

## Section 172 statement

In accordance with section 172 of the Companies Act 2006, each of our directors acts in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. Our directors have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

The directors also take into account the views and interests of a wider set of stakeholders when making decisions. During the year the Board received information to enable them to consider the impact of the company's decisions on its key stakeholders. This information was distributed in a range of different formats, including through reports and presentations on our financial and operational performance, non-financial KPIs, risk and ESG matters. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the Board frequently has to make difficult decisions based on competing priorities. By considering the company's purpose and values, together with its strategic priorities and having a process in place for decision-making, we do, however, aim to balance those different perspectives.

As is normal for large companies, we delegate authority for day-to-day management of the company to executives and then engage management in setting, approving and overseeing the execution of the strategy and related policies. During the year, we reviewed the company's financial and operational performance; key transactions, including acquisitions and divestments; matters relating to the Commitments which were made as part of the Digital Communications Review with Ofcom; regulatory, funding and pensions matters, mechanisms of stakeholder engagement and diversity and inclusion. The Board received papers and reports on these matters which were then reviewed, discussed and approved, as necessary.

The impact of the company's activities on our stakeholders, including our colleagues, customers and suppliers is an important consideration when making decisions. The Board will sometimes engage directly with stakeholders on certain issues, but the size and distribution of our stakeholders and of BT Group means that stakeholder engagement often takes place at an operational or group level. We find that as well as being a more efficient and effective approach, this also helps us achieve a greater positive impact on environmental, social and other issues than by working alone as an individual company. For details on how the BT Group engages with its stakeholders and how stakeholder interests and section 172 duties have been considered in reaching certain key strategic decisions, please see pages 24-34 of the BT Group plc 2020 Annual Report.

As set out above, decisions taken by the Board consider the interests of our key stakeholders and the impacts of these decisions. Our directors have regard for matters set out in section 172(1) (a)-(f) of the Companies Act 2006 when discharging their section 172 duties. One example of a decision taken by the Board during the year, and the considerations given to stakeholder interests and impacts was the sale of BT's domestic operations in Spain. During the year, the Board considered and approved the proposal to sell BT España, which was announced on 16 December 2019. Consideration was given to the different stakeholders including the impact on our colleagues and customers (both multi-nationals and local) and how divestment would enable us to continue to deliver on our ongoing transformation strategy of Global and our future business operations in Spain.