

Section 172 statement

In their discussions and decision-making during the year ended 31 March 2021, the directors of BT plc have acted in the way that they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole (having regard to stakeholders and the matters set out in subsections 172(1)(a-f) of the Companies Act 2006 (the 2006 Act)).

During the year, the Board considered information from across the organisation to help it understand the interests of our key stakeholders and other relevant factors when making decisions. 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. Information is distributed to the Board in a range of different formats. During the year, the Board reviewed a range of matters including 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; legal, regulatory, funding and pensions matters, and diversity and inclusion. The Board received papers and reports on these matters which were then reviewed, discussed and approved, as necessary.

The Board considers the matters set out in section 172 of the 2006 Act in all its discussions and decision-making.

That includes:

- a. The likely consequence of any decision in the long term: The directors recognise that the decisions they make today will affect BT's long-term success. In addition, the BT Group plc Board had particular regard to the long-term success of the company in its discussions on the evolution of the company's purpose and strategic framework.
- b. The impact of BT's operations on the community and environment. Further, the BT Group Digital Impact & Sustainability Committee monitors progress on the digital impact and sustainability strategy and supporting goals for digital skills, responsible tech and human rights, and climate change and the environment.
- c. The desirability to maintain a reputation for high standards of business conduct. In addition, the BT Group Board is responsible for setting and monitoring the culture, values and reputation of the group. Our colleagues are central to us achieving our ambition and we are building a culture where our colleagues can be their best. During the year, the BT Group Board considered BT's culture in its decision-making and discussions. We set out our commitment to high standards of business conduct in The BT Way (our Ethics Code), see bt.com/ethics
- d. The interests of our colleagues and the need to foster business relationships with our key stakeholders. Both the BT plc Board and the BT Group Board and its committees understand the strategic importance of stakeholders to BT's business. When making decisions, the directors have regard to the interests of colleagues, and the need to foster business relationships with other key stakeholders. We acknowledge that not every decision we make will necessarily result in a positive outcome for all our stakeholders and the Board therefore has to balance competing interests in reaching its decisions. While there are cases where the Board judges that it should engage with certain stakeholders on some issues, the size and distribution of the BT Group and our stakeholder groups means that stakeholder engagement best takes place at an operational or group level. The Company finds 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 example, the BT Group plc Board considered the proposal and was supportive of the planned publication of our diversity and inclusion targets and commitments in relation to gender, ethnicity and disability, and approved proposals to enhance our consumer fairness governance framework during the year. The BT plc Board also considers information from across the organisation to help it understand how our operations affect our stakeholders' interests and views. There are more details on how we engage across the Group with key stakeholders (including customers and suppliers) on pages 7 to 11 and in the BT Group plc 2021 Annual Report.
- e. The need to act fairly as between members of the company.

One example of how the BT plc directors have had regard for matters set out in section 172(1) (a)-(f) of the Companies Act 2006 during the year as part of their decision-making was in relation to the acquisition of the remaining 30% of the share capital of BT One Phone Limited ("BTOP"), a telecom provider offering fixed-to-mobile replacement telephony networks and enterprise telephony solutions. During the year, the Board considered the acquisition recommended by management, the benefits and risks and the wider context including the potential impact of Covid-19 on the SME market. The Board had regard for the matters set out in section 172 of the Companies Act 2006, noting a specific paper circulated as part of the materials prepared for the directors. The BT plc Board recognised that this acquisition supported the group's strategy to invest in innovative technologies to become the most trusted connector of people, devices and machines and subsequently approved the acquisition. In April 2021, the acquisition completed and is set out in the post balance sheet events in note 31 of the consolidated financial statements.

For further details on how the BT Group engages with its key stakeholders (including customers and suppliers) and how stakeholder interests and section 172 duties have been considered in reaching certain key strategic decisions taken by the BT Group Board, please see the BT Group plc 2021 Annual Report.

26 May 2021