

Section 172 statement

In their discussions and decisions during FY23, the directors of BT Group plc have acted in the way that they consider, in good faith, would be most likely to promote the success of the group for the benefit of its members as a whole (having regard to stakeholders and the matters set out in sub-sections 172(1) (a)–(f) of the 2006 Act).

The Board considers the matters set out in section 172 of the 2006 Act in all its discussions and decision making, including:

The likely consequence of any decision in the long term:

The directors recognise that the decisions they make today will affect the group's long-term success. During the year, the Board had particular regard to the long-term success of the group in its discussions on group strategy (see [page 89](#)). Our purpose and strategy demonstrate how we realise our ambition and grow value for all our stakeholders. This in turn guides the Board's decisions, specifically the balance between short- and long-term investments. The third pillar of our strategy, lead the way to a bright, sustainable future, incorporates our aim to identify and develop new business opportunities that will help us grow sustainably in the future. More information on our strategy can be found on [pages 16 to 17](#).

The impact of the group's operations on the community and environment:

The *Digital Impact & Sustainability Committee* continues to oversee the progress of our Manifesto. This aims to accelerate growth through technology that is responsible, inclusive and sustainable, ensuring the group can continue to build trust and create value for its stakeholders. The Committee also monitors progress on the digital impact and sustainability strategy and oversees the progress of our related goals, including those in respect of climate and the environment. In line with the ambitions we have in this area, the Committee approved the acceleration of BT Group's net zero target for its own operations from 2045 to the end of FY31 and a new net zero target for supply chain and customer emissions to be achieved by the end of FY41.

For more information on this see [page 48](#). Information as to how we have addressed the recommendations of the TCFD framework can be found on [pages 71 to 72](#).

The desirability of maintaining a reputation for high standards of business conduct:

The Board acknowledges its responsibility for setting and monitoring the culture, values and reputation of the group. Our colleagues are central to us achieving this ambition and we're building a culture where our colleagues can be their best. During the year, the Board considered the group's culture in its decision making and discussions; further details on this can be found on [pages 88 to 91](#).

The *Audit & Risk Committee* also considered regular reports from the Ethics and Compliance Director on our ethics and compliance policies and programmes and reports on issues raised through Speak Up, BT Group's confidential, whistleblowing services (see [page 104](#)).

The interests of our colleagues, and the need to foster business relationships with our key stakeholders:

The Board and its committees understand the strategic importance of stakeholders to our 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, so the Board must balance competing interests in reaching its decisions.

While the Board engages directly with stakeholders on some issues, the size and distribution of the BT Group and our stakeholder groups means that stakeholder engagement often happens below Board-level. However, the Board considers information from across the organisation to help it understand how our operations affect our stakeholders' interests and views.

More details on how we engage with key stakeholders (including customers and suppliers) on [pages 40 to 44](#).

Our colleagues are key to our success, and they are always considered as part of the Board's discussions and decision making. The Board and its committees have reviewed colleague wellbeing, our diversity and inclusion ambitions, organisational culture and the impact of our transformation programme on them, as well as on employee relations (see [page 91](#) for more details). The Board engages with colleagues primarily through the *Colleague Board* and through our Designated Non-Executive Director for workforce engagement (see [pages 92 to 93](#)). In this role, Isabel Hudson provides feedback after each formal *Colleague Board* meeting and also discusses any topics raised by members at relevant Board and committee meetings.

Other colleague engagement channels are set out on [page 41](#).

The need to act fairly as between BT Group's shareholders:

During FY23, the Chairman, Chief Executive, Chief Financial Officer, other executives and the Investor Relations team held 320 meetings with investors (see [page 42](#) for more detail on our engagement with shareholders). These meetings gave investors the opportunity to discuss views on financial and operational performance, capital investment, in particular, the investment on FTTP, competitive dynamics, pensions, capital allocation policy and environmental, social and governance matters. The Board is mindful of having two significant shareholders but considers any decisions it makes in the interests of all shareholders.

Decisions made during the year

The following are some of the decisions made by the Board this year which demonstrate how section 172 matters have been taken into account as part of Board discussions and decision-making:

Decision	What happened
Creation of Business	<p>The Board regularly reviews the operating model of the business and its focus on and exposure to all of the markets in which it operates. Throughout the year, the Board considered with management whether a combination of the Enterprise and Global units would enhance the group's overall B2B offering.</p> <p>Between September and December 2022, the Board considered the strategic proposition of the businesses both as standalone units and if combined. In determining that the businesses should be combined, the Board and management concluded there would be benefits for a number of stakeholders. Externally, the Board particularly noted the shareholder value opportunity from the simplification along with the continued needs of customers to have dedicated teams, drawing on a larger pool of shared knowledge, best practice and expertise, to address their needs. Internally, the combination will target greater clarity of prioritisation for our Networks and Digital units as they support and increase the pace of the ongoing digital transformation of the group. The Board will continue to have the opportunity to review and influence the future strategy of the combined Business unit and each of its constituent parts, to ensure it optimises its focus on the best of the strategic objectives of the two legacy units.</p>
50:50 joint venture company with Warner Bros. Discovery, Inc. bringing together the sports content offering of both BT Sport and Eurosport UK	<p>In February 2022 we announced that the preferred strategic option for the future of BT Sport, that we were pursuing through a period of exclusive negotiations, was a joint venture with Warner Bros. Discovery, Inc. The Board then considered the details of the negotiated deal in early FY23. This included consideration of the proposed joint venture in the context of a number of key objectives and risks and the way these were handled in the implementation of the transaction structure.</p> <p>In particular, while noting that the transaction structure provided for the continuation of material elements of the BT Sport business in the medium term, which would benefit customers, employees of the business and close commercial partners, the Board also considered in detail the value opportunity for shareholders. This is represented by the future payments that BT Group is forecast to receive and the roadmap to a potential future exit from the business whilst, in the meantime, reducing BT Group's exposure to some of the costs and risks of the business. Also considered was the extent of BT Group's continued influence over key aspects of the business, including through its appointed directors, one of whom, Matthew Key, is an Independent Non-Executive Director of BT Group. As a result of all of these factors, the Board approved the entry into the transaction.</p>
Restructuring of IT estate	<p>To support the acceleration of BT Group's technology transformation, the Board considered the possibility of restructuring the management of its IT estate, aiming to free up capacity to accelerate the delivery of future technology and to promote efficiency.</p> <p>The Board considered a number of options, one of which being identifying a third party supplier to take on the support and build of certain digital legacy systems and to decommission outdated and redundant systems. In considering the approach, the Board analysed the likely risks and how the transition would impact its stakeholders such as customers, colleagues and its suppliers, and mitigations available. It explored the financial and commercial implications and discussed whether the transaction would best be executed with one or multiple suppliers. Working closely with management, the Board challenged, provided feedback and gained a thorough understanding of each phase of the project execution proposed.</p> <p>At its meeting in November 2022, the Board was satisfied that shutting down obsolete applications was financially advantageous to the group, and using a third party would improve performance and support the delivery of the transformation programme, while enabling the group's internal teams to move their focus towards developing new digital systems. The Board provided its approval to proceed with the restructuring project.</p>