Ofcom of that decision; and (3) the various step-in rights under Commitment 23.

the CAO will undertake periodic reviews of the trigger conditions and the routine conditions to be satisfied the process is working as intended. The CAO's focus is on those areas relating solely to BT, or to both BT and Openreach. The CAO's approach to monitoring these is in large measure reliant on the work of CRC as the Line 2 assurance function or checks with the CMO that they are not aware of any issues in these areas. Where provisions relate to actions or behaviours in Openreach, these are assured by Openreach Business Integrity and the CMO, with only a very limited role for the CAO.

4. Handling Concerns and Complaints

If CPs, other stakeholders or people in BT have concerns about whether BT is living up to its Commitments, the CAO needs to hear from them if it is to be able to investigate the issue. This helps the CAO, and in turn the BTCC, to ensure their work is focussed on the issues that matter. Where a CP raises an issue, the CAO will seek to work with them to review that issue in an appropriate manner. The CAO requires certain basic information to be able to effectively review an issue, as set out in its complaints guidance (see **Annex 2**).

If a CP requests that the CAO reviews an issue on a confidential basis, we will do this. This means the CAO will tell the relevant part(s) of BT that it is undertaking a review to enable us to undertake our work, but we will do so without identifying the name of the complainant. If the extent of confidentiality requested by the CP presents challenges for the CAO in completing its work effectively, the CAO will discuss this with the CP to establish a way forward.

The CAO's internal produce for handling concerns and complaints is set out in **Annex 3**. There are three stages to the CAO's process for handling concerns and complaints.

4.1. Triage Stage

The CAO initially assesses whether an issue relates to the Commitments (or if it should be passed to another part of BT), and whether it is sufficiently significant to merit review. The CAO will take forward issues which appear, on their face, to raise a genuine and credible concern that there are, or may be, behaviours which are not compliant with the letter or spirit of the Commitments. Even one-off instances may be enough to meet this standard.

4.2. Quick Check Stage

Quick checks are initial reviews of issues flagged to the CAO for review. They can be CAO own-initiative matters or come from CPs, the OMU, or people in BT or Openreach. They are recorded on the CAO's internal tracker. The purpose of a quick check is to decide if there is a need to open a full breach investigation, so they are not comprehensive reviews, but rather involve reasonable enquiries to gather enough information to form a view on whether there has been a breach or non-compliance with the letter or spirit of the Commitments.

If the CAO's review finds there is not an issue, the quick check is reported to the BTCC and formally closed (unless the BTCC disagrees with the CAO). If concerns remain, the CAO undertakes a full breach investigation. In some instances, it will be clear at the outset there is likely to be a concern; in such cases, the CAO does not have to undertake a quick check, and can proceed directly to a full breach investigation.

The CAO will also submit recommendations to the BTCC where there are no grounds to open a full breach investigation but nevertheless learnings have been identified for the future.

4.3. Full Breach Investigation Stage

A full breach investigation takes place either where the BTCC agrees with the CAO's recommendation following a quick check, or where the initial information received by the CAO is sufficiently serious to establish the need for a full breach investigation straight away. The fact that a breach investigation is opened does not mean there has been a compliance failure. It may simply be that the circumstances are particularly complex, and getting to the bottom of the issue requires a more rigorous review than a lighter-touch quick check offers.

Once the CAO has completed its review, it presents its findings to the BTCC for decision.

5. Breaches & Non-Conformances with Process

A specific part of the BTCC's Terms of Reference is to decide potential breaches of the Commitments and Governance Protocol. The BTCC also considers non-conformances with process designed to support delivery of the Commitments and DCR outcomes. This is in fulfilment of the commitment under the Governance Protocol, Part A, section 7.15 that the BTCC will consider breaches and inform Ofcom where it concludes that there has been a breach. There is also a duty on the BTCC to also notify the OBARCC if it decides there has been a breach of the Commitments or Governance Protocol that relates to Openreach.

The CAO presents cases with its recommendation to the BTCC, and the final decision is taken by the BTCC. In practice, the vast majority of cases considered have been referred to the CAO by CRC in light of their expertise as regulatory compliance specialists within BT Group and their "Line 2" compliance responsibilities. CRC's activities mean that they can bring cases from a range of sources – cases that have been self-reported, issues raised by stakeholders, and items identified during routine audits and compliance training. Once a case has been investigated and an issue identified, the CRC issues a report to the CAO about the case including a recommendation on whether or not a breach or non-conformance has occurred, and, where appropriate, relevant remedial actions. The CAO reviews the report submitted by CRC and produces its observations on the case. The CAO submits this to the BTCC for its determination.

The CAO will also investigate matters itself, for example where these have been referred directly to the CAO by a stakeholder and where the CAO is well-placed to undertake the review.

Once the BTCC had decided there has been a (serious or trivial) breach, the CAO writes to Ofcom within 2 weeks with details of the breach¹³. In practice the CAO also includes details of non-conformances to support transparency. Details of these cases are also included in the BTCC's Bulletin after each meeting.

Further detail on the process for handling potential breaches or non-conformances, including the framework used to assess whether a matter is trivial or serious, is set out in **Annex 4**.

6. CAO Email Inbox

Anyone can write to the CAO using our email address cao@bt.com. The inbox is checked regularly and emails are triaged by the Commitments Assurance Professional. Emails outside of the CAO's remit are acknowledged and passed to the relevant team in BT.

¹³ Governance Protocol, Part A, Section 7.15.