

## **BT GROUP PLC (the “company”)**

### **BT COMPLIANCE COMMITTEE**

#### **TERMS OF REFERENCE**

Approved by the BT Group plc Board with effect from: 1 September 2021

The BT Compliance Committee (the “**committee**”) is a committee of the Board of Directors of BT Group plc (the “**Board**”), from which it derives its authority.

#### **1. Membership**

- 1.1 The committee shall be made up of at least three independent non-executive directors.
- 1.2 Only members of the committee have the right to attend committee meetings. However, other individuals may be invited to attend for all or part of any meeting as and when appropriate. The committee chair may also invite specialist functional experts to its meetings as required by the agenda, including, Customer Facing Unit (“**CFU**”) and Technology representatives, governance and compliance representatives and representatives of other Corporate Units, including internal audit, finance and HR.
- 1.3 Members of the committee shall be appointed by the Board.
- 1.4 The Board shall appoint the committee chair who shall be an independent non-executive director of BT Group plc. In the absence of the committee chair and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting. The Chair of the Board shall not be the committee chair.

#### **2. Secretary**

- 2.1 The Deputy Company Secretary or their nominee shall act as secretary of the committee.

#### **3. Quorum**

- 3.1 The quorum necessary for the transaction of business shall be two, one of whom must be the committee chair or their nominee.

#### **4. Frequency of meetings**

- 4.1 The committee shall meet at least three times a year, and otherwise as required.

#### **5. Notice of meetings**

- 5.1 Meetings of the committee shall be called by the secretary of the committee, at the request of the committee chair or any of its members.
- 5.2 Unless otherwise agreed, notice of each meeting confirming the venue, time and date shall be sent to each member of the committee and any other person required to attend before the date of the meeting. The agenda of items

to be discussed and supporting papers shall be sent to committee members and to other attendees as appropriate.

## 6. Minutes of meetings

- 6.1 The secretary shall minute the proceedings and resolutions of all committee meetings, including the names of those present and in attendance.
- 6.2 An extract of the minutes of each meeting of the committee in relation to compliance with the Commitments and the Governance Protocol will be sent to Ofcom within a reasonable time after each committee meeting. The minutes will be a fair, true and accurate summary of each meeting.

## 7. Duties

### Commitments, Governance Protocol and DCR Outcomes

- 7.1 The committee monitors:
  - i. **BT's** compliance with the **Commitments** and the **Governance Protocol** as set out in section 19.4 of the Commitments and sections 7.13 – 7.15 of Part A of the Governance Protocol (extracts attached for reference in the Annex);
  - ii. 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 the Digital Communications Review objectives ("**DCR objectives**"); and
  - iii. the extent to which the DCR objectives are being met.
- 7.2 The committee shall:
  - i. review the content of the Code of Practice for BT Employees;
  - ii. 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;
  - iii. 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;
  - iv. report back to complainants regarding the outcome of their complaints;
  - v. 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;
  - vi. review and assess whether the Commitments are delivering the outcomes anticipated by BT, Ofcom and other stakeholders; and
  - vii. 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.
- 7.3 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.

- 7.4 The committee may of its own initiative:
- i. request support in reviewing aspects of BT's compliance with the Commitments and the Governance Protocol; and
  - ii. suggest to BT remedial action to ensure its compliance with the Commitments and the Governance Protocol.

### **Consumer Fairness**

- 7.5 The committee monitors:
- i. whether BT is living up to the **Consumer Fairness Principles**;
  - ii. whether the culture in BT and the behaviours of BT people are conducive to BT's adherence to the Consumer Fairness Principles and to delivery of BT being trusted regarding consumer fairness; and
  - iii. the extent to which BT is meeting the desired outcome of being trusted in relation to consumer fairness.
- 7.6 The committee:
- i. shall consider feedback from BT management from the meetings of the **Consumer Panel** and BT management in relation to the Consumer Fairness Principles;
  - ii. may review alleged non-conformance with, or complaints about, BT's adherence to the Consumer Fairness Principles or delivery of being trusted in relation to consumer fairness and if required, may suggest remedial action; and
  - iii. shall carry out any other functions specified as being within the remit of the committee in relation to consumer fairness as requested by the Board.

## **8. Reporting responsibilities**

- 8.1 The committee will be provided with management reports for the formal meetings, including reports detailing compliance with the Commitments and the Governance Protocol, updates on specific compliance issues from time to time and Communication Provider complaints received by BT in relation to the Commitments and the Governance Protocol.
- 8.2 The committee chair shall regularly report to the Board on matters within its duties and responsibilities, including BT's compliance with the Commitments and the Governance Protocol, including details of breaches and complaints, and consumer fairness. The committee shall make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.
- 8.3 The committee shall conduct an annual review of BT's compliance with the Commitments and the Governance Protocol, and its handling of Commitments and Governance Protocol related customer complaints and representations which the committee chair shall present to the Board.
- 8.4 The committee shall publish a report annually on its activities in relation to compliance with the Commitments and the Governance Protocol.

## **9. Other matters**

- 9.1 The committee shall:

- i. have access to sufficient resources in order to carry out its duties, including access to the company secretarial team for advice and assistance as required;
- ii. be provided with appropriate and timely training, including an induction programme for new members and on an ongoing basis for all members;
- iii. give due consideration to relevant laws and regulations, the provisions of the UK Corporate Governance Code and the requirements of the Listing Rules, Prospectus Rules and Disclosure Guidance and Transparency Rules and any other applicable rules, as appropriate;
- iv. arrange for periodic reviews of its own performance and Terms of Reference, and recommend any changes it considers necessary to the Board for approval; and
- v. implement an information retention policy in relation to information relating to its activities under the Commitments and the Governance Protocol with the effect that such information is retained for a period of at least six years.

## **10. Authority**

10.1 The committee is accountable to:

- i. the Board and will report to it, or refer matters to it; and
- ii. Ofcom – in accordance with the commitment to notify Ofcom of any breaches it identifies and to provide extracts of minutes of its meetings.

10.2 The committee is authorised by the Board:

- i. through the Company Secretary or their nominee to seek information it requires from any employee of the company in order to perform its duties; and
- ii. in consultation with the Company Secretary or their nominee, and where necessary to fulfil its duties, to obtain any relevant external legal or other professional advice.

## Definitions

Words and expressions used in these Terms of Reference shall have the following meanings:

- **BT** means BT plc and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, as defined by section 1159 Companies Act 2006, but excluding Openreach Limited and the Openreach CFU;
- **Consumer Fairness Principles** means Ofcom's Fairness for Customer Commitments (extract attached for reference in the Annex), published in June 2019 and signed up to by all BT brands, as may be amended from time to time;
- **Consumer Panel** means a panel run by Consumer to hear the voice of customer organisations and customers;
- **Commitments** means the Commitments annexed to BT's Notification to Ofcom pursuant to section 89C Communications Act 2003, dated 10 March 2017 and as varied from time to time thereafter;
- **Design Principles** means the Design Principles agreed by BT plc and Openreach as set out in the guidance notes!;
- **DCR Objectives** mean widespread availability of fibre broadband, decent broadband for all and a step-change in quality of service, as described in the statement "Delivering a more independent Openreach", published by Ofcom on 13 July 2017;
- **Governance Protocol** means the Governance Protocol annexed to BT's Notification to Ofcom pursuant to section 89C Communications Act 2003, dated 10 March 2017 and as varied from time to time thereafter; and
- **Openreach Division** means Openreach Limited and the Openreach CFU.

## ANNEX

### Extract from the 'Commitments of BT Plc and Openreach Limited to Ofcom'

**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.**

### Extract from Part A of the 'Governance Protocol'

- 7.13 The BT compliance body identified pursuant to paragraph 19.4 of the Commitments (the BT Compliance Body) shall have a majority of independent members and be chaired by a non-executive director of BT Group plc.
- 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.
- 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. The OBARCC shall include the details of any such breach in the Openreach Report.

### Extract from Ofcom's new Fairness for Customers Commitments

1. **Customers get a fair deal, which is right for their needs.** Providers offer customers packages that fit their needs and have a fair approach to pricing. Prices are clear and easy to understand;
2. **Customers get the support they need when their circumstances make them vulnerable.** Providers understand and identify the characteristics, circumstances and needs of vulnerable customers - such as vulnerability due to a disability, age, mental illness or having recently been bereaved - and act to give them fair treatment and equal access to services too;
3. **Customers are supported to make well-informed decisions with clear information about their options before, during, and at the end of their contract.** Providers design and send communications in a way that reflects an understanding of how customers generally react to information so that they can understand and engage with the market;
4. **Customers' services work as promised, reliably over time.** If things go wrong providers give a prompt response to fix problems and take appropriate action to help their customers, which may include providing compensation where relevant. If providers can't fix problems with core services they have promised to deliver within a reasonable period, customers can walk away from their contract with no penalty;

5. **Customers can sign up to, change and leave their services quickly and smoothly.** Providers ensure that customers who are leaving do not face additional barriers or hassle compared to those who are signing up to new services;
6. **Customers can be confident that fair treatment is a central part of their provider's culture.** Companies can demonstrate that they have the right procedures in place to ensure customers are treated well. They keep these effective and up-to-date.