

# Corporate governance report

We're committed to delivering on our bold ambition to be the world's most trusted connector of people, devices and machines. We're focused on growing sustainable value for all our stakeholders and the communities we operate in, through effective Board leadership, strong corporate governance and a clear understanding of the broader telecommunications market.

## Compliance with the 2018 UK Corporate Governance Code (the Code)

In respect of the year ended 31 March 2024, BT Group plc was subject to the Code published by the Financial Reporting Council (FRC) in July 2018 (available at [frc.org.uk](http://frc.org.uk)). The Board confirms that BT Group has applied all the principles and complied with or explained all the provisions of the Code throughout the year as seen below. BT Group is aware of the updated Code, published by the FRC in January 2024, which will apply to financial years beginning on or after 1 January 2025.

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\*Further details on the responsibilities of the Board can be found on our website [bt.com/governance](http://bt.com/governance)

# Chairman's governance letter



**The Board remains focused on ensuring it governs the group effectively, making careful decisions to generate long-term value for our stakeholders. We are cognisant of the new Code and are well placed to ensure our governance practices across the group are strengthened in line with this and evolving best practice.**

The Board prioritises effective corporate governance across the group. Promoting fairness, openness and transparency in its responsibilities to stakeholders and generating long-term, sustainable success has been, and will remain, the Board's primary objective.

The Board has been educated on the key changes coming out of the new Code, published in January 2024. We're well placed to build on our corporate governance practices to comply with the Code in future years, and to ensure the Board is carrying out its role in governing the group effectively. In next year's report we'll provide an update on how the priorities of the Board and committees have been shaped by the new Code in FY25.

This Corporate governance report sets out the approach our Board takes to facilitate effective governance and how it supports our strategy and the decisions we have made, ensuring it considers the interests of our stakeholders and our contribution to society.

## Board and committee changes

- Philip Jansen stepped down from the Board and as Chief Executive at the end of January. I'd like to take this time to thank Philip for the excellent job he has done during his time at BT Group and in leading our transformation.
- We welcomed Allison Kirkby to the role of Chief Executive in February, having served on the Board since 2019. We're delighted to have Allison lead the group and I look forward to supporting her as we drive our long-term strategy (see page 96 for details on Allison's appointment).
- As mentioned in last year's report, Ian Cheshire and Iain Conn stepped down from the Board at the conclusion of the 2023 AGM. Adel Al-Saleh also stepped down in December 2023 and Isabel Hudson will step down at the conclusion of the 2024 AGM in July after serving nine years on the Board. On behalf of the Board, I would like to thank them all for their valuable contributions to the Board and to the group over the years and wish them well in their future endeavours.
- Ruth Cairnie joined the Board in April 2023 and, from the conclusion of the 2023 AGM, succeeded Iain as the Senior Independent Director and Ian as Chair of the *Remuneration Committee*.
- Raphael Kübler was appointed to the Board in January 2024 having been put forward by Deutsche Telekom as their nominated director.
- We appointed Tushar Morzaria to the Board as an Independent Non-Executive Director with effect from 7 May 2024. Tushar brings a wealth of strategic financial management experience gained over 25 years where he has overseen transformation programmes and has strengthened risk and control frameworks.

With these Board changes, we have focused on complementing the existing skills on the Board, and ensuring the best mix of diversity of viewpoints, skills and experience. More details on succession planning and the work of the *Nominations Committee* during the year can be found on pages 96 to 98.

During the year, the Board has also made some changes to simplify our Board and Committee structure. After careful consideration, it was decided that it was the appropriate time to disband the *BT Compliance Committee* and to transition its responsibilities across the *Audit & Risk* and *Responsible Business Committees*. More detail on this can be found on pages 99 and 105.

## Supporting our colleagues

This has continued to be a challenging year for our colleagues; the Board recognised this and held many colleague-focused discussions during the year.

After much deliberation, the Board decided to make changes to our colleague engagement mechanism and establish a comprehensive colleague outreach programme led by the Designated Non-Executive Director for Workforce Engagement. As part of this change, the *Colleague Board* was disbanded during the year. Maggie Chan Jones was appointed as our new Designated Non-Executive Director for Workforce Engagement, succeeding Isabel, who will step down from the Board at the conclusion of the 2024 AGM. Maggie's previous experience, focus on coaching, and her championship of diversity, inclusivity and other colleague matters will help ensure that the voices of our colleagues continue to be heard in the boardroom. I'd like to thank Isabel for all of her support and guidance to the *Colleague Board* and our colleagues, over the past four years. Further detail on how the Board made this decision and how it engages with our colleagues can be found on pages 90 to 91.

## Inclusion, equity and diversity

We are committed to encouraging inclusive thinking inside and outside of our business. This year, we have made progress in ethnic minority representation, with decent gains against the bold targets set out in our Manifesto. For more information on our continued progress in this area, see pages 31 to 32 and 34 to 39.

The Board's diversity targets are set out in our Board Diversity and Inclusion Policy. As at 31 March 2024, our Board comprised 50% female directors, two directors from an ethnic minority background, and one who has a disability. Ruth Cairnie's appointment during the year as the Senior Independent Director ensured that we met the requirements of the Listing Rules to have female representation in at least one of the four senior board positions. This position was reinforced by Allison's appointment as Chief Executive from 1 February 2024, meaning that half of the four senior board positions are now held by women. From the 2024 AGM, our Board will comprise 40% female directors, three directors from an ethnic minority background, and one who has a disability.

Leading this Board and our business continues to be a privilege. I would like to thank all our BT Group teams for their continued efforts to help us deliver on our purpose and I am excited to work with a fantastic group of fellow directors over the next year.

## Adam Crozier

Chairman  
15 May 2024

# Our governance framework

## The Board

Responsible for the stewardship of the group, overseeing its conduct and affairs to deliver on our strategic objectives and creating long-term success to generate sustainable value for our shareholders and the interests of other stakeholders. The Board has established certain Committees to assist it in discharging its responsibilities and delegates day-to-day responsibilities to the Chief Executive.

Board leadership and company purpose on pages 88 to 91

## Audit & Risk Committee

Oversees, assesses and reviews our financial and narrative reporting, internal controls and risk management. It also oversees BT Group's compliance with the Commitments we made as part of the 2017 Digital Communications Review (DCR) with Ofcom and the Governance Protocol.

Audit & Risk Committee Chair's report on pages 99 to 103

## Nominations Committee

Considers the structure, size and composition of the Board and its Committees and advises on succession planning for the Board and the Executive Committee. It ensures the Board is diverse, with the appropriate balance of skills, experience, independence and knowledge.

Nominations Committee Chair's report on pages 96 to 98

## Remuneration Committee

Agrees the remuneration framework for the Chairman, Executive Directors and certain senior executives and monitors remuneration practices and policies for the wider workforce.

Remuneration Committee Chair's letter and Report on directors' remuneration on pages 106 to 124

## Responsible Business Committee

Agrees the responsible business strategy, including its implementation through our Manifesto goals and targets, and monitors adherence to consumer fairness principles.

Responsible Business Committee Chair's report on page 105

On 6 April 2023, the Committee's name changed from the Digital Impact & Sustainability Committee to the Responsible Business Committee.

**National Security and Investigatory Powers Committee**  
Oversees our role in the use of official investigatory powers.

## Chief Executive

Responsible for running the business and setting and executing the group strategy.

## BT Investment Sub-Committee

Provides input and recommendations that support the Chief Executive's decision making on investment cases and budgets.

## Executive Committee

Assists the Chief Executive to develop and execute the group strategy and budget, and monitors overall performance and how we're managing risks.

## Disclosure Sub-Committee


Ensures BT Group meets its disclosure obligations and reviews and approves regulatory and other announcements before publication.







Matters reserved to the Board and its Committees' terms of reference can be found on our website at [bt.com/governance](https://www.bt.com/governance)

Each Committee Chair formally reports to the Board following their meetings and makes any recommendation to the Board in line with that Committee's terms of reference. Papers and minutes are circulated to all Board and Committee members as appropriate, other than to those with a potential conflict of interest. Deutsche Telekom's nominated director owes a fiduciary duty to both BT Group and Deutsche Telekom. The *Conflicted Matters Committee* reviews all papers ahead of sharing these with him to identify potential or actual conflicts of interest.

# Board of directors and division of responsibilities

**Membership key**

 Committee Chair

-  Audit & Risk Committee
-  Executive Committee
-  National Security and Investigatory Powers Committee
-  Nominations Committee
-  Remuneration Committee
-  Responsible Business Committee



**Adam Crozier**

Chairman

Appointed Chairman December 2021 and to the Board and as Chairman designate November 2021.

**Experience**

Adam was previously Chairman of ASOS, Stage Entertainment BV and Vue International Cinema Group, and a Non-Executive Director of Sony Corporation. He has over 20 years' experience as a CEO across four different industries, most recently as the CEO of ITV from 2010 to 2017. Prior to ITV, Adam was CEO of Royal Mail from 2003 to 2010. Before that he was CEO of the Football Association from 2000 to 2002 and Joint CEO of Saatchi & Saatchi from 1995 to 2000.

**Relevant skills and contribution to the Board**

Significant experience in leading public company boards, developing teams and managing stakeholders and brings a strong transformational and operational track record in large-scale executive roles. He has also built a strong track record in turning around troubled organisations and in building and leading successful management teams.

**External appointments**

Chairman of Whitbread and Kantar Group.



**Allison Kirkby**

Chief Executive

Appointed Chief Executive February 2024 and to the Board March 2019.

**Experience**

From May 2020 until being appointed Chief Executive of BT Group, Allison was President & CEO of Telia Company. Allison was previously President & Group CEO of TDC Group until October 2019, and President & Group CEO of Tele2 AB from 2015 to 2018, having been Tele2 AB's Group CFO from 2014. She was chair of the Audit Committee and a Non-Executive Director of Greggs until May 2019. She has also held financial and operational roles within 21st Century Fox, Virgin Media, Procter & Gamble and Guinness.

**Relevant skills and contribution to the Board**

Valuable and recent experience in the international telecoms and media sector, combined with significant experience in transformation, driving performance, improving customer service and delivering shareholder value.

**External appointments**

Non-Executive Director and member of Audit Committee of Brookfield Asset Management Limited.



**Simon Lowth**

Chief Financial Officer

Appointed Chief Financial Officer and to the Board July 2016.

**Experience**

Simon was CFO of BG Group before its takeover by Royal Dutch Shell in February 2016. Before that, he was CFO of AstraZeneca from 2007 to 2013. He was an Executive Director of ScottishPower from 2003 to 2007, having been appointed as the Finance Director in 2005. Before 2003, Simon was a director of McKinsey & Company.

**Relevant skills and contribution to the Board**

A strong background in finance, accounting, risk, corporate strategy and mergers and acquisitions. Simon has experience and a track record of implementing cost transformation and performance improvement programmes.

**External appointments**

Non-Executive Director and member of the Audit and Nomination & Governance Committees of Smith & Nephew.



**Isabel Hudson**

Independent Non-Executive Director

Appointed to the Board November 2014.

**Experience**

Isabel was previously Non-Executive Chair of the National House Building Council until May 2020. She was also previously Senior Independent Director of RSA Insurance, Non-Executive Director of The Pensions Regulator, MGM Advantage, QBE Insurance, Standard Life and an Executive Director of Prudential Assurance Company in the UK.

**Relevant skills and contribution to the Board**

A wealth of experience in financial services, in the life, non-life and pensions industries as well as risk, control, governance and international business. Insight and expertise in regulatory, pensions and financial matters.

**External appointments**

Non-Executive Director and Chair of the Audit Committee of Axa S.A. and Non-Executive Director of ISC Group, a not-for-profit organisation supporting women to bridge the gender seniority gap in insurance. Isabel is also an ambassador for the disability charity, SCOPE.



**Matthew Key**

Independent Non-Executive Director

Appointed to the Board October 2018.

**Experience**

Matthew held various positions at Telefónica from 2007 to 2014 including as Chairman and CEO of Telefónica Europe and Chairman and CEO of Telefónica Digital. From 2002 to 2004 he was the CFO, Strategy and Regulation Director of O2 UK before becoming CEO in 2004. Matthew previously served as Finance Director at Vodafone UK and Chairman of Tesco Mobile. He has previously held positions at companies including Kingfisher, Coca-Cola and Schweppes Beverages, Grand Metropolitan and Dallaglio RugbyWorks. He was also a Non-Executive Director and Chair of the Audit Committee of Burberry from 2013 to 2023.

**Relevant skills and contribution to the Board**

Strong strategic skills and a wealth of experience in finance and the telecoms sector. Matthew is also a Director of the joint venture between BT Group and Warner Bros. Discovery.

**External appointments**

None.



**Raphael Kübler**

Non-Independent, Non-Executive Director

Appointed to the Board January 2024.

**Experience**

Raphael is the Chief Operating Officer of Deutsche Telekom AG. Prior to this he held the position of Senior Vice President Controlling at Deutsche Telekom AG and Chief Finance Officer of T-Mobile Deutschland GmbH. Raphael has also been a director of T-Mobile USA, Inc., since April 2013 and served on other boards of listed companies, including Ströer SE & Co. KGaA, Hellenic Telecommunications Organisation and SES Global S.A.

**Relevant skills and contribution to the Board**

Extensive experience in the telecommunications industry, including strategic transformation projects and mergers and acquisitions.

**External appointments**

Director of T-Mobile USA, Inc.

Our directors share collective responsibility for the activities of the Board. There is a clear division of responsibilities between the Chairman and the Chief Executive as required under the Code. The responsibilities of the Chairman, Chief Executive,

Chief Financial Officer and Senior Independent Director and other key roles within BT Group, along with the matters reserved to the Board, are set out on our website at

[bt.com/governance](https://bt.com/governance)



**Ruth Cairnie**

Senior Independent Non-Executive Director

Appointed to the Board April 2023.

**Experience**

Ruth has a wealth of experience gained from a 37-year international career at Royal Dutch Shell holding senior functional and line roles, including having responsibility for group strategy and planning. She was a Non-Executive Director of Associated British Foods from 2014 to 2023 and Senior Independent Director and Remuneration Committee Chair from 2018. She was a Non-Executive Director of Rolls-Royce from 2014 to 2019 and Remuneration Committee Chair from 2016, a Non-Executive Director of ContourGlobal from 2018 to 2019 and Non-Executive Director and Remuneration Committee Chair at Keller Group from 2010 to 2017.

**Relevant skills and contribution to the Board**

Ruth has extensive experience gained from a broad range of executive and non-executive roles at leading industrial companies, both in the UK and internationally. She also has experience advising government departments on strategic development and capability building.

**External appointments**

Chair of Babcock International Group and a trustee of Windsor Leadership and the White Ensign Association.



**Maggie Chan Jones**

Independent Non-Executive Director and Designated Non-Executive Director for Workforce Engagement

Appointed to the Board March 2023.

**Experience**

Maggie was the founder and served as the Chief Executive of Tenshey for seven years until February 2024. Maggie originated Tenshey's mission to elevate more women and underrepresented talent into leadership roles and the boardroom. This builds on a highly successful career in marketing at several of the world's largest technology companies, including Microsoft and SAP.

**Relevant skills and contribution to the Board**

Deep international marketing and brand experience. Maggie is a recognised executive in business transformation, ESG and as an industry thought-leader in the marketing and technology sector.

**External appointments**

Non-Executive Director of Sage Group and the United States Tennis Association (non-profit). She is also a Non-Executive advisor to Ontinue AG.



**Steven Guggenheimer**

Independent Non-Executive Director

Appointed to the Board October 2022.

**Experience**

Steven has more than 25 years of experience at Microsoft, where he held a variety of senior and large-scale leadership roles between 1993 and 2020. For the last 12 years he held the position of Corporate Vice President leading the OEM, Developer/ISV, and AI Solutions organisations. Prior to joining Microsoft, Steven worked at Spectra-Physics Lasers.

**Relevant skills and contribution to the Board**

Accomplished technology executive with a strong track record of advising businesses on digital transformation and extensive insight into technologies ranging from AI to cloud computing.

**External appointments**

Non-Executive Director of HSBC Holdings, Forrit and Leupold & Stevens. He is also an advisor to Tensility Venture Partners and Aries Software Holdings.



**Sara Weller**

Independent Non-Executive Director

Appointed to the Board July 2020.

**Experience**

Sara's previous roles include Managing Director of Argos and various senior positions at J Sainsbury, including Deputy Managing Director and serving on its board between 2002 and 2004. Sara was a Non-Executive Director of Lloyds Banking Group until May 2021 and United Utilities Group until July 2020. She was also the lead Non-Executive Director at the Department for Work and Pensions until April 2020, Lead Non Executive at the Department of Communities and Local Government 2010 to 2015, Non-Executive Director of Mitchells & Butlers and held senior management roles at Abbey National and Mars Confectionery.

**Relevant skills and contribution to the Board**

A broad perspective coming from a background in retail, fast moving consumer goods and financial services, as well as strong executive and non-executive board experience in regulated sector plcs and central Government organisations.

**External appointments**

Chair of The Money and Pensions Service and Non-Executive Director of Virgin Money UK and Clydesdale Bank (a subsidiary of the Virgin Money Group).



**Tushar Morzaria**

Independent Non-Executive Director

Appointed to the Board May 2024.

Tushar joined the Board on 7 May 2024 as an Independent Non-Executive Director. Tushar is a member of the *Audit & Risk, Nominations and Remuneration Committees*.



**Sabine Chalmers**

General Counsel, Company Secretary & Director Regulatory Affairs

Sabine joined BT Group in April 2018 as General Counsel and was appointed as Company Secretary in September 2021.

See page 9 for Sabine's full biography.

**Board changes**

In line with our recent announcement, Isabel Hudson will not put herself forward for re-election at the 2024 AGM and will cease as an Independent Non-Executive Director on the Board at the conclusion of the 2024 AGM.



# Board leadership and company purpose

## Role of the Board

The Board is responsible for establishing the group's purpose, values, strategy and culture, and for setting the tone from the top. Further details on our purpose, ambition, values and strategy on pages 18 to 29.

The Board monitors the indicators of our culture through:

- discussions with the Chief Executive
- reports from the Chief Human Resources Officer, which include progress on simplifying organisational effectiveness and embedding a performance culture that rewards outcomes
- reports to the *Audit & Risk Committee* on any concerns raised through our Speak Up whistleblowing service, see page 102
- themes and insights from our Your Say colleague engagement surveys
- all-employee "Join Allison" live Q&A sessions
- direct feedback and insights from colleagues via our Designated Non-Executive Director for Workforce Engagement.

We believe that these indicators remain effective in providing the Board with useful insights into colleague sentiment and the wider culture across the organisation. More information on how the Board is kept informed of colleague perspectives and our culture can be found on page 90 to 91 and in the **Strategic report** on page 41.

The Board maintains oversight of the group's operations, performance, governance and compliance with statutory and regulatory obligations. It determines the group's risk appetite, ensures that we have robust systems of risk management and internal controls in place, and is responsible for ensuring that there is an effective leadership team in place to efficiently execute the group's strategy.

A number of key decisions and matters are reserved to the Board and are not delegated to any of the Committees, the Chief Executive or management.

These are set out in the matters reserved to the Board and are available on our website: [bt.com/governance](https://bt.com/governance)

Board meetings in FY24 were held in person in our head office in London to ensure constructive levels of engagement and discussion, to challenge management and encourage robust debate as part of decision making. Video conference was available for invited attendees who were unable to join the Board in person. Pre-Board meeting dinners were held for the Board as part of informal interactions.

## Section 172 statement and stakeholders

Our Section 172 statement is set out on pages 92 to 93 and demonstrates our Directors' regard to the matters in section 172 of the Companies Act 2006 (2006 Act) in performing their duties, and how they have had regard to colleagues' interests and the need to foster business relationships with suppliers, customers and others, together with a summary including the Board's principal decisions.

	Meetings attended
Adam Crozier (Chairman)	8/8
Allison Kirkby <sup>a</sup>	8/8
Philip Jansen <sup>b</sup>	7/8
Simon Lowth	8/8
Adel Al-Saleh <sup>c</sup>	7/7
Ruth Cairnie	8/8
Maggie Chan Jones	8/8
Ian Cheshire <sup>d</sup>	2/2
Iain Conn <sup>d</sup>	2/2
Steven Guggenheimer <sup>e</sup>	7/8
Isabel Hudson <sup>f</sup>	7/8
Matthew Key	8/8
Raphael Kübler <sup>g</sup>	1/1
Sara Weller	8/8

<sup>a</sup> Allison attended all Board meetings during the year as a Non-Executive Director

<sup>b</sup> Philip sent his apologies for the last meeting of the year as he stepped down from the Board and as Chief Executive on 31 January 2024

<sup>c</sup> Adel stepped down from the Board on 31 December 2023

<sup>d</sup> Ian and Iain stepped down from the Board at the conclusion of the 2023 AGM

<sup>e</sup> Steven sent his apologies for the July meeting due to a pre-existing conflict

<sup>f</sup> Isabel sent her apologies for the September meeting due to a personal matter

<sup>g</sup> Raphael joined the Board on 30 January 2024

### Meetings and attendance

We held eight scheduled Board meetings including one strategy meeting in FY24. The Chairman also held private sessions with the Non-Executive Directors during the year. The Company Secretary is Secretary to the Board, and she, or her delegate, attends all meetings and provides advice, guidance and support as required. Each member of the Board, individually and collectively, has access to the Company Secretary and can obtain independent professional advice if needed.

Board and Committee members are provided with papers in advance of each meeting on a secure electronic portal. Directors are expected to attend Board and relevant Committee meetings of which they are a member, unless prevented by prior commitments, illness or a conflict of interest. If a director is unable to attend a meeting, they usually give their comments to the Chairman or the Committee Chair in advance so that these can be considered as part of the discussion at the meeting.

See pages 90 to 91 for details on the Board's engagement with our colleagues and the **Strategic report** on pages 40 to 45 for additional details of how we engage with our key stakeholders.

## Board focus in FY24

### Group strategy

During the year, the Board:

#### Approved strategic initiatives and items of significant strategic importance in line with the matters reserved to the Board including:

- maintaining the pace of FTTP build towards the target of 25m premises by the end of 2026 against the challenging economic climate
- the sale of BT Tower to MCR London Holdings Limited for £275m (see pages 93 and 174)
- BT Pension Scheme (BTPS) triennial valuation (see pages 54, 93 and 193)
- simplification activities in relation to the merging of Enterprise and Global to create Business.

#### Held a full-day strategy meeting where it considered with management:

- the group's strategy and long-term growth opportunities
- the approach for Business going forward
- strategic priorities and how these are built into the group's medium-term plan
- progress on key initiatives
- key challenges and risks to delivering our priorities and plans to address or mitigate these
- the macroeconomic environment and how the group should respond.

#### Received and discussed the Chief Executive's report at each meeting, which focused on:

- the group's overall performance and operations
- progress against our strategic pillars and priorities
- the competitive and regulatory environment that the group operates in
- engagement with, and the views of, our stakeholders including our investors, our colleagues, Ofcom and Government
- key business operations including matters which are important to the group's reputation, as well as colleague, customer, supplier and community considerations.

During the year, the Board also considered, discussed and agreed not to proceed with certain proposed initiatives which were determined not to be strategically important or beneficial to the group.

### Performance and execution of strategy

During the year, the Board discussed, reviewed and, as appropriate, approved:

- the **financial statements** at full and half year and trading updates at each quarter, including any external guidance. It also discussed the feedback from investor meetings, including feedback received after the publication of each set of financial results. At each meeting, the Board reviewed the current financial and trading performance for the period against budget and consensus, and the full year outlook for each unit and the group as a whole
- the **going concern** and **viability statements** and the group's tax strategy
- reports, on a monthly basis, outlining share register movement, our share price performance relative to the market, investor relations activities and engagement with shareholders

- the medium-term plan, having considered the main opportunities and challenges, our strategic priorities and KPIs
- the group's financing strategy, having considered different options for raising finance and managing cash flow
- the delivery of the group's transformation programmes against our objectives to drive efficiencies, opportunities and continued cost reduction across the group
- customer experience for each CFU including individual brand and customer segment NPS, in particular the progress against our related ambitions. As part of this, the Board was updated on the initiatives and customer insights used to drive improvement for our customers. Further details on customer experience can be found on page 26 to 27.
- any regulatory or competition investigations and significant litigation, including our response and the stakeholder and reputational impact of these.

### Risks, controls and governance

During the year, the Board discussed:

- the group risk management framework twice, with in-depth discussions on certain group risk categories (GRCs), including the point and emerging risks and uncertainties facing the group and our risk appetite for each (see pages 61 to 70). The Board also received regular updates from the Chair of the *Audit & Risk Committee*, which undertakes detailed reviews of the group's systems of risk management and internal controls, including the effectiveness of the controls, mitigation activities and any areas for improvement (see page 102), as well as GRCs not discussed by the Board
- the progress of BT Group transformation programmes
- the Annual Report, which was subsequently approved on the recommendation of the *Audit & Risk Committee* (see page 100), that, taken as a whole, it is fair, balanced and understandable and provides the information necessary for shareholders to accurately assess the group's position and performance, business model and strategy
- the themes and actions agreed as a result of this year's Board and Committee evaluation (see page 94).

### People and culture

During the year, the Board discussed:

- the succession and appointment of the Chief Executive, delegating final approval to a sub-committee of the Board. More information on Allison's appointment as Chief Executive can be found in the *Nominations Committee* Chair's Report on page 96
- the progress of integrating Enterprise and Global into Business, together with the related operating model changes and colleague impacts, focusing on the right diversity in the leadership teams (see page 22)
- the progress and delivery against our people and cultural strategy, ambitions and related goals. Our ambition is to build a culture where people can be their best and make BT Group a brilliant place to work
- skills and organisational development; inclusion, equity and diversity; occupational health and wellbeing, and colleague engagement.

Each of the Committee Chairs also reported back to the Board on the areas within their remit that are important indicators of the group's culture.

## Board leadership and company purpose continued

### Board engagement with colleagues

#### Colleague Board – FY24 activities

The *Colleague Board* was in place throughout most of FY24, and held three formal meetings, an additional meeting with Isabel Hudson, Maggie Chan Jones and Allison Kirkby, and a number of informal sessions with internal teams during the year.

The *Colleague Board's* views were sought on pan-BT Group programmes, including how these are aligned with our values and culture, and how we communicate these to our colleagues. The *Colleague Board* continued to successfully contribute to, and shape, some of our key initiatives this year by sharing different views and perspectives. This helped the Board and senior leadership to understand the perspectives of our colleagues on a range of different topics, and supported good decision-making practices. There was a Q&A session at each meeting which enabled *Colleague Board* members to ask questions of the Chief Executive and Isabel and provided an opportunity for *Colleague Board* members to further understand key issues impacting the group and our colleagues.

As in previous years, the *Colleague Board* was chaired by the Chief Executive. Members included Isabel and a number of colleagues from a diverse range of roles across the group. Sabine Chalmers, BT Group General Counsel, Company Secretary & Director Regulatory Affairs, and Athalie Williams, Chief Human Resources Officer, and two Openreach colleagues were also invited and attended all formal meetings. Other members of the *Executive Committee* attended meetings on a rotating basis and the Chairman and other Non-Executive Directors were able to attend meetings as observers. The Director of Internal Communications was invited to attend *Colleague Board* meetings and members were encouraged to feedback on key internal communications. The Deputy Company Secretary was secretary to the *Colleague Board* and he, or his delegate, attended all meetings and provided support, guidance and advice as required.

The last formal *Colleague Board* meeting was held in November 2023. A final meeting with members was held with Isabel, Maggie and Allison in February 2024 to thank Isabel and the *Colleague Board* members for their efforts over the years and to discuss the key topics for both Maggie, as the new Designated Non-Executive Director for Workforce Engagement, and Allison, as Chief Executive, to be aware of going forward.

#### Key topics discussed in FY24

<b>People framework, pay and benefits</b>	Colleague feedback on the people framework, pay and benefits and a deep dive session was hosted by the Director of Group Reward.
<b>Inclusion, equity and diversity</b>	The group's progress on inclusion, equity and diversity and the future priorities and insight was fed back to Isabel for future consideration during Board meetings.
<b>Hybrid working</b>	Colleague sentiment on the hybrid working principles and how consistently this is applied across the group.
<b>Colleague engagement surveys</b>	The move from annually to quarterly Your Say colleague engagement surveys. The Board asked <i>Colleague Board</i> members to encourage colleagues to complete the condensed surveys and communicate the importance of the results.

<b>Business integration</b>	The integration of Enterprise and Global forming Business, and the challenges brought about by this change, including impacts on colleagues, whilst recognising the overall benefits to the group.
<b>'Speak Up Because We Care' campaign</b>	Consideration of the campaign, which was a <i>Colleague Board</i> request to address peer to peer engagement on internal digital platforms. The Board recognised that engagement between colleagues has been positively impacted by the campaign, especially on Workplace by Meta (BT Group's internal social media platform).
<b>Travel and expenses</b>	Colleague feedback on the changes made to the travel and expenses policy. HR and Finance subsequently carried out a review and made the appropriate updates to ensure the policy remains suitable for colleagues.

#### Colleague Board engagement

##### With the Board

At each formal *Colleague Board* meeting, the Board (via Isabel) and/or management had the opportunity to discuss topics on which they would like the *Colleague Board* members' perspectives. *Colleague Board* members shared their insights on 'hot topics' in order to bring these to the attention of the Board and/or management. The *Colleague Board* raised and discussed a variety of topics, including those in the table above. Isabel reported back to the Board and its Committees, as appropriate, on the discussions, providing the Board with a direct insight into colleague perspectives to help inform its decision making. During the year, Isabel updated the *Remuneration Committee* on sentiments being raised by our colleagues in relation to the remuneration of our workforce and related discussions. The *Colleague Board* meeting materials and notes of the meetings were also made available to the Board.

The Chief Executive and *Executive Committee* members' attendance, as well as the Designated Non-Executive Director for Workforce Engagement, allowed for a mutual exchange of information, especially in relation to current 'hot topics', which was fed back into the Board and *Executive Committee's* discussions and decision-making process throughout the year. One example was the feedback the *Colleague Board* provided on the pay review during the year which was discussed at both *Colleague Board* and Board meetings, ahead of a decision.

Since its inception, the *Colleague Board* has been used alongside other colleague engagement mechanisms which will continue to be utilised and enhanced going forward. See page 41 for more information on how we engage with colleagues.

##### With our colleagues

*Colleague Board* members fed back to colleagues on the discussions from formal meetings as well as highlighting any other issues raised between meetings. Members were encouraged to connect via internal engagement channels including the People Networks and by reviewing the outputs of the Your Say engagement surveys to obtain an increased and broader understanding of colleagues' views.

Each *Colleague Board* member was invited to join the senior leadership team calls hosted by the Chief Executive throughout the year to give them additional perspectives on the group's performance and strategic decisions.



The *Colleague Board* members also delivered a series of Meetx Teams live sessions (BT Group's equivalent of TEDx talks) which aimed to increase the visibility of leadership from across the group, covering topics including leadership, culture and inclusivity, equity and diversity.

### Changes to our colleague engagement mechanism

The *Colleague Board* has been the Board's chosen workforce engagement mechanism under the Code since 2019. During the year, as part of a review of our governance structures carried out by the Chairman, supported by the Company Secretary, the Board concluded that it was the appropriate time to re-evaluate the workforce engagement mechanism best suited to the group.

The Board considered the workforce engagement structure and found that, whilst the *Colleague Board* has delivered on its aims to bring the colleague voice into the boardroom, a number of alternative approaches are available. The Board considered a number of factors including the overlap of the *Colleague Board's* role with other colleague engagement mechanisms across the group, especially the change in frequency of the Your Say engagement surveys from annually to quarterly, and also the amount of work the *Colleague Board* members were undertaking to represent the colleague voice.

After deliberation, the Board concluded that the *Colleague Board* should be disbanded and that the Designated Non-Executive Director for Workforce Engagement should engage in a comprehensive colleague outreach programme which will utilise the existing colleague engagement mechanisms across the group. The Board recognised the key role the *Colleague Board* has played in bringing the colleague voice into the boardroom for the last four years, and are appreciative of the passion and commitment of *Colleague Board* members over the years in aiming to make BT Group a better workplace for all.

Additionally, as part of this review, and in light of Isabel's tenure on the Board, it was considered an appropriate time to appoint a new Designated Non-Executive Director for Workforce Engagement. Maggie was appointed to succeed Isabel and will bring to the role her personal experience and insight, her focus on coaching, and her championship of diversity, inclusivity and other colleague matters.

**After another challenging year for our colleagues, I would like to thank the Colleague Board members for their continued contributions and valuable insight into colleague sentiment, which I have shared with the Board throughout the year. The thought-provoking questions and constructive challenges have greatly benefitted the Board's decision-making process. I would like to congratulate Maggie on her new role and I am confident she will continue to ensure the voices of colleagues are clearly heard in the boardroom.**

#### Isabel Hudson

Designated Non-Executive Director for Workforce Engagement and a member of the *Colleague Board* (2019-2024)

### Colleague engagement mechanism – FY25 and beyond

Maggie will be undertaking a series of colleague engagement activities throughout FY25. The purpose of this engagement is to listen and understand colleagues' views and perspectives, and enable her to communicate these back to the Board and integrate them into decision-making. Through this, the Board will continue to obtain direct insights into colleague sentiment at all stages of the decision-making process.

Maggie will receive a quarterly written report collated by the People, Ethics & Compliance team which will utilise the rich variety of data sources available on colleague sentiment across the group, including Your Say engagement survey results, inclusion, equity and diversity data, and internal communications insight reports. Whilst this report will be collated for Maggie as the Designated Non-Executive Director for Workforce Engagement, she may consider it appropriate to share this with the wider Board.

The People, Ethics & Compliance team will also schedule regular colleague engagement sessions with Maggie to take place throughout FY25, through in person visits and virtual calls. During these sessions, colleagues will be encouraged to share personal views and experiences. These sessions will include meetings with the People Network leads, Trade Union representatives, and attending internal events. Sessions will also be scheduled with members of the reward team as appropriate, and in line with colleague events and ahead of colleague-related Board discussions, to ensure Maggie has insight into the colleague sentiment on relevant topics.

In 2024, as part of Maggie's Board induction programme, Maggie visited two contact centres in Tyneside and Gosforth and listened in on customer calls and digital chats and participated in two town hall meetings with colleagues based at those locations. More information on Maggie's induction programme can be found on page 95.

The reports, together with the colleague engagement sessions, will enable Maggie to provide the Board with a holistic view of colleague sentiment across the group, and help ensure that the colleague voice is represented in the boardroom.

The effectiveness of engagement with our colleagues will be kept under review in FY25 and changes will be made where appropriate.

**I have thoroughly enjoyed my first colleague engagement experiences and I am looking forward to engaging with our colleagues across the group. We are fortunate to have a wealth of insightful data available to provide an overview of our colleagues' sentiment and I shall pair this with personal experience stories to provide the Board with a well rounded picture. My goal is to ensure that the colleague voice is represented in the boardroom and is considered throughout the Board's decision-making process. Our colleagues are our most important asset and I am passionate about making sure they are able to inform the decisions we make toward success.**

#### Maggie Chan Jones

Designated Non-Executive Director for Workforce Engagement

## Section 172 statement

**In their discussions and decisions during FY24, 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 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 this 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 18 to 29.

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

- The *Responsible Business 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 our sustainability goals. During the year, the Committee considered and approved the group's Carbon Abatement Methodology which formalises our goal to help our customers avoid 60m tonnes of carbon emissions through our products and services (see page 105).
- Information as to how we have addressed the recommendation of the TCFD framework can be found on pages 71 to 80.

### **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 focused on 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 (see page 88).
- The *Audit & Risk Committee* also considered regular reports from the General Counsel People, Ethics & Compliance on our ethics and compliance policies and programmes and reports on issues raised through Speak Up, BT Group's confidential whistleblowing service (see page 102).

### **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 BT Group and our stakeholder groups means that stakeholder engagement often happens below Board level. However, the Board considers information from across the group 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 45.
- Our colleagues are key to our success, and they are considered as part of the Board's discussions and decision making. The Board and its Committees have reviewed colleague health and wellbeing, our inclusivity, equity and diversity ambitions, organisational culture and the impact of our transformation programmes, as well as on employee relations (see pages 30 to 33 for more details). More information on the Board's engagement with colleagues can be found on pages 90 to 91 and other colleague engagement channels are set out on page 41.

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

- During FY24, the Chairman, Chief Executive, Chief Financial Officer, other executives and the Investor Relations team held 222 meetings with investors (see page 43 for more detail on our engagement with shareholders). These meetings gave investors the opportunity to discuss views on all matters including:
  - our strategy and competitive position in key markets
  - our financial and operational performance
  - capital investment (including FTTP and 5G)
  - our capital allocation policy
  - prospective governmental and regulatory policy decisions
  - our pension fund valuation.
- 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 during the year which demonstrate how section 172 matters have been taken into account as part of Board discussions and decision making:

Decision	What happened
<b>Sale of BT Tower to MCR London Holdings Limited</b>	<p>During the year, the Board discussed in detail the proposal to sell the BT Tower to MCR London Holdings Limited, in particular:</p> <ul style="list-style-type: none"> <li>– the need for future investment in the maintenance of the BT Tower</li> <li>– how this fits with the simplification of the group’s property portfolio</li> <li>– the costs and timescale for exiting the BT Tower</li> <li>– the plans that had been put in place to mitigate risks to the network functionality of the BT Tower</li> <li>– the approach that would be taken to relocate impacted colleagues who are currently based at the BT Tower</li> <li>– the brand association element of the transaction, including the risks associated with permitting the use of the BT brand and, if permitted, ensuring that relevant brand protections are in place</li> <li>– the broader potential reputational impact of the sale.</li> </ul> <p>On balance, the Board considered the long-term benefits of the sale, including the reduction in property running costs, and agreed that these outweighed any risks. Having carefully considered the transaction terms, in February 2024, the Board approved the sale of the BT Tower to MCR London Holdings Limited for £275m with an anticipated completion date in FY30.</p>
<b>BT Pension Scheme (BTPS) triennial valuation</b>	<p>The Board was kept updated on negotiations with the BTPS Trustee on the triennial funding valuation as at 30 June 2023. This included consideration of the range of possible funding deficit outcomes and the associated deficit repair contributions. The Board was also reminded of its obligations under the Pension Schemes Act 2021 and the approach of the Pensions Regulator.</p> <p>The Board considered the contractual protections previously provided to the BTPS and their prospective suitability. Specifically, the Board considered the circumstances in which it would be obliged to make additional payments to the BTPS because of cash disposals, dividends or share buy-backs made. The Board also reviewed the stabiliser mechanism and co-investment vehicle established as part of the 30 June 2020 valuation, and considered the likelihood of additional payments being triggered and future refunds being received.</p> <p>The Board considered the group’s capital allocation framework and the associated impact on its key stakeholders. The Board noted the need to balance its objective to invest for growth, whilst supporting the BT pension funds, maintaining a strong balance sheet and rewarding investors through its progressive dividend policy. In October 2023, after careful consideration, the Board approved the proposed package of measures which would form the 2023 valuation.</p>

**Impacts of prior Board decision: funding of increased and accelerated FTTP build plan from 20m to 25m premises by December 2026**

**Summary of decision:** In 2020, the Board approved the increase of our FTTP build to 20m premises, subject to the outcome of Ofcom’s Wholesale Fixed Telecoms Market Review (WFTMR). Post the WFTMR, in May 2021, the Board further approved an increased and accelerated FTTP build to 25m premises by the end of December 2026. This was a difficult decision and in making it, the Board considered competing stakeholder interests, including the benefits to our customers, colleagues and shareholders, the impact on communities and the desire to support the Government’s fibre ambitions.

**Impacts and outcomes:** As a result of this Board decision, our rollout of the FTTP network now passes 13.8m homes and businesses, helping to better connect our customers. This year, we passed an average of 68,000 premises per week. 4.7m customers have now moved across and are enjoying the service and benefits of full fibre.

Our full fibre network now also passes 3.9m rural premises<sup>a</sup>, which has added value to local communities and helped bring people together, supporting our purpose of we connect for good. We brought full fibre broadband to Fair Isle, one of the UK’s most geographically remote islands and Openreach had to reroute the build by 100km, in order to avoid protected landscapes and bird nesting season.



As a result of this Board decision, our rollout of the FTTP network now passes 13.8m homes and businesses, helping to better connect our customers.

**13.8m**

<sup>a</sup> Rural premises are defined according to Ofcom’s Area 3 classification.

# Board composition, succession and evaluation

## FY24 Board and Committee evaluation

In line with the Code, we annually undertake a formal and rigorous evaluation of the performance of the Board and its Committees, the Chairman and individual directors, which considers the Board’s composition, diversity and effectiveness.

The last external evaluation was completed in 2021. Given the changing composition of the Board (including a new Chief Executive) we did not feel it was the right time for a once in three year external evaluation. We therefore engaged Lintstock Limited on a multi-year basis. Lintstock is an accredited Board Performance Reviewer of the Chartered Governance Institute, with no other links to the group. This year, they facilitated an evaluation of our Board and Committees via questionnaires.

A more thorough, interview-based review by Lintstock, will take place in FY25, at which point there will be a more stable foundation in our Board to review and in turn, the evaluation will provide greater value in terms of forward looking focus areas.

### FY24 Evaluation Process

Tailored questionnaires were circulated to members, regular attendees and the secretary of the Board and each of its Committees. The *Executive Committee* and CEO, Openreach also completed an evaluation to provide their perspectives on the effectiveness of, and relationship with, the Board. The evaluations were prepared by Lintstock in line with best practice. These focused on composition, dynamics, succession and how well-placed the Board is to add value to the business, in terms of how it oversees strategy, risk management, colleagues, culture and performance. Focus was also given to core areas of governance, the Board’s decision making processes, as well as how well it considers stakeholders as part of its discussions.

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The Senior Independent Director undertook a discussion with the other Non-Executive Directors and Deputy Company Secretary, without the Chairman present, to obtain their feedback and views of the Chairman’s performance during the year. The outcomes and recommendations were fed back to the Chairman.

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Lintstock reflected on the responses and feedback, and compiled reports for the Board and each of the Committees, formulating a number of key observations and suggested priorities for the coming year, ensuring the anonymity of respondents was respected.

See the table opposite for more detail.

Key areas of focus for FY25	Agreed actions/actions in progress
<b>Support for the Chief Executive to focus on priorities</b>	<p>Support Allison Kirkby in her role as Chief Executive with a focus on culture and talent.</p> <p>Talent breakfasts have been scheduled with the Board in FY25 to enhance visibility of potential <i>Executive Committee</i> successors in an informal setting.</p>
<b>Board composition</b>	<p>Consider and appoint additional Non-Executive Directors to the Board with financial, telecommunications and regulatory experience.</p> <p>Tushar Morzaria was appointed as an Independent Non-Executive Director in May 2024. Tushar has gained strategic financial management experience over 25 years and is a member of the <i>Audit &amp; Risk Committee</i> with recent and relevant financial experience in line with the Code. He will also provide additional expertise on the <i>Remuneration Committee</i>.</p> <p>The Board continues to consider potential Non-Executive Director appointments.</p>
<b>Meeting time and focus areas</b>	<p>Work is underway to reassess how time is dedicated at the Board and the Committees to:</p> <ul style="list-style-type: none"> <li>– allow more time for culture, performance, transformation agenda</li> <li>– reflect on the effectiveness of past decisions</li> <li>– increase oversight of non-financial risks by the <i>Audit &amp; Risk Committee</i>, including Speak Up reports and what these indicate in terms of the group’s culture</li> <li>– arrange Board meetings or off-sites in different BT Group locations</li> <li>– increase Non-Executive Director only sessions.</li> </ul> <p>The company secretarial team continues to work with the business units to improve the clarity of purpose of Board materials to best support the Board’s consideration of stakeholder interests in its decision making.</p>
<b>Commitments compliance and consumer fairness</b>	<p>Effectively transition the responsibilities from the <i>BT Compliance Committee</i> to the <i>Audit &amp; Risk</i> and <i>Responsible Business Committee</i> including training and support for Committee members.</p>



## Board induction

On appointment, Directors undertake a comprehensive induction programme designed to give them a thorough overview and understanding of the business. This is tailored to take into account the director’s previous experience, their responsibilities and, for each Non-Executive Director, the specific responsibilities relevant to their Committee memberships. The programme includes meetings with the Chairman, Board members, the *Executive Committee* and senior management. Directors also receive key information on our strategy and KPIs, governance framework, the regulatory framework in which we operate, recent financial performance, risk management and internal control systems and the policies supporting our business practices.

Directors are encouraged to visit our different hubs, contact centres and BT/EE retail shops, as well as spend a day with an Openreach engineer.

Details on the Board changes made during the year can be found in the *Nominations Committee* Chair’s Report on page 97.

### Maggie and Ruth’s inductions

Maggie and Ruth joined the Board on 1 March and 6 April 2023 respectively as Independent Non-Executive Directors. Maggie is the Designated Non-Executive Director for Workforce Engagement and Ruth was appointed as Senior Independent Director and Chair of the *Remuneration Committee* from the conclusion of the 2023 AGM. Both Maggie and Ruth are members of the *Nominations Committee*, Maggie is a member of the *Responsible Business Committee* and Ruth is a member of the *Audit & Risk Committee*.

Maggie and Ruth received an induction pack with key reference materials that provided them with a thorough understanding of BT Group, including the most recent financial results, information on our strategy and each of our business units, the governance framework, director responsibilities, ethical policies and the Commitments.

Throughout their first few months on the Board, Maggie and Ruth individually held a number of induction meetings including with the Chairman, Chief Executive, Chief Financial Officer, and members of the *Executive Committee* and key senior leaders, including the Director of Investor Relations, the heads of the business units, as well as the CEO, Openreach. The sessions included the following areas:

- Group Strategy
- Consumer
- Business
- Openreach
- Corporate Affairs
- Digital, Data & AI
- Security & Networks
- HR & our colleagues
- Financial processes, funding and risk management
- Regulatory context
- Governance.

In addition, Ruth met with the Group Director of Reward given her role as Chair of the *Remuneration Committee* and Matthew Key, in his capacity as Chair of the *Audit & Risk Committee*.

In May 2023, Maggie and Ruth joined Clive Selley, CEO, Openreach on an Openreach field visit in different locations across London and Essex, which provided them with a deeper insight into our fibre rollout and the experiences of colleagues in these roles.

In February 2024, Maggie and Ruth visited our Tyneside and Gosforth contact centres. They met with a range of colleagues and benefitted from seeing our strategic plans for the customer facing, front line part of the business come to life. They listened in on customer calls and digital chats and were guest speakers at the two colleague town hall meetings where they had the opportunity to listen to colleagues and answer questions. For Maggie, as the new Designated Non-Executive Director for Workforce Engagement, this visit was invaluable in providing her with a better understanding of BT Group priorities and our strategy relating to colleagues. Further detail can be found in the colleague engagement section on page 90 to 91.



**Maggie Chan Jones**  
Designated Non-Executive Director for Workforce Engagement



**Ruth Cairnie**  
Senior Independent Non-Executive Director



The part that’s always the most impactful for me was seeing and experiencing our teams in action.

**Maggie Chan Jones**  
Designated Non-Executive Director for Workforce Engagement





## Board composition, succession and evaluation continued Nominations Committee Chair’s report



This year, on behalf of the Board, the Committee led the process to appoint Allison as our new Chief Executive. We also welcomed new directors to the Board, Ruth, Raphael and Tushar. I look forward to supporting Allison and our newest Board members as we drive our long-term strategy to transform the group, ensuring it delivers for all our stakeholders.

**Adam Crozier**  
Chair of the Nominations Committee  
15 May 2024

### Committee role

The Committee is responsible on behalf of the Board for reviewing:

- the structure, size and composition of the Board and its committees to ensure an appropriate balance of skills, experience, diversity, independence and knowledge
- succession planning for the Board and recommending the appointment of Executive and Non-Executive Directors and the Chairman
- succession planning and performance of the *Executive Committee*.

□ The Committee’s key responsibilities are set out in its terms of reference available at [bt.com/governance](https://bt.com/governance)

### Committee membership and attendance

All Non-Executive Directors are members, with the Chief Executive attending meetings where appropriate. The Deputy Company Secretary is secretary to the Committee and he, or his delegate, attends all meetings and provides guidance, advice and support as required.

Committee members and attendees do not attend discussions where a conflict exists. During the year, five scheduled Committee meetings were held. After each meeting, as Chair, I reported back to the Board on the Committee’s activities.

#### Meetings attended

Adam Crozier (Chair)	5/5	Steven Guggenheimer <sup>e</sup>	4/5
Adel Al-Saleh <sup>a</sup>	3/4	Isabel Hudson	5/5
Ruth Cairnie <sup>b</sup>	4/4	Matthew Key	5/5
Maggie Chan Jones <sup>c</sup>	4/5	Allison Kirkby <sup>f</sup>	4/5
Ian Cheshire <sup>d</sup>	1/1	Raphael Kübler <sup>g</sup>	1/1
Iain Conn <sup>d</sup>	1/1	Sara Weller	5/5

- a Adel attended all bar one meeting where he was excused and he stepped down from the Board and this Committee on 31 December 2023.
- b Ruth joined the Board on 6 April 2023.
- c Maggie gave apologies for the September meeting due to a pre-existing conflict.
- d Ian and Iain stepped down from the Board and this Committee at the conclusion of the 2023 AGM.
- e Steven gave apologies for the July meeting due to a pre-existing conflict.
- f Allison attended all Committee meetings during the year as a Non-Executive Director except for the July meeting where she was excused.
- g Raphael joined the Board and this Committee on 30 January 2024.

□ Details on the FY24 Board and Committee evaluation can be found on page 94.

### Committee focus in FY24

#### Chief Executive appointment

As announced during the year, Philip Jansen informed the Board that he intended to step down from his role as BT Group Chief Executive. As a result, a sub-set of the Committee spent significant time building on the Board’s succession plans and focusing on appointing the next Chief Executive, which ultimately culminated in Allison’s appointment.

In the first half of the year, we commenced a formal succession process to appoint the next Chief Executive, to succeed Philip Jansen. As Chairman, I led the process, with a sub-set of the Committee. Allison was not present for any of these discussions.

Spencer Stuart, an independent external search agency, who has no other connection to the BT Group, or any of the Directors, was appointed to facilitate the process. Spencer Stuart is a signatory of the Voluntary Code of Conduct for Executive Search Firms (in line with our Board Diversity and Inclusion Policy).

Further to a discussion on the essential experience, leadership and personal characteristics, capabilities and skills required, and having considered the future needs of the business, a candidate profile was agreed. In line with that profile, a shortlist of appropriate, diverse candidates was considered.

A comprehensive benchmarking, assessment and interview process was conducted. The sub-committee focused on understanding candidates’ approaches to the role of Chief Executive, their styles of leadership, and the culture they would foster throughout the organisation. It discussed feedback on the individuals and reflected on each of the shortlisted candidates based on their skills, capabilities and experience, against the role profile.

The Committee subsequently concluded that Allison was the preferred candidate to succeed Philip as Chief Executive, given her proven leadership, deep sector experience and history of having transformed businesses. Further to the Committee’s recommendation, in which they also considered her external commitments outside of this role, a sub-committee of the Board approved the appointment of Allison as Chief Executive. Allison became Chief Executive on 1 February 2024.

## Non-Executive Director appointments

The Committee also spent time considering additional Non-Executive Directors. Russell Reynolds Associates, an independent external search consultant, who has no other connection to the BT Group, and who is a signatory of the Voluntary Code of Conduct for Executive Search Firms, was engaged to assist with the search.

In light of changes to the Board over the past year, the Committee prioritised the skills, experience and background when considering new Board appointments. As such, the search was predominantly for candidates with financial experience to supplement the capabilities of the *Audit & Risk Committee*, especially in light of Allison stepping down from the Committee on her appointment as Chief Executive, CEO experience potentially in a transformation focused role, and regulatory experience. As in all searches, diversity continued to be a key consideration. Russell Reynolds was tasked with enabling us to make appointments that meet the aims and targets of our Board Diversity and Inclusion Policy and related targets and succession planning.

In line with the brief, the Committee agreed a shortlist of candidates with Russell Reynolds, with discussions held around ensuring the shortlist was diverse from both a gender and ethnicity perspective. A sub-set of the Committee was formed to lead the process, comprising of the Senior Independent Director (and Chair of the *Remuneration Committee*), and the Chairs of the *Audit & Risk* and *Responsible Business Committees*, as well as the Chief Executive.

Further to a comprehensive benchmarking, assessment and interview process, the sub-committee discussed feedback and made its recommendation to the Board. In April 2024, on recommendation from the Committee, the Board approved in principle the appointment of Tushar Morzaria as an Independent Non-Executive Director. Final approval was delegated to the Chairman and Company Secretary and they subsequently approved Tushar's appointment with effect from 7 May 2024. Tushar brings a wealth of strategic financial management experience to our Board, gained over 25 years where he has overseen transformation programmes and has strengthened risk and control frameworks. Tushar is a member of the *Audit & Risk Committee* and has recent and relevant financial experience in line with the Code, as well as being a member of this Committee and the *Remuneration Committee*. The Committee and the Board considered Tushar's other external commitments as part of this appointment process and more details on this can be found opposite.

## Executive Committee succession planning and talent

Throughout the year, the Committee reviewed:

- and approved the creation of a new *Executive Committee* role reporting to the Chief Executive titled the Chief Strategy and Change Officer to lead a new Strategy and Change unit. The purpose of the Chief Strategy and Change Officer role is to:
  - drive the development of BT Group's corporate strategy
  - ensure alignment of Unit strategies with the corporate strategy
  - develop a single, aligned strategic narrative and equity story for BT Group
  - define, drive and integrate critical, cross-Unit change programmes to deliver against the BT Group objectives.
- the performance and succession planning of *Executive Committee* members. The Committee continues to focus on broader *Executive Committee* succession planning, including oversight of the talent pipeline with a focus on diversity
- key talent at the senior leadership level. The Committee reflected on the importance of identifying critical roles and building stronger and broader diversity of experience, gender and ethnicity, as well as commercial, technology and transformation capabilities, both through potential external candidates and through our internal talent pipeline
- external appointments of *Executive Committee* members, in line with our policy on external interests for *Executive Committee* members (including Executive Directors) and the CEO, Openreach. Under this policy, proposed external directorships and other significant external

interests must not be to an organisation that is a BT Group competitor/major supplier to BT Group, create a conflict of interest for the individual with their role at BT Group, involve significant amounts of BT Group working hours or impede the ability of the individual to perform their BT Group role, or involve disproportionate incentives or remuneration, with reference to the time commitment of the role. Any fees or other incentives arising from such appointments may be retained by the individual, subject to the amount being proportionate.

## Time commitment

On accepting their appointment, Directors must confirm they are able to allocate sufficient time to discharge their responsibilities effectively. Directors are expected to attend meetings of the Board and any Committees of which they are members, as well as the AGM and Board off-sites. Directors are also expected to devote sufficient time to prepare for each meeting and to participate in other site or office visits to understand the business better. Before accepting new external appointments, directors are required to obtain the prior approval of the Board.

Before recommending that the Board approve the appointment of Allison Kirkby as Chief Executive, the Committee considered her other commitments, notably her directorship of Brookfield Asset Management Limited. The Committee considered the time commitment to be reasonable and was comfortable that Allison's directorship at Brookfield would not affect her ability to dedicate sufficient time to the group in her new role as Chief Executive or create any conflicts of interest. It's also within the overboarding guidelines published by proxy agencies.

The Committee also considered Simon Lowth's proposed appointment to the Board of Smith & Nephew as an Independent Non-Executive Director and as a member of their Audit and Nomination & Governance Committees. The Committee considered the role and the time commitment it would require and was comfortable that Simon would still have sufficient time to dedicate to his role at BT Group if he was to take on this external commitment.

As part of the Committee's decision to appoint Tushar Morzaria to the Board, it thoroughly considered his other commitments, notably his roles as a Non-Executive Director of both Legal & General Group and BP. Tushar also chairs the Audit Committee for both companies. The Committee considered corporate governance guidance including the overboarding guidelines published by proxy agencies. On balance, both the Committee and the Board were comfortable that Tushar's other commitments were acceptable and would not affect his ability to dedicate sufficient time to the group in his new role as a Independent Non-Executive Director or create any conflicts of interest. The Committee and the Board were in agreement that Tushar's skills and experience would be a strong addition to the Board and proceeded to appoint him with effect from 7 May 2024.

## Election and re-election of directors

The Committee considered, in respect of each director, their skills and experience, time commitment and tenure as part of its recommendation to the Board in relation to the directors put forward for election or re-election at the AGM. The Board believes that each director it has recommended to shareholders for election or re-election at the 2024 AGM brings considerable knowledge, wide-ranging skills and experience to the Board, makes an effective and valuable contribution and continues to demonstrate commitment to their role.

On recommendation from the Committee, the Board also considered the continued independence of Non-Executive Directors as part of its consideration of the re-election recommendations. The Board continues to consider all Non-Executive Directors as being independent in line with the Code, with the exception of Deutsche Telekom's nominated representative. The Chairman was judged to be independent at the time of his appointment.

[Details of directors' contracts or letters of appointment are in the Annual remuneration report on page 121.](#)

## Board composition, succession and evaluation continued Nominations Committee Chair’s report continued

### Training and development

The Chairman and the Company Secretary keep the training and development needs of Directors under review. Non-Executive Directors regularly meet with management, enhancing their understanding of the business through briefing sessions. We encourage all Directors to keep their skills and knowledge up to date and to ask for any support they need. As part of ongoing development, the Company Secretary (or her delegate) briefs the Board and its Committees at each meeting, as relevant, on any key legal, regulatory and corporate governance developments. During the year, these briefings included updates on the new Code, institutional investor guidelines, the FTSE Women Leaders Review, the Parker Review and other governance publications. Directors are updated as required on developments in the environment in which the group operates and internal and external advisers are invited to meetings to provide updates as necessary.

### Openreach Limited Board succession

Under its remit, the Committee has a responsibility to consider changes to the Openreach Limited Board and recommend any changes to the BT Group Board for approval. During the year, the Committee noted that the Openreach Chair and Openreach Non-Executive Directors continue to satisfy the independence criteria and should continue in their roles.

### Inclusion, equity and diversity

The Board Diversity and Inclusion Policy sets out our approach to diversity on the Board and our aim to have a well-balanced Board with the appropriate skills, knowledge, experience and diversity to meet our business needs and support our strategic aim of building the strongest foundations (see [bt.com/governance](https://bt.com/governance)).

The policy ensures we:

- apply an inclusion lens to all our decision-making processes
- monitor the impact of our decisions on diverse populations
- value and communicate the benefits that difference brings and are unapologetic in our pursuit of a diverse workforce at all levels
- actively seek out opportunities across the business to enhance and strengthen our approach to inclusion.

Whilst we appoint candidates based on merit, we continue to challenge our external search consultants to ensure that all forms of diversity are considered when drawing up candidate lists. This is a key consideration for our searches.

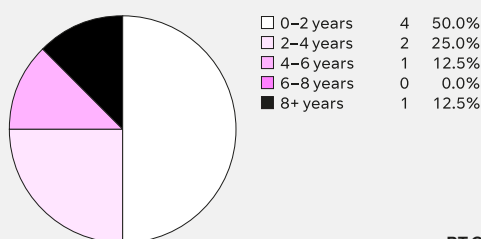
Diversity is considered in the broadest sense and all forms of difference are considered, including age, gender, nationality, independence, professional background, social and ethnic backgrounds, business and geographic experience, as well as cognitive and personal strengths. These are considered in reviewing the composition of the Board and, where possible, are appropriately balanced. We believe a key driver in delivering our diversity commitments across the organisation is through a Board which has this balance of skills, experience, diversity and knowledge.

As at 31 March 2024, five of our ten Board directors were female (50%), two directors were from an ethnic minority background (20%), and one director has a disability.

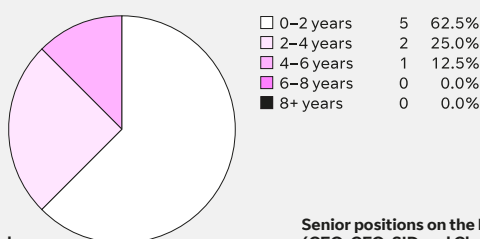
Ruth Cairnie’s appointment during the year as Senior Independent Non-Executive Director ensures that we meet the requirements of the Listing Rules to have female representation in at least one of the four senior board positions. This position was reinforced by Allison’s appointment as Chief Executive from 1 February 2024, meaning that half of the four senior board positions are now held by women.

Details of the group’s inclusion, equity and diversity strategy, including its objectives, implementation and progress can be found on pages 31 to 33.

Chairman and Non-Executive Directors’ tenure:  
As at 31 March 2024



Chairman and Non-Executive Directors’ tenure:  
Post 2024 AGM



	BT Group plc Board		Senior positions on the Board (CEO, CFO, SID and Chair)		Executive management (Executive Committee, including the Executive Directors and the CEO, Openreach)
	as at 31 March 2024	post 2024 AGM	as at 31 March 2024	post 2024 AGM	
<b>Gender</b>					
Male	5 (50%)	6 (60%)	2	2	6 (60%)
Female	5 (50%)	4 (40%)	2	2	4 (40%)
<b>Ethnicity</b>					
Asian/Asian British	1 (10%)	2 (20%)			1 (10%)
Mixed/multiple ethnic groups	1 (10%)	1 (10%)			1 (10%)
White British or other White background <sup>a</sup>	8 (80%)	7 (70%)	4	4	8 (80%)
<b>Disability</b>	1	1			1

### Senior leaders<sup>b</sup>

Female	28 (33%)
Male	56 (67%)

<sup>a</sup> This includes the Minority-white group.

<sup>b</sup> This includes the Executive Committee, including the Company Secretary and CEO, Openreach and their direct reports (excluding the Executive Directors).

# Audit, risk and internal control

## Audit & Risk Committee Chair's Report



This year, the Committee has continued to focus its oversight on the group's risk, control and assurance framework and has also spent considerable time scrutinising the major legal claims the BT Group is facing.

**Matthew Key**  
Chair of the Audit & Risk Committee  
15 May 2024

### Committee role

The Committee is responsible on behalf of the Board for:

- monitoring the integrity of the financial statements and overseeing the financial reporting process
- reviewing the effectiveness of the group's systems of risk management and internal control
- reviewing the effectiveness of the internal audit function
- approving the appointment, reappointment, remuneration of the external auditor, as well as the terms of the engagement and the provision of any non-audit services, overseeing the external auditor's independence and effectiveness in delivering a quality audit.

From 1 April 2024, and following the disbanding of the *BT Compliance Committee*, the Committee's remit expanded to include oversight of the group's compliance with the Commitments. Further detail on how the Committee has fulfilled these responsibilities will be included in next year's report.

The Committee's key responsibilities are set out in its terms of reference available at [bt.com/governance](https://bt.com/governance)

### Committee membership and attendance

The Committee members are all Independent Non-Executive Directors with a range of skills, and the Committee as a whole has experience relevant to the sector and acts independently of management. Throughout the year, Allison attended all Committee meetings in her capacity as a Non-Executive Director and both she and I have recent and relevant business and financial experience, in line with the Code, as set out in our biographies. Allison stepped down from the Committee on her appointment as Chief Executive in February 2024. Tushar Morzaria was appointed to the Board and this Committee in May 2024 and has recent and relevant financial experience. The Deputy Company Secretary is secretary to the Committee and he, or his delegate, attends all meetings and provides guidance, advice and support as required. The Chairman, Chief Executive and Chief Financial Officer attend Committee meetings as required.

Private Committee sessions with the Non-Executive Directors and the internal and external auditor were held at each meeting without management being present. The external auditor was not present at meetings where their performance and/or their remuneration was discussed.

#### Meetings attended

Matthew Key (Chair)	6/6	Iain Conn <sup>b</sup>	2/2
Ruth Cairnie <sup>a</sup>	5/5	Allison Kirkby <sup>c</sup>	6/6
Ian Cheshire <sup>b</sup>	2/2	Sara Weller	6/6

<sup>a</sup> Ruth joined the Committee on her appointment to the Board on 6 April 2023.

<sup>b</sup> Ian and Iain stepped down from the Board and this Committee at the conclusion of the 2023 AGM.

<sup>c</sup> Allison ceased being a member of the Committee when she became Chief Executive on 1 February 2024 but still attends meetings in her capacity as Chief Executive.

#### Other attendee (x Regular attendee • Attends as required)

Chief Executive	x
Chief Financial Officer	x
Director of External Reporting and Financial Control	x
Director of Group Internal Audit and Group Risk	x
General Counsel, Company Secretary & Director Regulatory Affairs	x
Group Risk Director	•
General Counsel, People, Ethics & Compliance	•

Details on the FY24 Board and Committee evaluation can be found on page 94.

### Committee focus in FY24

The Committee met six times this year. As Committee Chair, I met with the KPMG lead audit partner, Director of Group Internal Audit and Group Risk, and management as appropriate ahead of meetings to discuss specific items of focus to report to the Committee. After each meeting, I also reported back to the Board on the Committee's activities, the main issues discussed and matters of particular relevance, with the Board receiving copies of the Committee's meeting papers and minutes.

#### Financial reporting

During the year, the Committee considered the full year and half year results, and the Q1 and Q3 trading updates. It reviewed the quality of accounting policies and practices, as well as critical accounting estimates and judgements.

The Committee considered, and was satisfied with:

- the processes supporting the preparation and consolidation of the financial statements, including consistent application of the accounting policies, and the ongoing verification by management and the external auditor
- management's accounting judgements and the appropriate application of the accounting policies, having also discussed these with the external auditor.

The Committee exercised its judgement when considering matters related to the **financial statements**, and recommended approval by the Board of each of our full year and half year results, Q1 and Q3 trading updates and the Annual Report.

**Audit, risk and internal control continued**  
**Audit & Risk Committee Chair’s Report continued**

## Overview of the year

Focus	Considered by the Committee					
	2023					2024
	Apr	May	Jul	Sep	Oct	Jan
<b>Financial reporting</b>						
– Results/trading updates and accounting judgements	█				█	
– Annual Report 2023	█					
– Regulatory financial statements			█			
– Going concern assessment		█			█	
– Viability statement		█				
<b>Litigation and major contentious matters</b>		█				
<b>Internal controls over financial reporting</b>		█			█	
<b>GRCs and CFU risk reviews: point and emerging risks</b>	█			█		█
<b>Report from Openreach Board, Audit, Risk &amp; Compliance Committee chair</b>			█		█	
<b>Compliance with Code requirements – risk management framework</b>		█				
<b>Ethics &amp; compliance</b>						
– Ethics & compliance programmes		█			█	
– Speak Up (whistleblowing) reports		█			█	
<b>Internal audit</b>						
– Internal audit report		█			█	
– FY24 group internal audit plan and approach	█					
– Group internal audit charter		█				
– Effectiveness						█
<b>External audit – KPMG</b>						
– External audit report	█				█	
– External audit plan			█			
– Audit and non-audit fees		█			█	
– Effectiveness		█		█		
– Independence and reappointment		█				

**Fair, balanced and understandable**

In May 2024, the Committee reviewed the Annual Report 2024 having previously fed back on earlier drafts. The Committee concluded that the Annual Report, taken as a whole, was fair, balanced and understandable and provided the information necessary for shareholders to assess the group’s position, performance, business model and strategy, and the potential impact on forward-looking assumptions supporting going concern and viability assessments.

In its assessment, it considered that the following had been carried out and this formed the basis of its recommendation to the Board:

- a verification process covering the factual content reviewed by the internal audit team
- comprehensive reviews by different levels of management, including the *Executive Committee*, to consider the messaging and ensure consistency and overall balance
- independent reviews by the external auditor which did not highlight any material inconsistencies.



## Significant matters related to the financial statements and how these were addressed:

### *Group accounting policies, critical and key accounting estimates and significant judgements*

The Committee considered the accounting policies and disclosures in the consolidated financial statements regarding critical and key accounting estimates and significant judgements as summarised in note 2 of the **financial statements**. These include the estimate of our customer refund liability, our goodwill impairment assessment, determining the point of sale of BT Tower, the valuation of our pensions assets and liabilities, taxation, contingent liabilities associated with litigation, provisions, determination of lease terms including reasonable certainty, and valuation of investments in the Sports joint venture. More detail on the Committee's oversight of these matters is set out below where appropriate.

### *Going concern assessment*

The Committee considered management's forecasts of group cash flows and net debt, as well as the group's liquidity requirements and borrowing facilities, including downside scenarios from the viability model as discussed below. Following this review and a discussion of the sensitivities, it confirmed that the going concern basis of accounting continues to be an appropriate basis of preparation for the financial statements and recommended it for approval by the Board. See page [126](#).

### *Viability statement*

The Committee reviewed the process and assessment of the group's prospects, taking into account the group's current position and principal risks. The Committee also considered the group risks in management's stress testing model, including the review of downside scenarios and a combined 'severe but plausible' scenario where multiple interconnected risks materialise. The Committee was satisfied that the viability statement could be provided and recommended it for approval by the Board. See pages [81](#) to [82](#).

### *Litigation provisions and contingent liabilities*

The Committee reviewed contingent liabilities associated with litigation and major contentious matters throughout the year. There has been a noted increase in the value of the gross risk faced by the Group, which is largely as a result of the increasing prevalence of collective proceedings (sometimes known as class actions) in the UK. During the year, the Committee has placed particular focus on understanding and scrutinising legal assessments by the Group's external and internal legal advisers of the claims that have materialised, to ensure the adequacy of its provisions.

### *Business revenue*

The Committee considered and discussed the risk of billing inaccuracy and control deficiencies that had been identified in Business in relation to legacy systems and processes. They discussed the impact of these including potential customer impacts. The Committee also spent time understanding the associated potential revenue risk, the root causes, the approach to prioritise a remediation plan and considered the different approaches of estimating what the potential liability may be. The Committee considered and was satisfied with the judgements for the liability.

### *Goodwill impairment*

The Committee received and discussed the key assumptions, operating cash flow forecasts, resulting headroom or impairment and the sensitivity analysis performed by management. They spent time understanding the balance of the plans and the uncertainty around the different judgements contained within it. The Committee considered and was satisfied with the key assumptions and agreed that a goodwill impairment charge was required in FY24 for Business.

### *BT Tower*

The Committee considered the accounting for the sale of BT Tower, including the judgement made in concluding that control of the Tower passes to the buyer on completion of the sale and transfer of legal title, rather than on exchange of contracts in FY24.

### *Sports joint venture*

The Committee reviewed the judgements in relation to the sports joint venture with Warner Bros. Discovery, Inc., which has been in place for over 12 months, including assessments of the JV business performance, cash flow forecasts and the valuation of BT Group's interest in the JV.

### *Pensions*

The Committee considered the assumptions and judgements underlying the valuation of the pension assets and liabilities in the **financial statements**, as summarised in note 19 to the consolidated **financial statements**. It also considered the range of reasonable assumptions and the associated impacts on the balance sheet, income statement and related disclosures.

### *Divestments*

The Committee reviewed the judgements made in relation to the group's divestments, including on whether the held for sale criteria had been satisfied, and how goodwill should be allocated to divested or held for sale entities.

### *Regulatory finance reporting*

The Committee supported the processes and systems enhancements that were implemented to ensure that the group met its 2024 regulatory financial reporting obligations.

### *Other matters*

The Committee reviewed specific items quarterly, and considered and agreed that they were appropriately categorised. It considered management's view of the quality of earnings, definition of alternative performance measures and of the effective tax rate. It also challenged the phasing of working capital within normalised free cash flow. At each quarter, it considered a detailed assessment of provisions, and the Committee was satisfied with the analysis provided in relation to the results.

## Audit, risk and internal control continued

### Audit & Risk Committee Chair's Report continued

#### Risk management and internal controls systems

The group has continued to enhance its risk, control and assurance framework. This framework provides the tools to enable us to be smart with risk and to manage enduring risks consistently and efficiently across the group.

Further information on our risk management framework and principal risks can be found on pages 61 to 70.

The framework divides the risk landscape into areas of enduring risk called Group Risks Categories (GRCs), which cover strategic, financial, operational and compliance risks. The Board monitored the effectiveness of the group's systems of risk management and internal controls through reviews of the GRCs and consideration of reports from management, as well as from internal audit and other assurance functions. Much of this work was undertaken by this Committee on the Board's behalf. Given that the Board is ultimately responsible for the group's systems of risk management and internal controls, as Chair, I subsequently reported the key matters from each of these sessions to the Board.

The activities carried out during the year, collectively enable the Committee to confirm that the group's systems of risk management and internal control have been appropriately reviewed. Where required, targeted improvements have been planned or agreed to continue to transform our control environment and to appropriately manage risks. As part of its drive for continuous improvement, the Committee has overseen ongoing enhancements to the risk management framework. Further information on improvements being made to the overall risk management framework, as well as specific actions taken to manage our principal risks can be found on pages 61 to 62.

The Committee held discussions on the GRCs with the *Executive Committee* risk owners to understand current and anticipated risk developments, and reviewed how effectively the risks are being managed. It considered the risk appetite and its supporting metrics for the GRCs, the effectiveness of the controls, mitigation activities and any areas for improvement. The Committee robustly assessed both current, specific concerns (point risks) and uncertainties that may materialise in the future (emerging risks), particularly as a consequence of adverse changes to the economic, social, regulatory, political or technology environment, or as an unintended consequence of new products and services being offered or developed by the group. The Committee agreed with management any actions required to manage or mitigate these risks effectively.

In addition, with the CFU and CU CEOs, the Committee undertook unit risk reviews of Consumer, Business and Openreach, as well as Digital and Networks, which cover how the GRCs are being managed in the respective units, and the significant point and emerging risks.

As well as the rolling programme of reviewing the GRCs and units, the Committee received updates on specific matters including supply chain and geopolitical risks in specific jurisdictions and our group-wide data programme.

#### Ethics and compliance

The Committee considered regular reports on our ethics and compliance policies, and programmes and related learnings and culture. It spent time discussing anti-bribery and corruption, communications regulation compliance and the enhancement programme in relation to international trade, in line with the respective GRCs.

Each quarter, the Committee received and reviewed reports on concerns raised through the Speak Up service, BT Group's confidential whistleblowing services operated by an independent company, 24 hours a day, in multiple languages, for both written and telephone reports. The Committee ensures that arrangements are in place for the proportionate and independent investigation of these and other matters via the ethics and relevant subject matter expert team.

#### Internal audit

Internal audit provides independent, objective and timely assurance to senior management and the Board, through this Committee, over the design and operational effectiveness of key processes and controls that manage the risks across the organisation.

During the year, the Committee:

- reviewed and approved the group internal audit annual plan, ensuring it aligned to the principal risks of the business
- reviewed the internal audit charter, which establishes internal audit's independence, authority, remit and reporting lines to conduct its work
- received regular reports from internal audit on its activities and progress against the group internal audit plan, allowing the Committee to monitor delivery against the plan
- held in-depth discussions with management on all internal audit reports where controls were assessed as 'inadequate', and action plans to address these. The actions were tracked by the Committee, including the responsiveness of management to the findings and recommendations, and the progress of closing any overdue actions.

An internal audit effectiveness review was completed during the year by the new Director of Group Internal Audit and Group Risk with support from a third party. Actions were agreed to ensure the function continues to develop. Based on this and the Committee's annual assessment of the performance and effectiveness of the function, the Committee concluded that internal audit continues to add value in the context of the group's overall assurance framework.

#### External audit

The Committee is responsible for making recommendations to the Board on the reappointment of the external auditor, determining their independence from the group and its management and agreeing the scope and fee for the audit. The Committee concluded that the reappointment of KPMG should be recommended to shareholders at the 2024 AGM.

Following the audit tender in FY17, KPMG was appointed as BT Group's external auditor from the conclusion of the 2018 AGM. The FY24 audit is KPMG's sixth audit of BT Group. Following a thorough review of potential candidates put forward by KPMG to succeed John Luke as lead audit partner, the Committee approved the appointment of Jon Mills as the KPMG lead audit partner for the BT Group with effect from the start of FY24.

During the year, the Committee:

- considered and approved the proposed external audit fees for the year ended 31 March 2024, including one-off fees, as well as the recurring audit fee for the regulatory financial statements and the interim review fee (see the Independent auditor's report on pages 132 to 143 for more details)
- reviewed with the external auditor, the external auditor's scope of work, audit plan and strategy for FY24
- approved the engagement letter of the external auditor
- recommended approval by the Board of management's letters of representation.

As part of my year-end report to the Board, I informed the Board of the outcome of the external audit.

BT Group confirms that it complies with the EU Regulation on Audit Reform and the Competition and Markets Authority's Statutory Audit Services Order with regard to mandatory auditor rotation and tendering.

### *Independence and non-audit services*

The Committee discussed the external auditor's independence and potential areas that could give rise to a conflict of interest, and considered the safeguards in place to prevent compromising their independence and objectivity. In particular, the Committee considered BT's provision of network and mobile services to KPMG UK, including KPMG's assessment and conclusion of independence. The Committee considered this and confirmed its agreement that the provision of these services to KPMG is not material from an independence perspective.

BT Group's non-audit services policy sets out the non-audit services that can be provided by the external auditor, in line with the latest ethical standards. The external auditor is not permitted to perform any work which they may later be required to audit, or which might affect their objectivity and independence, or create a conflict of interest. Internal procedures describe the approval process for work performed by the external auditor, and these applied to KPMG throughout the year. The Committee monitored compliance with the policies and procedures and considered business relationships with the external auditor, and the level and appropriateness of non-audit services and fees. The Committee will continue to keep under review BT Group's non-audit services policy.

Our non-audit services policy can be found at [bt.com/governance](https://www.bt.com/governance)

The Committee reviewed the confirmation and information received from the external auditor on the arrangements that it has in place to safeguard auditor independence and objectivity, which are consistent with the ethical standards published by the FRC, including specific safeguards where they provide permissible non-audit services to the group. The nature of the non-audit services carried out by the external auditor during the year are described in note 8 to the consolidated **financial statements** on page 161. These were required by law or regulation to be carried out by an appointed auditor and services that support us to fulfil obligations required by law or regulation, contractual requirements, or represented areas of assurance work where it was materially more efficient for the external auditor to be engaged, as opposed to another third party due to the work completed in relation to the audit, and which were permitted to be performed by an auditor under the Revised Ethical Standard 2019.

Audit-related assurance services, as well as any approved non-audit services performed by KPMG, are considered a low threat to auditor independence. Non-audit services are predominantly made up of audit-related assurance services, such as the audit of the regulatory financial statements, the interim review and providing comfort letters for bond issuances. This work falls within the scope of limited permissible services, which are closely related to existing audit work that KPMG provides. Therefore the proportion of 'other non-audit services' to 'total services' carried out by the external auditor is considered the most suitable measure of the non-audit services provided. These represented 0.1% of the total fees (FY23: 0.2%).

## External auditor effectiveness and quality

### Scope

The Committee assesses the effectiveness of the external audit process and the qualifications, expertise, resources, independence and objectivity of the external auditor, including the nature and extent of non-audit services throughout the year, focusing on:

- the quality of the audit and the financial reporting process, including how effective the external auditor is at identifying and addressing matters that could compromise the quality of BT Group's reporting
- the service of the external auditor and the relationships with the Committee, key members of management and the internal auditor
- whether the external auditor has demonstrated professional scepticism
- whether the external auditor has challenged management's assumptions where necessary.

### Review process

The Committee reviewed the audit scope and plan at the start of the year, and received regular audit reports from the external auditor. This enabled the Committee to assess the quality of audit work. The Committee had the opportunity to interact with the external auditor at meetings as well as to observe the communication and interactions between the external auditor with management and the internal auditor. The Committee reviewed and monitored management's responsiveness to the external auditor's requests for information and its findings and recommendations. The Committee Chair also regularly met with the lead audit partner.

During the year, a questionnaire was also completed by the Committee members and management to gather their perspectives on the effectiveness and quality of the external auditor's work.

### Conclusion

In conclusion, the Committee agreed that:

- the audit contributed to the integrity of the group's financial reporting
- the relationship between KPMG and both the Committee and management continues to be effective
- KPMG demonstrated an appropriate degree of professional scepticism and deployed a team with the required level of skill and expertise to enable an effective audit
- the audit strategy and plan was appropriately scoped, communicated and executed
- KPMG continues to be independent, and recommended to the Board that the reappointment of KPMG, as our external auditor, be put to our shareholders for approval at the 2024 AGM (this was subsequently approved by the Board).

# BT Compliance Committee Chair's report



We have continued to engage with scrutinising the culture and behaviour of BT Group to ensure it remains focused on living up to both the letter and spirit of the Commitments and governance protocol, as well as to ensure consumer fairness principles are considered and reflected in the delivery of key outcomes.

**Isabel Hudson**  
Chair of the BT Compliance Committee  
15 May 2024

## Committee role

The Committee was responsible for:

- monitoring BT Group's compliance with the letter and spirit of the Commitments made as part of the 2017 Digital Communications Review (DCR) with Ofcom
- assessing whether Openreach can act with appropriate independence while BT Group is able to fulfil its parent company duties
- overseeing consumer fairness matters and developing internal fair pricing principles on behalf of the Board by monitoring whether BT Group is living up to Ofcom's Fairness for Customers commitments
- reviewing how BT Group is delivering appropriate outcomes for stakeholders across the Commitments and consumer fairness.

I will be stepping down from the Board in July, after serving for nine years, and this will therefore be my last report as Chair of the Committee. From 1 April 2024, the Committee's responsibilities transitioned to both the *Audit & Risk* and *Responsible Business Committees*. The *Audit & Risk Committee* is now responsible for overseeing compliance with the Commitments and the *Responsible Business Committee's* remit expanded to include consumer fairness. Next year's Annual Report will provide detail on how this has been achieved in FY25.

## Committee membership and attendance

During the year, the Committee met five times. The Committee members are all Independent Non-Executive Directors. The Deputy Company Secretary was secretary to the Committee, and he, or his delegate, attended all meetings and provided guidance, advice and support as required. The Chair of the Board, General Counsel, Company Secretary & Director Regulatory Affairs, Commitments Assurance Office Director (CAO), and Openreach's Commitments Monitoring Office Director also attended meetings as invitees.

### Meetings attended

Isabel Hudson (Chair)	5/5	Allison Kirkby <sup>b</sup>	5/5
Ian Cheshire <sup>a</sup>	1/1	Sara Weller	5/5

<sup>a</sup> Ian stepped down from the Board and this Committee at the conclusion of the 2023 AGM

<sup>b</sup> Allison attended all meetings during the year in her role as a Non-Executive Director

I reported to the Board after each meeting on the Committee's activities and the main issues discussed, with the Board receiving copies of the Committee's meeting papers and minutes. Ofcom also received copies of the minutes. Details on how we engage with Ofcom can be found on page 45.

## Committee focus in FY24:

### Compliance with the Commitments

The Committee's monitoring activities focused on:

- the culture of adherence of BT Group's leadership to the Commitments
- stakeholder perceptions by engagement with industry stakeholders, including CPs, Ofcom and Openreach
- the CAO's reviews of the annual financial planning, strategy development and commercial pricing and product processes
- targeted reviews of governance for programmes across the group
- the outcomes of CAO compliance reviews, decisions on potential Commitments breaches and, where appropriate, remedial actions. Breaches continue to remain at a low level
- BT Group and Openreach's progress on wider DCR outcomes.

### Consumer fairness matters

The Committee allocated significant time during the year to its consumer fairness remit, including:

- the transition to All IP and the migration of Digital Voice (see page 3)
- encouraging the formation of pricing principles for the EE brand (see page 58)
- year-on-year consumer fairness trends (see page 41) as well as outputs from the group's consumer fairness panel meetings.



# Responsible Business Committee Chair’s report



This year the Committee has overseen progress on our Manifesto commitments and how they are being accelerated across the business to maintain trust in BT Group.

**Sara Weller**  
Chair of the Responsible Business Committee  
15 May 2024

## Committee role

The Committee is responsible on behalf of the Board for:

- agreeing the responsible business strategy for the group
- overseeing the continuation of our Manifesto including progress against its goals and targets.

 The Committee’s key responsibilities are set out in its terms of reference available at [bt.com/governance](https://bt.com/governance)

BT Group has continued to focus on how our actions as a responsible business can most effectively support customers, colleagues and businesses. Throughout the year the Committee has overseen progress on our Manifesto and its delivery across the business, providing guidance and challenge to the plans.

In April 2023, the Committee name changed to the *Responsible Business Committee* to reflect the full breadth of initiatives that are discussed and reported in our Manifesto. With effect from 1 April 2024, in light of the *BT Compliance Committee* being disbanded, the Committee has responsibility for consumer fairness. This includes monitoring the group’s adherence to the consumer fairness principles. The *BT Compliance Committee* Chair’s report can be found on page 104.

## Committee membership and attendance

The Committee members are all Independent Non-Executive Directors. The Deputy Company Secretary is secretary to the Committee and he, or his delegate, attends all meetings and provides guidance, advice and support as required.


The Chief Human Resources Officer, Corporate Affairs Director, Sustainability & Corporate Affairs Strategy Director, Chief Inclusion, Equity & Diversity Officer, CEO Consumer, CEO Business and General Counsel, Corporate, Digital & Networks also attend meetings as invitees.

During the year, the Committee held four scheduled meetings.

### Meetings attended

Sara Weller (Chair)	4/4	Steven Guggenheimer	4/4
Maggie Chan Jones	4/4	Isabel Hudson	4/4

I report to the Board after each meeting on the Committee’s activities and the main matters discussed, with the Board receiving copies of the Committee’s meeting papers and minutes.

 Details on the FY24 Board and Committee evaluation can be found on page 94.

## Committee focus in FY24

The Committee continued to monitor progress of our Manifesto and priorities under the core pillars: responsible, inclusive and sustainable. More information can be found on pages 34 to 39.

**Responsible:** new technology must earn trust and transform life for the better. The Committee:

- provided challenge to explore how generative AI can be used to build trust, support growth and reduce risk relating to its adoption

- reviewed the application of BT Group’s responsible tech principles to help protect vulnerable groups such as children
- endorsed BT Group’s human rights policy.

**Inclusive:** the future of technology must be inclusive and diverse for everyone to benefit. The Committee:

- discussed the importance of attracting and retaining diverse talent, providing input to plans to create a more inclusive culture - aided by the appointment of a Chief Inclusion, Equity & Diversity Officer
- oversaw progress on our digital skills goal and the launch of a new partnership with AbilityNet to reach older and digitally-excluded groups. More information on our digital skills goals can be found on page 35.

**Sustainable:** technology must accelerate our journey to net zero emissions and a circular world. The Committee:

- reviewed progress on sustainability goals including those forming part of the Restricted Share Plan underpin – see page 109
- oversaw plans to reduce the operational emissions including risks relating to energy and an update from Openreach on electric vehicles
- discussed sustainability plans in Consumer, Business and Openreach, including the shift towards a more circular world
- explored progress on the carbon abatement methodology and how this supports customers to cut carbon emissions, with a challenge to make sure the methodology used was robust and transparent.

## Regulatory reporting

The Committee considered the rapidly evolving regulatory landscape and the impact new reporting requirements will have on the group including impacts on resourcing given the increase in the scope and scale of reporting. The Committee oversaw the preparation for these requirements and the opportunity for this to be used to drive greater consistency, accuracy and transparency.

## Stakeholder engagement

The Committee considered the interests and views of key stakeholders and how these are reflected in the group’s approach to responsible business. The Committee will continue to focus on engaging with stakeholders in the future, especially given changes in the regulatory reporting landscape.

## BT Sourced

The Committee assessed how environmental risks and human rights due diligence is being managed across the supply chain, including steps taken to positively influence suppliers’ contribution to environmental and social goals.

## Priorities for FY25

In the year ahead, in addition to its oversight of our Manifesto, the Committee will focus on:

- integration of, and progress on, the consumer fairness agenda
- progress in responding to new regulatory ESG reporting requirements.



# Report on directors' remuneration



As well as the usual annual decisions, a key task for the Committee this year was handling the change in Chief Executive and ensuring our approach took account of all relevant angles to support the ongoing success of the business. We also remained acutely aware of the cost pressures many of our colleagues face.

**Ruth Cairnie**

Chair of the Remuneration Committee  
15 May 2024

## Contents

### Committee Chair's letter

Review of the year; Committee decisions; key outturns and plans for the year ahead – [pages 106 to 109](#).

### Focus on remuneration

The key aspects of our remuneration structure, outcomes for FY24 and implementation of the shareholder approved Directors' Remuneration Policy (Policy) in FY25 – [pages 110 to 112](#).

### Annual remuneration report

More detail on how we implemented the Policy during FY24 including the single figure table of remuneration for each director – [pages 113 to 121](#).

### Remuneration in context

How we take account of remuneration conditions across the group and the environment in which the Committee makes its decisions on executive pay – [pages 122 to 124](#).

## Committee role

The Committee is responsible on behalf of the Board for:

- Determining the salary and benefits for the Chairman, Executive Directors, members of the *Executive Committee* and the Company Secretary, and monitoring remuneration practices and policies for the wider workforce
- Setting the performance targets for the annual bonus scheme for senior executives for the year ahead
- Determining awards under the annual bonus scheme and the group's long-term incentive plans for senior executives
- Reviewing and approving the Report on directors' remuneration
- Reviewing and approving the Policy including seeking shareholder approval, on a binding basis, at least every three years
- Ensuring that all remuneration decisions are made within the parameters of the approved Policy and align with our reward philosophy and our values. No senior executive is involved in any decision about their own remuneration.

The Committee's key responsibilities are set out in its terms of reference available at [bt.com/governance](https://www.bt.com/governance)

## Committee membership and attendance

The Committee members are all Independent Non-Executive Directors. The Deputy Company Secretary is secretary to the Committee and he, or his delegate, attends all meetings and provides guidance, advice and support as required.

The Chairman, Chief Executive, Chief Human Resources Officer, Director of Group Reward and the Executive Remuneration & Policy Director are typically invited to attend meetings. They are not present when their own remuneration is discussed or in other circumstances where their attendance would not be appropriate.

Deloitte LLP, as the independent remuneration adviser to the Committee, also attends meetings.

The Committee held five scheduled meetings during the year and one ad hoc meeting. After each meeting, I reported back to the Board on the Committee's activities and the main issues discussed.

### Meetings attended

Ruth Cairnie (Chair) <sup>a</sup>	4/4	Isabel Hudson <sup>c</sup>	4/5
Ian Cheshire <sup>b</sup>	2/2	Matthew Key	5/5
Iain Conn <sup>b</sup>	2/2		

<sup>a</sup> Ruth joined the Board and the Committee on 6 April 2023.

<sup>b</sup> Ian and Iain stepped down from the Board and the Committee at the conclusion of the AGM on 13 July 2023.

<sup>c</sup> Isabel sent apologies for one meeting due to a personal matter and provided comments on the papers to the Committee Chair in advance.

Tushar Morzaria joined the Board and the Committee on 7 May 2024.

On behalf of the Committee I'd like to start by thanking Sir Ian Cheshire, the former Committee Chair, for a smooth handover and for securing shareholder support for our Policy at the 2023 Annual General Meeting (AGM). I intend to continue the work of the Committee by supporting our new Chief Executive and the executive team in realising the group's long term strategic goals.

This report sets out information on the Committee's activities during the year, our remuneration framework and its implementation. I've also provided further context on the performance of the business throughout the year and the environment in which the Committee made decisions on executive pay.

## Stakeholder context

### Wider workforce pay and conditions

As reported last year, we accelerated part of our 2023 pay review and delivered a £1,500 pay rise in January 2023 to support 85% of our UK colleagues (all of those earning a £50,000 full-time equivalent salary or below) during the cost-of-living crisis. This cohort received a further salary increase of at least 2.5% in September 2023, while a 5.5% budget was set for all other colleagues who had received no increase in January. Combined, therefore, all UK colleagues received at least 5.5% in 2023, with our frontline colleagues receiving up to 10% and an average of 7.2%.

Further, as part of the September pay review, we also secured agreement with our unions for the 2024 review, bringing welcome certainty to both colleagues and the business. All UK frontline colleagues received a 4% increase in April 2024, while a 4% budget was available for our UK management population in June 2024.

Although inflation has fallen in recent months, the Committee understands that our colleagues continue to face cost pressures and it receives regular updates on pay and conditions across the business throughout the year. Isabel Hudson, as the Designated Non-Executive Director for Workforce Engagement, fed back any comments and sentiments on remuneration matters raised by the *Colleague Board* during the year. Maggie Chan Jones took on this responsibility during the year and the Committee will consult with Maggie to ensure these issues continue to be front-of-mind as it makes decisions on executive pay.

In 2022 we voluntarily committed to paying all our UK colleagues at least in line with the Real Living Wage and continue to do so. This year, we expanded our commitment to pay a fair living wage to direct employees in all countries in which we operate, in compliance with the Ethical Trading Initiative's Base Code #5.1. We're confident that we meet minimum wage requirements in all countries in which we operate. Almost 85% of our management colleagues are currently paid within or above their competitive market range, and we'll continue to focus on improving competitive pay positioning as part of our annual pay cycle.

## Customer context

We accentuated our focus this year on our customers during challenging economic times, and achieved particularly strong NPS results in our Business and Openreach divisions. Customer experience remains a core pillar of our strategy, and a key part of our annual bonus scorecard for the coming financial year.

## Shareholder context

Our share price performance over FY24 reflects the continued volatility in the wider market as well as the scale of the long term investment that we're undertaking. However, we remain confident in our longer term strategy and continue to deliver against it. We again paid dividends in FY24 and believe that we've appointed the right Chief Executive to realise our vision for BT Group, bringing longer term benefits for our shareholders.

## Salary

### 2023 salary review

As outlined above, our annual salary review for senior management took place in September rather than June. Simon Lowth received a base salary increase of 5.5% in line with the minimum increase for UK senior management colleagues. As disclosed previously, Philip Jansen waived his right to any increase in his base salary which had been fixed for five years following his appointment.

### 2024 salary review

This year the annual salary review moves back to its usual effective date in June. UK managers are receiving an average 4% increase in salary, with an expected 2% minimum increase granted across the vast majority of our UK management population. There has been a particular focus on data-driven decision making, to target higher increases on those whose pay is less competitive versus market comparators. In line with this approach, Simon will receive a 2% increase in base salary.

Allison Kirkby's salary was set at £1,100,000 on appointment in February. No annual salary increase was awarded for 2024.

## Report on directors' remuneration continued

### Annual bonus

#### FY24 annual bonus outcomes

For FY24, annual bonus performance was based on a scorecard of five key financial and non-financial measures that align to our strategic priorities. Financial performance accounted for 70% of the bonus scorecard and comprised the following measures:

- **Adjusted EBITDA (35%)** – despite ongoing macroeconomic challenges, we exceeded our target for the year and delivered £8.1bn in EBITDA.
- **Normalised free cash flow (35%)** – management of free cash flow was strong in-year, and we delivered NFCF of £1.28bn, above target and our guidance for the year.

Our non-financial measures accounted for 30% of the bonus scorecard and comprised the following measures:

- **Customer (20%)** – this year saw increased NPS scores, particularly in Business and Openreach. After a disappointing previous year, we made up ground during FY24 in a difficult environment, exceeding target in three of four quarters, and stretch in two of four. Across the full year, performance was between target and stretch.
- **Inclusion, equity and diversity (10%):**
  - **Representation in senior management team (5%)** – we've set ambitious and stretching diverse representation targets across BT Group, and this metric measures progress towards meeting them. Although we made significant progress in disability representation, and some improvement in representation of black and black heritage colleagues, we failed to meet our targets on gender. Overall, therefore, the outcome was between threshold and target for the year.
  - **Inclusion index (5%)** – defined as the average score across four key inclusion questions in our employee engagement surveys, this measure aimed to close the gap in inclusion sentiment for key under-represented groups. Unfortunately, the average gap in inclusion index score across these four groups increased from 4.6% to 5.9%, which did not meet our threshold target.

More information on the actions we are taking on inclusion, equity and diversity can be found on pages 31 to 32. Further detail on the FY24 annual bonus scorecard outcomes can be found on page 114.

The overall formulaic outcome of the bonus scorecard was 129.2% of target. The Committee considered this result in the context of the wider performance of the business, the pace of our transformation to date, and the experience of our shareholders, and exercised its discretion to reduce the bonus payout to 110% of target.

Philip and Simon will therefore be awarded bonuses of £1,452,000 and £1,044,655 respectively. Half of Simon's bonus will be deferred into shares for three years.

#### FY25 annual bonus scorecard

The Committee has agreed that the current bonus scorecard remains aligned with our strategic priorities for the year, and accordingly no changes are proposed to the measures and weightings, other than minor tweaks in how inclusion and diversity are measured to ensure they remain fit for purpose.

The annual bonus plan remains subject to a health and safety underpin and, if triggered, the Committee retains the discretion to reduce the payout as it considers appropriate, including to nil.

No changes are proposed to bonus opportunities: on-target and maximum will remain at 120% and 200% of salary for both Allison and Simon, with 50% deferred into shares for a period of three years.

#### Long term incentives

##### Vesting of 2021 Restricted Share Plan awards

The Committee carried out an assessment of the two underpins applying to the 2021 Restricted Share Plan (RSP) awards (relating to ROCE performance and ESG/reputational damage) and determined that neither were triggered.

The Committee also assessed whether there was any evidence of windfall gains at the point of grant or vesting of these awards and concluded there was not. The Committee therefore agreed that the expected vesting value is appropriate.

All three tranches of the 2021 RSP awards will therefore vest in full in June 2024, 2025 and 2026 respectively. Tranches one and two remain subject to a holding requirement until June 2026.

##### Grant of 2023 RSP awards

The grant of our 2023 RSP awards was delayed from June until September in line with the annual salary review. Simon received an award at the normal Policy opportunity of 200% of salary, whilst Philip did not receive an award in light of him stepping down from the Board. Allison received an award upon appointment in February, granted at the normal opportunity and pro-rated to reflect that she joined part-way through the vesting period. All awards will be subject to both ROCE and sustainability underpins, details of which can be found on page 115.

The Committee considered the level of awards, mindful that the share price at the time of award was lower than at the time of the 2022 RSP award.

As set out elsewhere in this report, the group is undergoing significant change as the Board-approved plan to transform and grow the business is executed. In order to build the UK's leading networks and deliver for our customers, significant and ongoing long term investment is required. The Committee considers that the current share price reflects the position of the group in this strategic journey and that future share price increases will be as a result of management taking the right actions and consistently executing our strategy over the next three to five years, rather than as a result of a more general market recovery or windfall gain. The Committee therefore decided not to make any adjustment to the award level, but to review the value of the 2023 RSP awards at the time of vesting and use its discretion to adjust the outcome at that point, should it deem this to be appropriate.

### Grant of 2024 RSP awards

Both Allison and Simon will be granted an award of 200% of salary in June. As in prior years, these awards will vest in three equal tranches in June 2027, 2028 and 2029, with all tranches subject to a holding requirement until June 2029.

RSP awards will be subject to the same two underpins as the 2023 awards, measured over the initial three-year vesting period:

1. **ROCE** – average return on capital employed must be at least 7%<sup>a</sup>.
2. **Sustainability** – the business must have made sufficient progress over the vesting period towards meeting our sustainability commitments (this could include carbon emissions, carbon abatement and circularity).

### Executive Director changes

#### Departure of Philip Jansen

Last July we announced Philip's intention to step down from the Board once a suitable successor had been identified. He stepped down as Chief Executive on 31 January 2024, and remains an employee of the group until 30 June 2024 during which time he will make himself available to Allison Kirkby on request to ensure an orderly and effective handover. He will continue to receive his contractual salary and benefits until this date.

In line with the Policy and the treatment of prior leavers, and in light of the fact that he has retired from executive life, the Committee elected to treat Philip as a good leaver. As a result, he will be eligible to receive a full-year bonus in respect of FY24, which will be paid in full in June 2024. Given his retirement, no deferral will apply, with the full bonus paid in June 2024.

Philip did not receive an RSP award in September 2023 as he had already announced his decision to step down. Outstanding shares under the RSP will be preserved, pro-rated for service, and will vest according to their normal schedule (subject to satisfaction of the relevant underpins). Outstanding shares under the Deferred Bonus Plan (DBP) will be retained fully and vest according to their usual timeframe.

Philip will also be required to maintain a minimum shareholding equivalent to 500% of his annual salary for two years post cessation of employment.

### Appointment of Allison Kirkby

Allison transitioned from her role as a Non-Executive Director to Chief Executive on 1 February 2024. Allison will receive the same remuneration package as her predecessor, which is within the parameters of the Policy and aligned to the market for comparators of BT Group's size and complexity.

This includes an annual salary of £1,100,000, and on-target bonus opportunity of 120% of salary, with 50% of any bonus deferred into shares for a three-year period. Allison will also receive an annual RSP grant worth 200% of salary, and an award in respect of FY24 was granted in February pro-rated to reflect that she joined part-way through the vesting period. Subject to the satisfaction of the relevant underpins, the RSP awards will vest in three tranches after three to five years and be subject to a holding period until year five.

Full details of Allison's remuneration package can be found in the section outlining the planned implementation of the Policy for FY25 on page 112.

### Chairman and Non-Executive Director (NED) fees

In line with the wider workforce increase and that offered to Simon, the NED base fee will increase from 1 June by 2%, the first increase in two years. For simplicity, the fee payable for membership of the *Nominations Committee* (which all NEDs receive) has been consolidated into the base fee. As Chairman, Adam Crozier waived his right to receive any increase.

Noting the changes to the structure and responsibility of our Board Committees that have been made this year, a full review of our Committee and additional responsibility fees was undertaken, to ensure they remain appropriate and market-competitive. These fees have not been increased since 2019, and accordingly the following was agreed:

- An increase from £14,000 to £25,000 for the Chair of the *Responsible Business Committee*, and an increase from £8,000 to £15,000 for members of said Committee
- An increase from £10,000 to £17,000 for the Designated Non-Executive Director for Workforce Engagement.

As always, the Committee and I wish to maintain an open dialogue on remuneration matters with our investors and I would welcome their comments or feedback, and support, at the forthcoming AGM.

### Ruth Cairnie

Chair of the Remuneration Committee  
15 May 2024

<sup>a</sup> ROCE is defined on page 48.



## Focus on remuneration

Our remuneration principles are to maintain a competitive remuneration package that promotes the long term success of the business, avoids excessive or inappropriate risk-taking and aligns management's interests with those of shareholders.

Below is how remuneration is aligned with the principles of the Code.

### Clarity

- Our remuneration framework is structured to support the financial and strategic objectives of the group, aligning the interests of our Executive Directors with those of our shareholders
- We're committed to transparent communication with all stakeholders, including our shareholders
- The same annual performance framework applies to all our management colleagues, including Executive Directors, with aligned group and divisional metrics to ensure a consistent focus.

### Predictability

- The long-term RSP reflects that we operate in a tightly regulated environment, ensuring a narrower but more predictable range of reward and performance outcomes to align with our business model.

### Simplicity

- We operate a simple but effective remuneration framework which is applied on a consistent basis for all colleagues
- The annual bonus rewards performance against key performance indicators, while the RSP provides long term sustainable alignment with our shareholders
- There is clear line of sight for management and shareholders.

### Risk

- Our incentives are structured to align with the group's risk management framework
- Three-year deferral under the annual bonus and a five-year release period on RSP awards create long term alignment, as do our in- and post-employment shareholding requirements
- The annual bonus, deferred bonus and RSP also incorporate malus and clawback provisions, and there is overarching *Remuneration Committee* discretion to adjust formulaic outcomes.

### Proportionality

- There is clear alignment between group performance, strategic progress, and remuneration outcomes for our Executive Directors
- Target total compensation levels are set competitively compared to other companies of similar size and complexity to ensure we can attract and retain the executives needed to deliver the business strategy
- Maximum total compensation levels are typically set lower than typical market practice to reflect the narrower and more predictable range of performance outcomes for BT Group
- Formulaic incentive outcomes are reviewed by the *Remuneration Committee* and may be adjusted after considering overall group performance and wider workforce remuneration policies and practices.

### Alignment to culture


- When considering performance, the *Remuneration Committee* takes account of BT Group's values
- The *Remuneration Committee* receives regular updates on remuneration practices and policies for the wider workforce, and colleagues may provide feedback to the Board via the *Colleague Board* and the Designated Non-Executive Director for Workforce Engagement
- Colleagues are encouraged to become shareholders in the business through the operation of all-employee share plans.

## Remuneration earned in FY24

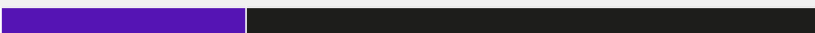
**F** Fixed pay **V** Variable pay

£000

### Allison Kirkby Chief Executive

FY24		<b>341</b>	<b>n/a</b>
FY23		n/a	n/a

### Philip Jansen Former Chief Executive

FY24		<b>1,116</b>	<b>2,603</b>
FY23		<b>1,323</b>	<b>1,633</b>

### Simon Lowth Chief Financial Officer

FY24		<b>875</b>	<b>1,815</b>
FY23		<b>846</b>	<b>1,104</b>

£000	Allison Kirkby <sup>a</sup>		Philip Jansen		Simon Lowth	
	FY24	FY23	FY24	FY23	FY24	FY23
<b>F</b> Base salary	288	n/a	917	1,100	774	748
Pension allowance	18	n/a	92	110	77	75
Benefits	35	n/a	107	113	24	23
<b>Total fixed pay</b>	<b>341</b>	<b>n/a</b>	<b>1,116</b>	<b>1,323</b>	<b>875</b>	<b>846</b>
<b>V</b> Annual bonus (shares) <sup>b</sup>	n/a	n/a	n/a	481	522	328
Annual bonus (cash)	n/a	n/a	1,452	481	522	328
RSP (shares) <sup>c</sup>	n/a	n/a	1,151	670	770	448
<b>Total variable pay<sup>d</sup></b>	<b>0</b>	<b>n/a</b>	<b>2,603</b>	<b>1,633</b>	<b>1,815</b>	<b>1,104</b>
<b>Total</b>	<b>341</b>	<b>n/a</b>	<b>3,719</b>	<b>2,956</b>	<b>2,690</b>	<b>1,950</b>

**a** Allison was appointed as Chief Executive from 1 February 2024. The FY24 base salary figure reflects Allison's total remuneration for the year representing £105,000 received as an Independent Non-Executive Director and £183,000 received as Chief Executive. Allison was not eligible for a bonus in FY24 and her first RSP award was granted in February 2024.

**b** In line with the Policy, 50% of the annual bonus is deferred into shares for three years. Philip's FY24 bonus will be paid fully in cash, with no deferral into shares.

**c** Both underpins have been satisfied for the 2021 RSP award and therefore all three tranches of the 2021 RSP award will vest in full in June 2024, 2025 and 2026 respectively. In addition, the second tranche of the 2020 RSP will vest in August 2024. Further detail is set out on page 114.

**d** The total variable pay for FY23 for Philip and FY24 for Simon do not balance due to roundings.


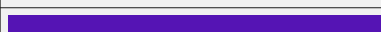

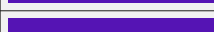
## Performance outcomes in FY24

### Annual bonus FY24

- Bonus was subject to five measures of financial and non-financial performance
- Both financial metrics and NPS were above target for the year
- Our SMT representation metric finished the year below target while our inclusion index result missed threshold
- This resulted in a formulaic outcome of 129.2% of target. However, the Committee exercised its discretion to reduce the overall scorecard payout to 110% of target
- In line with the Policy, 50% of Simon's annual bonus will be deferred into shares for three years.

### Measure and weighting (%)

### Payout (% of max)

Adjusted EBITDA (35%)		80%
Normalised free cash flow (35%)		92%
Group Net Promoter Score (NPS) (20%)		73%
SMT representation (5%)		53%
Inclusion index (5%)		0%

### 2021 RSP

- A conditional share award subject to two underpins over the initial three-year vesting period.
- The Committee assessed the two underpins at the end of the restricted period and confirmed that both had been satisfied.
- Accordingly, all three tranches of the 2021 RSP award will vest in full in June 2024, 2025 and 2026 respectively. Tranches one and two are subject to a holding period until June 2026. Further detail is set out on page 114.

## Focus on remuneration continued

## Implementation of the Policy in FY25

	<b>F</b> Fixed pay	<b>V</b> Annual bonus	<b>V</b> RSP
<b>Allison Kirkby</b> Chief Executive	Salary – £1,100,000 Benefits Pension allowance – 10% of salary	Maximum opportunity – 200% of salary Target opportunity – 120% of salary	2024 award – 200% of salary
<b>Simon Lowth</b> Chief Financial Officer	Salary – £791,405 Benefits Pension allowance – 10% of salary	Maximum opportunity – 200% of salary Target opportunity – 120% of salary	2024 award – 200% of salary
<b>Performance measures</b>	n/a	<ul style="list-style-type: none"> <li>– Adjusted EBITDA (35%)</li> <li>– Normalised free cash flow (35%)</li> <li>– NPS (20%)</li> <li>– Diversity and inclusion (10%).</li> </ul> <p>An underpin applies which allows the Committee to exercise its discretion to reduce the scorecard result if there is a significant breach in health and safety.</p>	<p>Awards subject to two underpins over the initial three-year vesting period:</p> <ul style="list-style-type: none"> <li>– Average ROCE must be at least 7%</li> <li>– Sufficient progress is made towards meeting our sustainability commitments.</li> </ul>
<b>Framework</b>	n/a	<ul style="list-style-type: none"> <li>– 50% of any bonus payment for FY25 will be deferred into shares for three years</li> <li>– Malus and clawback provisions apply</li> <li>– Full Committee discretion available.</li> </ul>	<ul style="list-style-type: none"> <li>– Awards vest in three equal tranches after three, four and five years; no shares can be sold until year five</li> <li>– Malus and clawback provisions apply</li> <li>– Full Committee discretion available.</li> </ul>

**Directors' Remuneration Policy (Policy)**

The Policy as approved by shareholders at the AGM on 13 July 2023 in accordance with section 439A of the Companies Act 2006 can be found online at [bt.com/annualreport](https://www.bt.com/annualreport)

# Annual remuneration report

This section summarises all elements of the directors' remuneration in FY24. References to 'audited' refer to an audit performed in accordance with UK statutory reporting requirements.

## Single total figure of remuneration (audited)

The following table sets out all emoluments received by directors for FY24 and FY23.

	Fixed pay								Variable pay							
	Basic salary and fees £000		Benefits <sup>a</sup> £000		Pension <sup>b</sup> £000		Total fixed pay £000		Annual bonus <sup>c</sup> £000		Long term incentives £000		Total variable pay £000		Total £000	
	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24	FY23	FY24 <sup>d</sup>	FY23 <sup>e</sup>	FY24	FY23	FY24	FY23
<b>Chairman</b>																
Adam Crozier	700	700	11	12			711	712							711	712
<b>Executive Directors</b>																
Allison Kirkby <sup>f,i</sup>	288	125	35	8	18		341	133							341	133
Simon Lowth	774	748	24	23	77	75	875	846	1,045	656	770	448	1,815	1,104	2,690	1,950
<b>Non-Executive directors</b>																
Ruth Cairnie <sup>g</sup>	161						161								161	
Maggie Chan Jones <sup>h,i</sup>	99	8	35				134	8							134	8
Steven Guggenheimer <sup>h,i</sup>	97	48	36	15			133	63							133	63
Isabel Hudson <sup>i</sup>	147	146	2	1			149	147							149	147
Matthew Key <sup>j</sup>	163	150	2	1			165	151							165	151
Raphael Kübler <sup>j</sup>	0						0								0	
Sara Weller <sup>i</sup>	140	138					140	138							140	138
<b>Sub-total</b>	<b>2,569</b>	<b>2,063</b>	<b>145</b>	<b>60</b>	<b>95</b>	<b>75</b>	<b>2,809</b>	<b>2,198</b>	<b>1,045</b>	<b>656</b>	<b>770</b>	<b>448</b>	<b>1,815</b>	<b>1,104</b>	<b>4,624</b>	<b>3,302</b>
<b>Directors who left during the year</b>																
Philip Jansen <sup>k</sup>	917	1,100	107	113	92	110	1,116	1,323	1,452	963	1,151	670	2,603	1,633	3,719	2,956
Adel Al-Saleh <sup>l</sup>	0	0						0							0	0
Ian Cheshire <sup>m</sup>	44	155					44	155							44	155
Iain Conn <sup>m</sup>	47	163					47	163							47	163
<b>Total</b>	<b>3,577</b>	<b>3,481</b>	<b>252</b>	<b>173</b>	<b>187</b>	<b>185</b>	<b>4,016</b>	<b>3,839</b>	<b>2,497</b>	<b>1,619</b>	<b>1,921</b>	<b>1,118</b>	<b>4,418</b>	<b>2,737</b>	<b>8,434</b>	<b>6,576</b>

a Benefits are provided in line with the Policy. For Allison, the figure includes one-off relocation costs to the value of £25,000. For Philip, the figure includes a company provided car and personal driver to the value of c. £79,000 (FY23: £86,000).

b Pension allowance paid in cash for the financial year – see 'Pension allowance' on page 114.

c Annual bonus shown includes both the cash and deferred share element for Simon. The deferred element of the FY24 bonus includes the value of deferred shares to be granted in June 2024. Further details of the deferred element are set on page 122. Allison will not receive a bonus in respect of FY24. Philip's FY24 bonus will be paid fully in cash, with no deferral into shares.

d Value shown represents the estimated value of the second tranche of the RSP awards granted in 2020 and the first tranche of the RSP awards granted in 2021, that will vest in August and June 2024 respectively. The estimated value is based on a three-month average share price from 1 January 2024 to 31 March 2024 of 110.46p. Further details are provided on page 118. For the 2021 award, none of the value was attributable to share price appreciation over the vesting period. The Committee did not exercise any discretion in relation to the vesting of the awards or share price change.

e The first tranche of the 2020 RSP vested in August 2023. The 2020 RSP value reported last year (£803,000 for Philip and £537,000 for Simon) was calculated on an estimated basis using the three-month average share price from 1 January 2023 to 31 March 2023 of 135.88p. The figures have been restated to reflect the actual share price on vesting of 113.43p. Further details are provided on page 118.

f Allison was appointed as a Director in March 2019 and became Chief Executive on 1 February 2024. The figure reflects Allison's total remuneration for the year representing £105,000 received as an Independent Non-Executive Director and £183,000 received as Chief Executive.

g Ruth was appointed as a Director on 6 April 2023 and the figure represents her pro-rated remuneration during the year.

h Includes an additional fee for regular intercontinental travel to attend Board and Board Committee meetings in line with the Policy.

i Value shown relates to reimbursement of reasonable travelling and other expenses (including any relevant tax) incurred in carrying out their duties.

j Raphael was appointed as a Director on 30 January 2024. Under the terms of the Relationship Agreement between BT Group and Deutsche Telekom and Raphael's letter of appointment, no remuneration is payable for this position.

k Philip stepped down as a Director and Chief Executive on 31 January 2024 and the figure represents his pro-rated remuneration during the year.

l Adel stepped down as a Director on 31 December 2023. Under the terms of the Relationship Agreement between BT Group and Deutsche Telekom and Adel's letter of appointment, no remuneration is payable for this position.

m Ian and Iain stepped down as Directors at the conclusion of the AGM on 13 July 2023 and the figure represents their pro-rated remuneration during the year.



## Annual remuneration report continued

### Additional disclosures relating to the single figure table (audited)

#### Salaries and fees

Executive Directors' salaries are reviewed annually, with any increases typically effective from 1 June. A 5.5% increase to Simon Lowth's salary was agreed from 1 September 2023 in line with increases for our UK senior management team, bringing Simon's salary to £791,405. Philip's salary of £1,100,000 was fixed for five years at the time of his appointment in January 2019. Allison was appointed as Chief Executive on 1 January 2024 and the Committee agreed a salary of £1,100,000.

Adam's annual fee has been £700,000 since his appointment as Chairman on 1 December 2021. His fee has remained at this level throughout the year as the Chairman volunteered to waive any fee increase during FY24.

The fees for Non-Executive Directors reflect Committee-related or other additional responsibilities, including on a pro-rated basis for any appointments during the year. A full breakdown of Non-Executive Director fees is set out on page 119.

#### Pension allowance

Executive Directors receive an annual cash allowance, which can be put towards the provision of retirement benefits.

All Executive Directors received an annual allowance of 10% of salary. This is aligned with the contribution rate available to the majority of our UK employees. We also provide death in service cover consisting of a lump sum equal to four times salary, and for Simon Lowth only, a dependants' pension equal to 30% of his capped salary.

#### Annual bonus

Philip and Simon were eligible for an on-target bonus in respect of FY24 of 120% of salary with a maximum opportunity of 200% of salary. Having joined as Chief Executive on 1 February 2024 and in accordance with the bonus plan rules, Allison was not entitled to a bonus for FY24. The annual bonus is based on performance against a scorecard of five key financial and non-financial measures linked to our KPIs as set out on pages 48 to 49.

Category	Measure	Weighting	Threshold	Target	Stretch	Actual	Payout (% of max)
<b>Financial</b>	Adjusted EBITDA (£m)	35%	7,959	8,075	8,191	8,100	80%
	Normalised free cash flow (£m)	35%	1,072	1,188	1,304	1,280	92%
<b>Transformation scorecard</b>	Group NPS	20%	0	100	200	132	73%
	SMT representation (%)	5%	76.9	84.6	92.3	82.8	53%
	Inclusion index	5%	3.5%	2.3%	1.1%	6.0%	0%
<b>Formulaic outcome</b>						77.3% of max (129.2% of target)	

For scorecard purposes, the EBITDA result assumes an on-target bonus payout for all colleagues. Actual post-bonus EBITDA for FY24 is £8,100m.

When determining the overall performance and bonus pay-outs, the Committee also considers a number of other factors including the wider performance of the business, share price performance, the external environment and overall affordability. Despite the formulaic outcome of the final bonus scorecard being 129.2% of target, the Committee exercised its discretion to reduce the outcome to 110% of target. The Committee believes this is a fair reflection of the overall performance of the business.

The final bonus outturns for Philip and Simon are set out in the table below:

	Formulaic outcome	Following discretion	% of max	Value
Philip Jansen	129.2% of target	110% of target	65.9%	£1,452,000
Simon Lowth	129.2% of target	110% of target	65.9%	£1,044,655

#### 2021 RSP

The RSP is a conditional share award. Two underpins applied over the initial three-year vesting period:

- ROCE is equal to or exceeds the WACC over the same period
- there must have been no ESG issues which have resulted in material reputational damage for the group.

The Committee assessed performance against the two underpins at the end of the financial year and agreed that both had been satisfied.

As a result, all three tranches of the 2021 RSP award will vest in full in June 2024, 2025 and 2026 respectively. Tranches one and two remain subject to a holding requirement until June 2026.

## Awards granted during the year (audited)

### 2023 RSP

The 2023 RSP awards were made in September 2023 as set out below and on page 118. An RSP award was made to Simon Lowth in line with the normal Policy level. Despite serving as Chief Executive for almost a year of the performance period, no award was made to Philip Jansen on the basis of him stepping down as Chief Executive at the end of January 2024.

To reflect her joining part-way through the initial three-year vesting period, a pro-rated award was made to Allison Kirkby.

Director	Date of award	RSP award (shares)	Grant price <sup>a</sup>	% of salary	Face value of award
Allison Kirkby	8 February 2024	1,484,942	107.00p	144	£1,588,889
Simon Lowth	7 September 2023	1,388,429	114.00p	200	£1,582,809

<sup>a</sup> The grant price is calculated using the average middle-market price of a BT Group plc share for the three dealing days prior to grant.

These awards are conditional share awards. Two underpins apply over the initial three-year vesting period:

- average ROCE must be at least 7%
- the business must have made sufficient progress over the vesting period towards meeting our sustainability commitments (which could include carbon emissions, carbon abatement and circularity).

Should one or both underpins not be met, the Committee may at its discretion reduce the number of shares vesting, including to nil.

Awards will vest in three equal tranches after three, four and five years, with an additional holding period such that no shares may be sold until year five. At vesting, additional shares representing the value of reinvested dividends on the underlying shares are added.

Malus and clawback provisions apply as set out in the Policy, and the Committee retains the ultimate discretion to adjust vesting levels to ensure alignment with our overall performance.

Details of all interests under the RSP are set out on page 118.

### 2023 deferred shares

In line with the Policy, 50% of the bonus awarded for FY23 was deferred into shares. The awards were made under the deferred bonus plan (DBP) in June 2023 as set out below and on page 118.

Director	Date of award	DBP award (shares)	Grant price <sup>a</sup>	Face value of award
Philip Jansen	15 June 2023	343,782	140.00p	£481,294
Simon Lowth	15 June 2023	234,442	140.00p	£328,218

<sup>a</sup> The grant price is calculated using the average middle-market price of a BT Group plc share for the three dealing days prior to grant.

Deferred shares are not subject to performance conditions and have a three-year vesting period. At vesting, additional shares representing the value of reinvested dividends on the underlying shares are added.

Malus and clawback provisions apply as set out in the Policy, and the Committee retains the ultimate discretion to adjust vesting levels to ensure alignment with our overall performance.

Details of all interests under the DBP are set out on page 118.

### Joining arrangements for Allison Kirkby

Allison transitioned from her role as a Non-Executive Director to Chief Executive on 1 February 2024. Allison will receive the same remuneration package as her predecessor, which is within the parameters of the Policy and aligned to the market for comparators of BT Group's size and complexity.

This includes an annual salary of £1,100,000, and on-target bonus opportunity of 120% of salary, with 50% of any bonus deferred into shares for a three-years. Allison was not eligible to receive a bonus in respect of FY24. Allison's RSP opportunity under the Policy will be 200% of salary. As outlined above, Allison was granted an RSP award in respect of FY24 in February 2024 pro-rated to reflect that she joined part-way through the initial three-year vesting period. Subject to the satisfaction of relevant underpins, RSP awards will vest in three equal tranches after three, four and five years and be subject to a further two-year holding period.

Allison will be subject to our shareholding requirement, being expected to build up a shareholding of 500% of salary within five years of the date of her appointment. This requirement continues to apply for two years post-cessation.

## Annual remuneration report continued

### Philip Jansen leaving arrangements (audited)

Philip Jansen stood down as a director on 31 January 2024 but remains an employee of the group until 30 June 2024 continuing to support an orderly and effective handover to Allison Kirkby as required. Under the terms of his service contract, he will continue to receive his salary and contractual benefits until the end of his notice period, being 30 June 2024. These payments will total £458,333 basic salary and fees, £8,888 benefits and £45,883 pension allowance. For FY24 this amounts to £183,333 basic salary and fees, £3,555 benefits and £18,333 pension allowance. For FY25 this amounts to £275,000 basic salary and fees, £5,333 benefits and £27,500 pension allowance. Philip will receive no compensation or payment for the termination of his service contract or his ceasing to be a director of BT Group or any other group company, although BT Group will pay independent adviser fees of £45,000 (paid directly to the adviser) and £100 for reconfirmation of customary post-employment restrictions on working for competitors.

In line with the Policy and the treatment of prior leavers, and in light of the fact that he has retired from executive life, the Committee elected to treat Philip as a good leaver. As a result, he will be eligible to receive a full-year bonus in respect of FY24, which will be paid in full in June 2024. Philip will not be eligible for an annual bonus in FY25.

Philip did not receive an RSP award in September 2023 as he had already announced his decision to step down. Outstanding shares under the RSP will be preserved, pro-rated for service, and will vest according to their normal schedule (subject to satisfaction of the relevant underpins). Outstanding shares under the DBP will be retained fully and vest according to their usual timeframe.

Philip will also be required to maintain a minimum shareholding equivalent to 500% of his annual salary for two years post cessation of employment.

### Former directors (audited)

No payments were made to former directors during the year.

### Directors' share ownership (audited)

The Committee believes that the interests of the Executive Directors should be closely aligned with those of shareholders. The aim is to encourage the build-up of a meaningful shareholding in BT Group plc over time by retaining net shares received through the executive share plans or from market purchases.

The shareholding requirement for Executive Directors under the Policy is 500% of salary. Executive Directors are expected to meet this requirement within five years of the approval of the Policy or, in the case of any new Executive Directors appointed, within five years of their date of appointment.

The shareholding requirement continues to apply in full for two years post-cessation of employment (or the total number of shares held at cessation, if lower). The post-cessation shareholding requirement will be calculated and expressed as a fixed number of shares by reference to the closing BT Group plc share price on the day immediately prior to the cessation date. The requirement is fixed as this number of shares for a period of two years and compliance will be measured at cessation and annually thereafter. In enforcing continued compliance post-cessation, the Committee may request that the Executive Director transfers any shares subject to the shareholding requirement to be held in trust until they no longer need to be retained.

We encourage the Chairman and Independent Non-Executive Directors to purchase, on a voluntary basis, BT Group plc shares with an aggregate value of £5,000 on average each year (based on acquisition price) to further align the interests of Non-Executive Directors with those of our shareholders. They are asked to hold these shares until they cease being a member of the Board.

This does not apply to the Deutsche Telekom nominated representative director appointed to the Board as a Non-Independent, Non-Executive Director under the terms of the EE acquisition in January 2016. This helps avoid any conflict of interest.

**Directors’ interests at 31 March 2024 or on cessation (audited)**

The following tables show the beneficial interests in BT Group plc shares of directors and persons closely associated as at 31 March 2024 (or at the point of leaving for directors who left during the year).

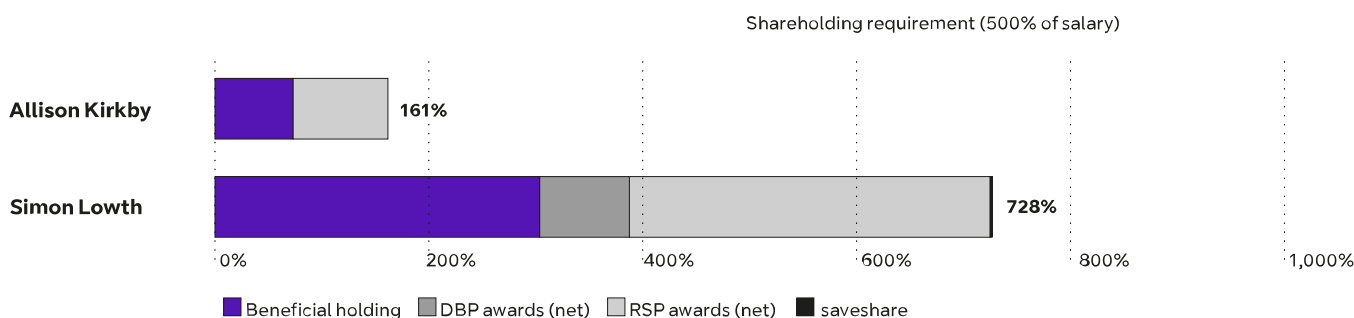
The first table includes interests held by the Executive Directors under BT Group plc’s share plans. The numbers represent the maximum possible vesting levels. Full details of all DBP and RSP awards, including restricted periods and vesting conditions, are set out on page 118.

For Executive Directors we use the average BT Group plc share price over the preceding 12 months (or the share price at acquisition/ vesting date if higher) to determine whether the minimum shareholding requirement has been reached.

During the period 1 April 2024 to 15 May 2024, there were no movements in directors’ beneficial holdings or other interests in shares. The directors, as a group, beneficially own less than 1% of BT Group plc’s shares.

Executive Directors	Number of shares owned outright at 31 March 2024	RSP and DBP <sup>a</sup>	Options <sup>b</sup>	Shareholding requirement (% of salary)	Current shareholding (% of salary)
Allison Kirkby	525,000	787,019	0	500%	161%
Simon Lowth	1,186,387	2,695,526	11,222	500%	728%

a Subject to continued employment and, for the RSP, two underpins over the initial three-year vesting period.  
 b Includes interests in saveshare, a HMRC-approved all-employee plan and yourshare, a HMRC-approved share incentive plan.



	Beneficial holding owned outright at 1 April 2023	Beneficial holding owned outright at 31 March 2024
<b>Chairman</b>		
Adam Crozier	62,500	62,500
<b>Non-Executive Directors</b>		
Ruth Cairnie <sup>a</sup>	n/a	25,000
Maggie Chan Jones	0	70,000
Steven Guggenheimer	0	4,700
Isabel Hudson	24,090	24,090
Matthew Key	161,686	209,586
Raphael Kübler <sup>b</sup>	0	0
Sara Weller	37,000	47,000
<b>Directors who left during the year</b>		
Philip Jansen <sup>c</sup>	6,412,792	7,366,259
Adel Al-Saleh <sup>d</sup>	0	0
Ian Cheshire <sup>e</sup>	19,646	19,646
Iain Conn <sup>e</sup>	69,442	69,442
<b>Total</b>	<b>6,787,156</b>	<b>7,898,223</b>

a Ruth was appointed as a Director on 6 April 2023.  
 b Raphael was appointed as a Director on 30 January 2024.  
 c Philip stepped down as a Director and Chief Executive on 31 January 2024 and the number reflects his holding at that date.  
 d Adel stepped down as a Director on 31 December 2023 and the number reflects his holding at that date.  
 e Ian and Iain stepped down as Directors at the conclusion of the AGM on 13 July 2023 and the number reflects their holding at that date.



## Annual remuneration report continued

	1 April 2023	Awarded/ granted	Dividends reinvested	Vested	Lapsed	Total number of award shares at 31 March 2024	Vesting date	Price at grant	Market price at date of vesting	Market price at date of exercise	Monetary value of vested award £000
<b>Allison Kirkby</b>											
RSP 2023 <sup>a</sup>	-	1,484,942				1,484,942	15/06/2026	107.00p			
<b>Simon Lowth</b>											
DBP 2020	806,314			806,314		-	03/08/2023	119.27p	113.43p		915
DBP 2021	464,055		31,346			495,401	24/06/2024	203.16p			
DBP 2022	253,169		17,100			270,269	24/06/2025	184.35p			
DBP 2023 <sup>b</sup>		234,442	15,835			250,277	15/06/2026	140.00p			
RSP 2020 <sup>c</sup>	1,184,694		53,349	394,899		843,144	03/08/2023	106.11p	113.43p		448
RSP 2021 <sup>d</sup>	773,426		52,243			825,669	24/06/2024	203.16p			
RSP 2022	860,778		58,144			918,922	24/06/2025	184.35p			
RSP 2023 <sup>e</sup>		1,388,429	93,787			1,482,216	15/06/2026	114.00p			
saveshare (2019) <sup>f</sup>	10,975					10,975	01/08/2024	163.92p			
yourshare 2021 <sup>g</sup>	247					247	24/06/2024	202.70p			
<b>Former director</b>											
<b>Philip Jansen</b>											
DBP 2020	1,182,364			1,182,364		-	03/08/2023	119.27p	113.43p		1,341
DBP 2021	694,092		46,885			740,977	24/06/2024	203.16p			
DBP 2022	378,667		25,577			404,244	24/06/2025	184.35p			
DBP 2023 <sup>b</sup>		343,782	23,221			367,003	15/06/2026	140.00p			
RSP 2020 <sup>c</sup>	1,771,955		79,796	590,652		1,261,099	03/08/2023	106.11p	113.43p		670
RSP 2021 <sup>d</sup>	1,156,821		78,142			1,234,963	24/06/2024	203.16p			
RSP 2022	1,262,230		85,262			1,347,492	24/06/2025	184.35p			
yourshare 2021 <sup>g</sup>	247					247	24/06/2024	202.70p			

- a Award granted on 8 February 2024. The number of shares subject to award was calculated using the average middle market price of a BT Group plc share for the three dealing days prior to grant. The award will vest in three equal tranches after three, four and five years. A holding period will apply such that no shares may be sold until year five. Two underpins will apply over the initial three-year vesting period as set out on page 115.
- b Awards granted on 16 June 2023. The number of shares subject to awards was calculated using the average middle-market price of a BT Group plc share for the three days prior to grant.
- c Awards granted on 3 August 2020. The number of shares subject to awards was calculated using the average middle market price of a BT Group plc share for the three dealing days prior to grant. Awards vest in three equal tranches after three, four and five years. The Committee assessed performance against the two underpins at the end of the FY23 and agreed that both had been satisfied. Tranche one vested on 3 August 2023. Tranche two will vest on 3 August 2024 and tranche three on 3 August 2025. A holding period will apply such that no shares may be sold until year five.
- d Awards granted on 24 June 2021. The number of shares subject to awards was calculated using the average middle market price of a BT Group plc share for the three dealing days prior to grant. Awards will vest in three equal tranches after three, four and five years. A holding period will apply such that no shares may be sold until year five. Two underpins will apply over the initial three-year vesting period as set out on page 114. The Committee assessed performance against the two underpins at the end of the financial year and agreed that both had been satisfied. As a result, all three tranches of the 2021 RSP award will vest in full in June 2024, 2025 and 2026 respectively. Tranches one and two remain subject to holding requirement until June 2026.
- e Award granted on 7 September 2023. The number of shares subject to award was calculated using the average middle market price of a BT Group plc share for the three dealing days prior to grant. The award will vest in three equal tranches after three, four and five years. A holding period will apply such that no shares may be sold until year five. Two underpins will apply over the initial three-year vesting period as set out on page 115.
- f Option granted on 14 June 2019 under the employee saveshare scheme, in which all eligible employees of the group are entitled to participate.
- g Awards granted on 24 June 2021 under the free share element of the BT Group plc Employee Share Investment Plan in which all eligible employees of the group were granted £500 worth of shares.

## Implementation of the Policy in FY25

### Base salary

Allison's base salary of £1,100,000 was agreed on appointment in January 2024. No salary increase will be awarded for 2024.

In line with an expected minimum increase granted across our UK management population, Simon will receive a 2% salary increase effective 1 June 2024.

### Benefits

For Executive Directors, the Committee has set benefits in line with the Policy. No changes are proposed to the benefit framework for FY25.

### Pension allowance

In line with the rate offered to the majority of our UK workforce, both Executive Directors receive an annual allowance equal to 10% of salary in lieu of pension provision.

### Annual bonus

Both Executive Directors are eligible for an on-target and maximum bonus opportunity of 120% and 200% of salary respectively. In line with the Policy, 50% of any bonus payable will be deferred into shares for three years.

The Committee has reviewed in full the measures, weightings and targets used in the annual bonus scorecard. The FY25 annual bonus structure measures and weightings are set out below.

Category	Measure	Weighting
<b>Financial</b>	Adjusted EBITDA	35%
	Normalised free cash flow	35%
<b>Transformation scorecard</b>	NPS	20%
	Inclusion & diversity	10%

All of the annual bonus measures are linked to our KPIs as set out on pages 48 to 49.

In addition to the annual bonus scorecard, a health and safety underpin applies which allows the Committee to exercise its discretion to reduce the annual bonus payout result if there is a significant breach in health and safety.

We do not publish details of the targets in advance as these are commercially confidential. Targets will be disclosed in full in the 2025 Report on directors' remuneration.

### RSP

Both Executive Directors will be granted an award under the RSP in June 2024 to the value of 200% of salary.

When considering the grant levels each year, the Committee takes in account of the share price performance over the preceding year. Following review, the Committee has agreed that awards will be granted to both Executive Directors this year at the normal Policy level of 200% of salary.

The Committee has agreed the same two underpins will apply for the 2024 RSP awards which will be measured over the initial three-year vesting period:

- Average ROCE must be at least 7%<sup>1</sup>
- The business must have made sufficient progress over the vesting period towards meeting our sustainability commitments (which could include carbon emissions, carbon abatement and circularity).

Awards will vest in three equal tranches after three, four and five years, with an additional holding period such that no shares may be sold until year five. At vesting, additional shares representing the value of reinvested dividends on the underlying shares are added.

Malus and clawback provisions and overarching Committee discretion applies, as set out in the Policy.

### Chairman and Non-Executive Director remuneration

The fees for Non-Executive Directors were reviewed in the year by the Chairman and Executive Directors, taking into consideration the role and requirements of BT Group, together with the fees paid to non-executive directors at companies of a similar size and complexity. Following the review it was agreed to increase the base fee by 2% in line with the minimum expected budget for our UK management colleagues. It was also agreed to consolidate the *Nominations Committee* member's fee (£10,000) into the base fee. This means the base fee will increase from £78,540 to £90,000 a year effective from 1 June 2024.

The Chairman receives a single all-inclusive fee for his role. No increase has been awarded for FY25 and this will remain at £700,000.

Other changes agreed as part of the review were:

- An increase in the *Responsible Business Committee* chair's fee from £14,000 to £25,000
- An increase in the *Responsible Business Committee* member's fee from £8,000 to £15,000
- An increase in the fee for the Designated Non-Executive Director for Workforce Engagement from £10,000 to £17,000.

The table below sets out the additional fees for membership and chairing a Board Committee and reflects the changes agreed during the year.

Committee	Chair's fee	Member's fee
Audit & Risk	£35,000	£25,000
National Security & Investigatory Powers	n/a <sup>a</sup>	£8,000
Remuneration	£30,000	£15,000
Responsible Business	£25,000	£15,000

<sup>a</sup> Where the Chairman or Chief Executive acts as Chair of a Board Committee, no additional Committee Chair fee is payable.

### Other fees payable include:

- an additional fee of £27,000 per annum to the Senior Independent Non-Executive Director
- an additional fee of £20,000 per annum to the Director appointed to the joint venture between BT Group and Warner Bros. Discovery.

No element of Non-Executive Director remuneration is performance-related. Neither the Chairman nor the Non-Executive Directors participate in our bonus or employee share plans and nor are they members of any of the group pension schemes.

<sup>1</sup> ROCE is defined on page 48.

## Annual remuneration report continued

### Other remuneration matters

#### Advisers

During the year, the Committee received independent advice on executive remuneration matters from Deloitte LLP. The Committee is satisfied that the advice provided by Deloitte has been objective and independent. The Deloitte partner who provides remuneration advice to the Committee does not have any connections with BT Group plc that may impact their independence. Deloitte received £75,800 (excluding VAT) in fees for these services.

The fees are charged on a time-spent basis in delivering advice. That advice materially assisted the Committee in its consideration of matters relating to executive remuneration and the Policy.

Deloitte is a founder member of the Remuneration Consultants Group and as such, voluntarily operates under the code of conduct in relation to executive remuneration consulting in the UK.

In addition, during FY24, Deloitte provided the group with advice on corporate and indirect taxes, assistance with regulatory, risk and compliance issues, accounting advice, and additional consultancy services.

#### Dilution

We use both treasury shares and shares purchased by the BT Group Employee Share Ownership Trust (the Trust) to satisfy our all-employee share plans and executive share plans. Shares held in the Trust do not have any voting rights.

As at 31 March 2024, shares equivalent to 2.31% (FY23: 3.03%) of the issued share capital (excluding treasury shares) would be required to satisfy all outstanding share options and awards. Of these, we estimate that for FY25, shares equivalent to approximately 0.27% (FY23: 0.87%) of the issued share capital (excluding treasury shares) will be required to satisfy the all-employee share plans.

#### Previous AGM voting outcomes

The table below sets out the previous votes cast at the AGM in respect of the Annual remuneration report and the Policy.

	For % of votes cast/ Number	Against % of votes cast/ Number	Withheld votes/ Number
Report on directors' remuneration at the 13 July 2023 AGM	98.15 6,801,425,259	1.85 128,049,792	1,580,860
Policy at the 13 July 2023 AGM	98.17 6,798,003,577	1.83 126,721,663	6,331,473

Withheld votes are not counted when calculating voting outcomes.

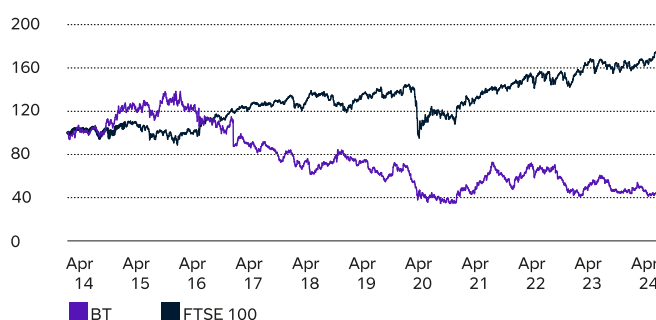
#### Committee evaluation FY24

Details on the FY24 Board and Committee evaluation can be found on page 94.

### Comparison of Chief Executive remuneration to TSR (unaudited)

TSR is the measure of the returns that a company has provided for its shareholders, reflecting share price movements and assuming reinvestment of dividends. The graph below illustrates the performance of BT Group plc measured by TSR relative to a broad equity market index over the past ten years. We consider the FTSE 100 to be the most appropriate index against which to measure performance, as BT Group plc has been a member of the FTSE 100 throughout the ten-year period.

#### BT Group plc's TSR performance vs the FTSE 100



Source: Datastream

### History of Chief Executive remuneration

Year end	Chief Executive	Total remuneration £000	Annual bonus (% of max)	ISP/RSP vesting (% of max)
2024	Allison Kirkby <sup>a</sup>	341	n/a	n/a
	Philip Jansen <sup>b</sup>	3,719	65.9%	100%
2023	Philip Jansen	3,089	43.7%	100%
2022	Philip Jansen	3,460	60%	19.1%
2021	Philip Jansen	2,628	60%	0%
2020	Philip Jansen	3,248	50%	n/a
2019	Philip Jansen	725	56%	n/a
	Gavin Patterson <sup>c</sup>	1,719	28%	0%
2018	Gavin Patterson	2,307	54%	0%
2017	Gavin Patterson	1,345	0%	0%
2016	Gavin Patterson	5,396	45%	82.0%
2015	Gavin Patterson	4,562	58%	67.4%

<sup>a</sup> Allison was appointed as a Director on 15 March 2019 and became Chief Executive from 1 February 2024. Her first RSP award was granted in February 2024.

<sup>b</sup> Philip was appointed as a Director on 1 January 2019 and became Chief Executive from 1 February 2019. His first ISP award was granted in February 2019. Philip stood down as Chief Executive on 31 January 2024.

<sup>c</sup> Gavin stood down as Chief Executive on 31 January 2019.

## Directors' service agreements and letters of appointment

The following table sets out the dates on which directors' service agreements/initial letters of appointment commenced and termination provisions:

<b>Executive Directors</b>		
	Commencement date	Termination provisions
Allison Kirkby	1 February 2024	Directors' service agreements do not contain fixed term periods and are terminable by BT Group plc on 12 months' notice and by the director on six months' notice.
Simon Lowth	4 July 2016	
<b>Chairman and Independent Non-Executive Directors</b>		
	Commencement date	Termination provisions
Adam Crozier	1 November 2021	The letter of appointment does not contain a fixed term period and is terminable by BT Group plc on 12 months' notice and by the director on six months' notice.
Ruth Cairnie	6 April 2023	Letters of appointment do not contain fixed term periods and are terminable by either party on three months' written notice.
Maggie Chan Jones	1 March 2023	
Steven Guggenheimer	1 October 2022	
Isabel Hudson	1 November 2014	
Matthew Key	25 October 2018	
Sara Weller	16 July 2020	
<b>Non-Independent, Non-Executive Director</b>		
	Commencement date	Termination provisions
Raphael Kübler	30 January 2024	Appointed as a Non-Independent, Non-Executive Director under the terms of the Relationship Agreement between BT Group plc and Deutsche Telekom. The appointment is terminable immediately by either party.

As announced on 7 May 2024, Tushar Morzaria joined the Board as an Independent Non-Executive Director with immediate effect. In addition, Isabel Hudson will step down from the Board at the conclusion of the AGM on 11 July 2024.

There are no other service agreements, letters of appointment or material contracts, existing or proposed, between BT Group plc and any of the directors. There are no arrangements or understandings between any director or executive officer and any other person pursuant to which any director or executive officer was selected to serve. There are no family relationships between the directors.

### Independent Non-Executive Directors' letters of appointment

Each Independent Non-Executive Director has an appointment letter setting out the terms of his or her appointment. We ask each Non-Executive Director to allow a minimum commitment of 22 days each year, subject to Committee responsibilities, and to allow slightly more in the first year in order to take part in the induction programme. The actual time commitment required in any year may vary depending on business and additional time may be required during periods of increased activity.

The service agreements and letters of appointment are available for inspection by shareholders at BT Group plc's registered office.



# Remuneration in context

## Consideration of colleague and stakeholder views

**Our colleagues are vital to our business and we believe in fairness throughout the group. There are several general reward principles which we apply at all levels:**

- We'll provide a competitive package with reference to the relevant market for each colleague
- We'll ensure colleagues can share in the success of the business, and through the operation of all-employee share plans encourage colleagues to become shareholders
- Where appropriate, variable remuneration is provided to incentivise employees towards driving the strategic aims of the business. Performance is based on both individual performance and the performance of the group, using a consistent framework for our senior management team and the majority of other colleagues
- We offer a range of employee benefits, many of which are available to all colleagues
- We aim for transparency and a fair cascade of remuneration throughout the group
- Employment conditions for all colleagues reflect our values and are commensurate with those of a large publicly listed company, including high standards of health and safety, and a strong commitment to inclusion, diversity and wellbeing.

The Committee supports fairness and transparency of remuneration arrangements and the Policy has been designed to align with the remuneration philosophy and principles that underpin remuneration across the wider group. To support this, the Committee receives regular updates on HR policies and reward practices for the wider workforce as well as updates on employee relations.

Whilst the Committee does not directly consult with our employees as part of the process of determining executive pay, the Board does receive feedback from employee surveys that take into account remuneration throughout the organisation. The Designated Non-Executive Director for Workforce Engagement also updates the Committee on sentiments being raised by our colleagues in relation to the remuneration of our workforce and related decisions, as raised by the *Colleague Board* through their 'hot topics' discussions.

When setting Executive Directors' remuneration, the Committee considers the remuneration of other senior managers and colleagues in the group more generally to ensure that arrangements for Executive Directors are appropriate in this context. When determining salary increases for Executive Directors, the Committee considers the outcome of the wider pay review for the group.

### Chief Executive pay ratio

The table below sets out the Chief Executive pay ratios as at 31 March 2024, as well as those reported in respect of the prior five years. This report will build up over time to show a rolling ten-year period.

The ratios compare the single total figure of remuneration of the Chief Executive with the equivalent figures for the UK lower quartile (P25), median (P50) and upper quartile (P75) employees.

A significant proportion of the Chief Executive's remuneration is delivered through long term incentives, where awards are linked to share price movements over the longer term. This means that the ratios will depend significantly on long term incentive outcomes and may fluctuate from year to year, for example, the highest ratio was exhibited in 2024 due to an above-target bonus payout, and the vesting of two separate tranches of RSP awards to Philip Jansen. We believe that these ratios are appropriate given the size and complexity of the business, and are a fair reflection of our remuneration principles and practices.

We have used the 'Option B' methodology (based on gender pay reporting), as the most robust way to identify the individual reference points within an organisation with multiple operating segments.

### Total remuneration

	Chief Executive	Employee remuneration			Pay ratio		
		P25	P50	P75	P25	P50	P75
2019	£2,444,000	£34,281	£41,477	£51,594	71:1	59:1	47:1
2020	£3,248,000	£34,881	£42,173	£51,351	93:1	77:1	63:1
2021	£2,628,000	£35,569	£41,600	£50,391	74:1	63:1	52:1
2022	£3,350,000	£35,722	£40,059	£49,488	94:1	84:1	68:1
2023	£2,956,000	£36,960	£40,095	£50,999	80:1	74:1	58:1
2024	£3,953,000	£35,794	£37,617	£53,691	110:1	105:1	74:1

### Base salary

	Chief Executive	Employee remuneration			Pay ratio		
		P25	P50	P75	P25	P50	P75
2019	£1,222,000	£30,090	£35,918	£41,740	37:1	31:1	27:1
2020	£1,100,000	£31,144	£37,321	£42,800	35:1	29:1	26:1
2021	£1,100,000	£31,842	£35,606	£42,836	35:1	31:1	26:1
2022	£1,100,000	£31,637	£35,017	£43,908	35:1	31:1	25:1
2023	£1,100,000	£33,144	£35,948	£44,986	33:1	31:1	24:1
2024	£1,100,000	£31,973	£34,100	£45,948	34:1	32:1	24:1

The total FTE remuneration paid during the year in question for each employee in each of the groups was then calculated, on the same basis as the information set out in the 'single figure' table for the Chief Executive. Bonus payments in respect of each year have been determined based on the latest available information at the time of analysis. The median total remuneration figure for each group was then used to determine the three ratios.

### Percentage change in remuneration of the Executive and Non-Executive Directors and all employees

BT Group plc, our parent company, employs our Chairman, Executive and Non-Executive Directors only, and as such no meaningful comparison can be drawn based on the parent company alone, as is required by the reporting regulations.

Instead, we have chosen to present a comparison with our UK management and technical employee population, comprising around 23,000 colleagues.

We believe this is the most meaningful comparison given the nature of our workforce, as this group has similar performance-related pay arrangements as our Executive Directors. This is also consistent with prior year disclosures.

The salary/fee levels set out in the table below are in accordance with the Policy. Any increase in fees paid to the Non-Executive Directors reflects both the annual fee review as well as any changes in role including additional Committee responsibilities.

	FY24 (% change)			FY23 (% change)			FY22 (% change)			FY21 (% change)		
	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus	Salary/fees	Benefits	Annual bonus
<b>Chairman</b>												
Adam Crozier	0%	(8%)	–	0%	1,100%	–	–	–	–	–	–	–
<b>Executive Directors</b>												
Allison Kirkby <sup>a</sup>	130%	338%	–	1%	100%	–	0%	–	–	6%	–	–
Philip Jansen <sup>b</sup>	0%	(5)%	51%	0%	13%	(27)%	0%	2%	0%	0%	(14)%	0%
Simon Lowth	3%	4%	59%	2%	5%	(26)%	0%	(4)%	0%	0%	(5)%	(2)%
<b>Non-Executive Directors</b>												
Adel Al-Saleh <sup>c</sup>	–	–	–	–	–	–	–	–	–	–	–	–
Ruth Cairnie <sup>d</sup>	–	–	–	–	–	–	–	–	–	–	–	–
Maggie Chan Jones	0%	0%	–	–	–	–	–	–	–	–	–	–
Ian Cheshire <sup>e</sup>	0%	0%	–	8%	–	–	8%	–	–	19%	–	–
Iain Conn <sup>e</sup>	0%	0%	–	1%	–	–	0%	–	–	33%	–	–
Steve Guggenheimer	0%	140%	–	–	–	–	–	–	–	–	–	–
Isabel Hudson	1%	100%	–	1%	0%	–	0%	–	–	4%	(66)%	–
Matthew Key	9%	100%	–	9%	100%	–	2%	–	–	13%	–	–
Raphael Kübler <sup>c</sup>	–	–	–	–	–	–	–	–	–	–	–	–
Sara Weller	1%	0%	–	5%	–	–	0%	–	–	–	–	–
<b>UK management colleagues</b>	<b>5.5%</b>	<b>0%</b>	<b>53%</b>	<b>3%</b>	<b>0%</b>	<b>(25)%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>0%</b>	<b>18%</b>

<sup>a</sup> Allison was appointed as Chief Executive during FY24 so the increase reflects her change in responsibilities and benefits in line with the Policy.

<sup>b</sup> Philip received his salary and benefits until he stood down on 31 January 2024. The leaving arrangements for Philip are fully disclosed under Leaving arrangements for Philip Jansen on page 116.

<sup>c</sup> Under the terms of the Relationship Agreement between BT Group plc and Deutsche Telekom and the Directors' letter of appointment, no remuneration is payable for this position.

<sup>d</sup> Ruth joined during FY24 and so no relevant comparison can be presented.

<sup>e</sup> The director left during FY24 and any reduction reflects the pro-rated remuneration.

## Remuneration in context continued

### Relative importance of the spend on pay

The table below shows the percentage change in total remuneration paid to all employees compared to expenditure on dividends and share buybacks.

Area	FY24 (£m)	FY23 (£m)	% change
Remuneration paid to all employees	4,921	4,952	(0.63)%
Dividends/share buybacks <sup>a</sup>	840	940	(10.6)%

<sup>a</sup> Includes share purchases by the Trust as set out in note 21 to the consolidated financial statements.

### Inclusion and diversity

Embracing inclusion, diversity, accessibility and equality is core to our people strategy and critical to our growth. Our Inclusion, Equity and Diversity Strategy is a programmatic, evidence-based approach to help us understand and remove bias and other cognitive barriers from policies, processes, systems and decision making.

It supports our aim to build the strongest foundations by making sure we apply an inclusion lens to everything we do and by promoting a culture where colleagues can thrive.

More details on our Inclusion, Equity and Diversity Strategy can be found on pages [31](#) to [33](#).

### Gender pay gap reporting

At a group-level, our median hourly pay gap between male and female colleagues has decreased to 5.6% (6.1% in 2022). This remains favourably below the high-tech industry median of 12.9%, and the UK national median of 14.3% (ONS provisional).

Our Gender Pay Gap statement sets out the key information required under legislation and is available on our website [bt.com/genderpaygap](https://www.bt.com/genderpaygap)

### Ruth Cairnie

Chair of the Remuneration Committee  
15 May 2024

# Statement of directors' responsibilities in respect of the Annual Report and the financial statements

## The directors are responsible for preparing the Annual Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they are required to prepare the group financial statements in accordance with UK-adopted international accounting standards and with the requirements of the Companies Act 2006. The parent company meets the definition of a qualifying entity under FRS 100 and the company financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (FRS 101 "Reduced disclosure framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company, and of the group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently
- make judgements and estimates that are reasonable, relevant, reliable and, in respect of the parent Company financial statements only, prudent
- state whether the group financial statements have been prepared in accordance with the UK-adopted international accounting standards
- state whether applicable UK accounting standards have been followed with regards to the parent company financial statements, subject to any material departures disclosed and explained in the parent company financial statements
- assess the group and parent company's ability to continue as a going concern and disclose, as applicable, matters related to going concern
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy, at any time, the financial position of the parent company, and enable them to ensure that its financial statements comply with the 2006 Act. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing an annual strategic report, directors' report, report on directors' remuneration and corporate governance statement that comply with such law and regulation.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the BT Group website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Disclosure Guidance and Transparency Rule ("DTR") 4.1.16R, the financial statements will form part of the annual financial report prepared under DTR 4.1.17R and 4.1.18R. The auditor's report on these financial statements provides no assurance over whether the annual financial report has been prepared in accordance with those requirements.

## Responsibility statement of the Board in respect of the annual financial report

We confirm, to the best of our knowledge that:

- the **financial statements**, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the group and the undertakings included in the consolidation taken as a whole
- the **Strategic report** and the **Report of the directors** include a fair review of the development and performance of the business and the position of the group and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

We consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the group's position, performance, business model and strategy.

This responsibility statement was approved by the Board on 15 May 2024 and was signed on its behalf by:

**Allison Kirkby**  
Chief Executive

**Simon Lowth**  
Chief Financial Officer

# Report of the directors

The directors present the Report of the directors, together with audited financial information for the year ended 31 March 2024. The Report of the directors also encompasses the entirety of our Corporate governance report on pages 83 to 130 for the purpose of section 463 of the Companies Act 2006 (the 2006 Act). The Report of the directors together with the Strategic report on pages 1 to 82 form the Management report for the basis of DTR 4.1.5R.

In accordance with DTR 4.1.14R, the financial statements will form part of the annual financial report prepared using the single electronic reporting format under the TD ESEF Regulation. The Auditor's report on these financial statements provides no assurance over the ESEF format.

## Material accounting estimates, key judgements and significant accounting policies

Our critical accounting estimates, key judgements and significant accounting policies conform with UK-adopted International Financial Reporting Standards (IFRS) and IFRSs issued by the International Accounting Standards Board (IASB) and are set out on page 150 of the consolidated financial statements. The directors have reviewed these policies and applicable estimation techniques and have confirmed that they are appropriate for the preparation of the FY24 consolidated financial statements.

## Disclosure of information to the auditor

As far as each of the directors is aware, there is no relevant audit information (as defined by section 418(3) of the 2006 Act) that hasn't been disclosed to the auditor. Each of the directors confirms that all steps have been taken that ought to have been to make them aware of any relevant audit information and to establish that the auditor has been made aware of that information.

## Going concern

In line with IAS 1 'Presentation of financial statements', and FRC guidance on 'risk management, internal control and related financial and business reporting', management has taken into account all available information about the future for a period of at least, but not limited to, 12 months from the date of approval of the financial statements when assessing the group's ability to continue as a going concern.

The Strategic report on pages 1 to 82 includes information on the group structure, strategy and business model, the performance of each customer-facing unit and the impact of regulation and competition. The Group performance section on pages 50 to 57 includes information on our group financial results, financial outlook, cash flow and net debt, and balance sheet position. Notes 23, 25, 26 and 28 of the consolidated financial statements include information on the group's investments, cash and cash equivalents, borrowings, derivatives, financial risk management objectives, hedging policies and exposure to interest, foreign exchange, credit, liquidity and market risks.

Our principal risks and uncertainties are set out on pages 63 to 70 including details of each risk and how we manage them. The directors carried out a robust assessment of the principal risks affecting the group, including any that could threaten our business model, future performance, insolvency or liquidity.

This assessment is consistent with the assessment of our viability, as set out on pages 81 to 82, which has been based on the Company's strategy, balance sheet and financing position, including our £2.1bn undrawn committed borrowing facility which matures in March 2027, and the potential impact of Our principal risks and uncertainties on pages 63 to 70; and which estimates the financial impact for a severe but plausible outcome for each risk, both individually and in combination through stochastic risk modelling. This stress testing confirmed that existing projected cash flows and cash management activities provide us with adequate headroom over the going concern assessment period.

Having assessed the principal and emerging risks, the directors considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements. This assessment covers the period to May 2025, which is consistent with FRC guidance. When reaching this conclusion, the directors took into account the group's overall financial position (including trading results and the ability to repay term debt as it matures without recourse to refinancing) and the exposure to principal risks (including severe but plausible downsides, refer to the Viability statement on pages 81 to 82).

At 31 March 2024, the group had cash and cash equivalents of £0.4bn and current asset investments of £2.4bn. The group also had access to committed borrowing facilities of £2.1bn. These facilities were undrawn at the period-end and are not subject to renewal until March 2027.

## Independent advice

The Board has a procedure that allows directors to seek independent professional advice at our expense. All directors also have access to the advice and services of the Company Secretary and her nominated delegate.

## Directors' and officers' liability insurance and indemnity

We routinely buy insurance cover for directors, officers and employees in positions of managerial supervision of BT Group plc and its subsidiaries. This is intended to protect against defence costs, civil damages and, in some circumstances, civil fines and penalties (provided they are insurable) following an action brought against them in their personal capacity. The policy also covers individuals serving as directors of other companies or of joint ventures, or on boards of trade associations or charitable organisations at the group's request. The insurance protects the directors and officers directly in circumstances where, by law, BT Group plc cannot provide an indemnity. It also provides the group, subject to a retention, with cover against the cost of indemnifying a director or officer. One layer of insurance is ring-fenced for the directors of BT Group plc.

As at 15 May 2024, and throughout FY24, BT Group plc's wholly owned subsidiary, British Telecommunications plc, has provided an indemnity for a group of people similar to the group covered by the above insurance. Neither the insurance nor the indemnity provides cover where the individual is proven to have acted fraudulently or dishonestly.

As permitted by BT Group plc's Articles of Association, and to the extent permitted by law, the group indemnifies each of its directors and other officers against certain liabilities that may be



incurred as a result of their positions within the group. The indemnity was in force throughout the tenure of each director during the last financial year, and remains in force.

### Interest of management in certain transactions

During and at the end of FY24, none of BT Group plc's directors were materially interested in any material transaction in relation to the group's business. None are materially interested in any currently proposed material transactions.

### Power to authorise conflicts

All directors have a duty under the 2006 Act to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the group. BT Group plc's Articles of Association include provisions for dealing with directors' conflicts of interest in accordance with the 2006 Act. The group has procedures in place, which it follows, to deal with such situations. These require the Board to:

- consider each conflict situation separately on its particular facts
- consider the conflict situation in conjunction with its other duties under the 2006 Act
- keep records and Board minutes on any authorisations granted by directors and the scope of any approvals given
- regularly review conflict authorisation.

The Company Secretary maintains a conflicts of interest register.

The *Conflicted Matters Committee* identifies to what extent Board and Committee materials are likely to refer to a potential or actual conflict of interest between BT Group plc and Deutsche Telekom and, as a result, what materials should be shared with our Non-Independent, Non-Executive Director and Deutsche Telekom nominated representative. He owes duties to both BT Group plc and Deutsche Telekom, and the *Conflicted Matters Committee* helps him comply with his fiduciary duties, although ultimate responsibility rests with him.

### Systems of risk management and internal control

The Board is responsible for reviewing the group's systems of risk management and internal control each year, and for ensuring their effectiveness, including in respect of relevant assurance activities. These systems are designed to manage, rather than eliminate, risks we face that may prevent us from achieving our business objectives and delivering our strategy. Any system can provide only reasonable, and not absolute, assurance against material misstatement or loss.

Our group risk management framework is simple and consistent, and defines our (1) risk mindset, (2) risk process and activities; and finally (3) governance. The framework:

- provides the business with the tools to take on the right risks and make smart risk decisions
- supports the identification, assessment and management of the principal risks and uncertainties faced by the group
- is an integral part of BT Group's annual strategic review cycle.

The framework was designed in accordance with the FRC guidance on risk management, internal control and related financial and business reporting and has been in operation throughout the year and up to the date on which this document was approved. The framework was reviewed in FY24 and was deemed effective. Continuous improvements were made in FY24, including the rollout of a new training programme to establish a core level of understanding of expectations across our senior leadership team and all those with roles that are key to making our framework a success. There was also focus on embedding our Key Control Framework, a set of Group requirements, defined by

subject matter experts, to be implemented consistently across all Units.

More information on our group risk management framework can be found in the **Risk management** section on pages [61](#) to [62](#).

Internal audit carry out periodic assessments of the quality of risk management and control, promote effective risk management across all our units and report to management and the *Audit & Risk Committee* on the status of specific areas identified for improvement. We do not cover joint ventures and associates not controlled by the group in the scope of our group risk management framework. Such third parties are responsible for their own internal control assessment.

Furthermore, the *Audit & Risk Committee*, on behalf of the Board, reviews the effectiveness of the systems of risk management and internal control across the group. Further details on how the *Audit & Risk Committee* fulfils these duties can be found on page [102](#).

### Capital Management and Funding Policy

The objective of our Capital Management Policy is to target an overall level of debt consistent with our credit rating objectives, while investing in the business, supporting our pension schemes and meeting our Distribution Policy.

The Board regularly reviews the group's capital structure. Management proposes actions and produces analyses which reflect the group's investment plans and risk characteristics, as well as the macroeconomic conditions in which we operate.

Our Funding Policy is to raise and invest funds centrally to meet the group's anticipated requirements. We use a combination of capital market bond issuance and committed borrowing facilities to fund the group. When issuing debt, in order to avoid refinancing risk, group treasury will take into consideration the maturity profile of the group's debt portfolio, financial market conditions as well as forecast cash flows.

See note 28 to the consolidated **financial statements** for details of our Treasury Policy.

### Financial instruments

Details of the group's financial risk management objectives, policies of the group and exposure to interest risk, credit risk, liquidity risk and foreign exchange are given in note 28 to the consolidated **financial statements**.

### Credit Risk Management Policy

We take proactive steps to minimise the impact of adverse market conditions on our financial instruments. In managing investments and derivative financial instruments, group treasury monitors the credit quality across treasury counterparties and actively manages any exposures that arise. Management within the business units also actively monitors any exposures arising from trading balances.

### Off-balance sheet arrangements

Other than the financial commitments and contingent liabilities disclosed in note 31 to the consolidated **financial statements**, there are no off-balance sheet arrangements that have, or are reasonably likely to have, a current or future material effect on:

- our financial condition
- changes in financial condition
- revenues or expenses
- results of operations
- liquidity
- capital expenditure
- capital resources.

## Report of the directors continued

We use a supply chain financing programme with a limited number of suppliers with short payment terms to extend them a more typical payment term. More details are disclosed in note 17 to the consolidated **financial statements**.

### Legal proceedings

The group is involved in various legal proceedings, including actual or threatened litigation and government or regulatory investigations. For further details of legal and regulatory proceedings to which the group is party, please see note 18 to the consolidated **financial statements**.

Apart from the information disclosed in note 18 to the consolidated **financial statements**, the group does not currently believe that there are any legal proceedings, government or regulatory investigations that may have a material adverse impact on the operations or financial condition of the group. In respect of each of the claims described in note 18, the nature and progression of such proceedings and investigations can make it difficult to predict the impact they will have on the group. Many factors prevent us from making these assessments with certainty, including the fact that some such proceedings or investigations are in early stages, no damages or remedies have been specified, and/or the frequently slow pace of litigation.

### Other information – Listing Rules

For the purposes of the Listing Rule (LR) 9.8.4R, the information below is disclosed as follows:

Section information	Page
LR 9.8.4R(4)	50
LR 9.8.4R(12)	See below
LR 9.8.4R(13)	See below

In respect of LR 9.8.4R(12) and (13), the trustee of the BT Group Employee Share Ownership Trust (the Trust) agrees to waive dividends payable on the BT Group plc shares it holds for satisfying awards under the group's executive share plans.

Under the rules of these share plans, the dividends are reinvested in BT Group plc shares that are added to the relevant share awards.

No other information is required to be disclosed pursuant to LR 9.8.4R.

### Other statutory information – the 2006 Act

Certain provisions of the 2006 Act (or regulations made pursuant thereto) require us to make additional disclosures within the **Report of the directors**. The disclosures referred to below are included elsewhere in this Annual Report and incorporated by reference into the **Report of the directors**:

Section information	Page
Future developments	1 to 82
Particulars of any important events affecting BT Group or any of its subsidiary undertakings which have occurred since the end of the financial year	221
Research and development activities	15
How the directors have engaged with UK employees, had regard to UK employee interests, and the effect of that regard, including on principal decisions during the year	24, 41 and 90 to 93
How the directors have had regard to the need to foster business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions during the year	26 to 27, 40 to 45 and 90 to 93
Greenhouse gas emissions, energy consumption and energy efficiency action	38,72 and 80
Structure of BT Group plc's share capital (including the rights and obligations attaching to the shares)	147
Significant agreements to which BT Group plc is a party that take effect, alter or terminate upon a change of control following a takeover	n/a
Related undertakings	226 to 230

### The following disclosures are not covered elsewhere in this Annual Report:

- BT Group has two employee share ownership trusts that hold BT Group plc shares for satisfying awards under our various employee share plans
- the trustee of the BT Group Employee Share Investment Plan may invite participants, on whose behalf it holds shares, to direct it how to vote in respect of those shares. If there is an offer for the shares or another transaction that would lead to a change of control, such participants may direct the trustee to accept the offer or agree to the transaction
- in respect of shares held in the Trust, the trustee abstains from voting those shares if there is an offer for the shares. The trustee does not have to accept or reject the offer but will have regard to the interests of the participants, may consult with the participants to obtain their views on the offer, and may otherwise take any action with respect to the offer that it thinks is fair
- EasyShare is the group's corporate sponsored nominee service, which allows UK and European Economic Area resident shareholders to hold BT Group plc shares electronically
- EasyShare is administered by Equiniti Financial Services Limited. As at 15 May 2024, 419m shares were held in EasyShare (4.21% of the issued share capital (4.22% excluding treasury shares)) on behalf of BT Group plc shareholders
- no person holds securities carrying special rights with regard to control of the group
- our share registrar, Equiniti, must receive proxy appointment and voting instructions not less than 48 hours before any general meeting (see page 130)
- the business of BT Group is managed by the Board. The directors may exercise all the powers of BT Group plc, subject to the Articles of Association, legislation and regulation. This includes the ability to exercise the authority to allot or purchase BT Group plc shares pursuant to shareholders passing an ordinary resolution at the Annual General Meeting (AGM)
- we have no agreements with directors providing for compensation for loss of office or employment as a result of a takeover. Similarly, there is no provision for this in our standard employee contracts
- we're not aware of any agreements between shareholders that may result in restrictions on the transfer of shares or on voting rights.

## Articles of Association

BT Group plc's current Articles of Association were adopted pursuant to a resolution passed at the AGM of BT Group plc held on 15 July 2021 and contain, amongst others, provisions on the rights and obligations attaching to BT Group plc's shares.

The Articles of Association may only be amended by special resolution at a general meeting of the shareholders in accordance with applicable legislation.

☐ A copy of the current Articles of Association is available at [bt.com/articles](https://bt.com/articles)

## Directors' appointment, retirement and removal

The Articles of Association regulate the appointment and removal of directors, as does the 2006 Act and related legislation. The Board, and shareholders (by ordinary resolution), may appoint a person who is willing to be elected as a director, either to fill a vacancy or as an additional director. At every AGM, all directors must automatically retire. A retiring director is eligible for election or re-election, as applicable. In addition to any power of removal under the 2006 Act, the shareholders can pass an ordinary resolution to remove a director.

Raphael Kübler was appointed as a Non-Independent, Non-Executive Director under the terms of the Relationship Agreement between BT Group plc and Deutsche Telekom. His appointment is terminable immediately by either party.

## Share rights

### (a) Voting rights

On a show of hands, every shareholder present in person or by proxy at any general meeting has one vote and, on a poll, every shareholder present in person or by proxy has one vote for each share which they hold.

There are no restrictions on exercising voting rights except in situations where BT Group plc is legally entitled to impose such a restriction (for example where a notice under section 793 of the 2006 Act has been served).

### (b) Variation of rights

If the share capital of BT Group plc were to be split into different classes of shares by special resolution, the special rights attached to any of those classes can be varied or withdrawn either: (i) with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class; or (ii) with the consent in writing of the holders of at least 75% in nominal value of the issued shares of that class. BT Group plc can issue new shares and attach any rights and restrictions to them, as long as this is not restricted by special rights previously given to holders of any existing shares. Subject to this, the rights of new shares can take priority over the rights of existing shares, or existing shares can take priority over them, or the new shares and the existing shares can rank equally. BT Group plc currently has one class of shares.

## Transfer of shares

There is no specific restriction on the transfer of BT Group plc shares in the group, which is governed by the Articles of Association and prevailing legislation.

## Political donations

Our policy is that no company in the group will make contributions in cash or in kind to any political party, whether by gift or loan. However, the definition of political donations used in the 2006 Act is significantly broader than the sense in which these words are ordinarily used. The 2006 Act's remit could cover making

members of Parliament and others in the political world aware of key industry issues and matters affecting BT Group plc, and enhancing their understanding of the group.

The authority for political donations requested at the 2024 AGM is not intended to change this policy. It does, however, ensure that the group continues to act within the provisions of the 2006 Act, requiring companies to obtain shareholder authority before they make donations to political parties and/or political organisations as defined in the 2006 Act. During FY24, BT Group plc's wholly owned subsidiary, British Telecommunications plc, paid the costs of attending events at (i) the Labour Party Conference and Business Conference; (ii) the Conservative Party Conference; and (iii) the Liberal Democrats Business Day. These costs totalled £9,343 (FY23: £5,848). No company in the BT Group made any loans to any political party.

## Substantial shareholdings

As at 31 March 2024, BT Group plc had received notice, under the DTRs, in respect of the following holdings of 3% or more of the voting rights in its issued ordinary share capital:

	Date of notification	Shares	% of total voting rights
Altice UK S.à r.l.	22 May 2023	2,435,476,188	24.50%
T-Mobile Holdings	23 March 2018	1,196,175,322	12.06%
BlackRock, Inc.	13 June 2023	470,325,337	4.73%

As at 15 May 2024, BT Group had not received any further such notices under the DTRs.

## Colleague engagement

Engaging with our colleagues is critical to creating a culture where they can be their best and contribute to our purpose, ambition, strategy and long term success.

Engaging with our colleagues takes many forms, including through:

- the Board receiving regular updates from the Chief Executive and Chief Human Resources Officer on colleagues, key people strategy initiatives, culture and overall sentiment in the organisation
- our Designated Non-Executive Director for Workforce Engagement and the *Colleague Board*. The *Colleague Board* was in place throughout most of FY24, however the Board made the decision to disband the *Colleague Board* and going forward the Designated Non-Executive Director for Workforce Engagement will engage in a comprehensive colleague outreach programme in its place (see pages 90 to 91)
- our quarterly Your Say colleague engagement surveys
- regular colleague communications.

Colleagues are kept well informed on matters such as the strategy and performance of the group, including after certain key events such as results and trading updates. We work with our highly active, engaged and award-winning People Networks. These colleague-driven groups raise awareness and advocate for change both inside and outside BT Group.

Colleague engagement is 75%, +5% vs UK external benchmarks and +4% since September. The resolution of industrial action and agreement for a two-year pay award have contributed to the improvement in sentiment.

## Report of the directors continued

We encourage all of our colleagues to become shareholders in the business through the operation of all-employee share plans. We annually consider which all-employee plans to offer, both in the UK and globally.

### Employees with disabilities

We're an inclusive employer and actively encourage the recruitment, development, promotion and retention of disabled people.

In FY24 we focused on three areas to support our disabled colleagues:

- we committed to improving our workplace adjustments process so that colleagues can get the adjustments that they need when they need them, with a new initiative in the UK launched in July with plans to extend the rollout to India
- a development programme specifically aimed at disabled colleagues who are junior managers has been piloted, and work is under consideration for rollout to all career levels
- we want all colleagues and people managers to understand disability and how to support disabled colleagues, so we have launched three disability advocacy training pathways and published them to our internal disability hub for access by all colleagues.

This is the first year that we reported our disability pay gap; it reflects our drive for equal opportunity across all characteristics. At the time of the snapshot date in April 2023, the mean and median pay gaps were low, with a mean gap of 0.7% and a zero median gap. Further information can be found on page 32.

We continued our partnership with the Business Disability Forum, and we will be working to make sure that we are able to meet and exceed the commitments we made to obtain our Disability Confident leader status and our membership of Valuable 500.

 Read more on inclusion and diversity at [bt.com/inclusion-and-diversity](https://bt.com/inclusion-and-diversity)

### AGM

#### Resolutions

At the 2024 AGM, shareholders will be asked to vote on all resolutions including the Annual Report, the **Report on directors' remuneration**, the election/re-election of directors, the reappointment of KPMG LLP as our external auditor and to authorise the *Audit & Risk Committee* to agree its remuneration, giving authority to the directors to allot BT Group plc shares and disapply pre-emption rights.

Before the AGM, our share registrar, Equiniti, will count the proxy votes for and against each resolution, as well as votes withheld. The voting results will be announced by way of a stock exchange announcement and published on our website as soon as reasonably practicable following the conclusion of the AGM. As at previous AGMs, we will take votes on all matters at the 2024 AGM on a poll.

The separate Notice of meeting 2024, which we send to all shareholders who have requested shareholder documents by post, contains the resolutions (with explanatory notes) which we will propose at the 2024 AGM on 11 July 2024. We notify all shareholders of the publication of these documents which are available on our website at [bt.com/annualreport](https://bt.com/annualreport)

#### Authority to purchase shares

The authority given at the 2023 AGM for BT Group plc to purchase in the market 993m of its shares, representing 10% of BT Group plc's issued share capital (excluding treasury shares), expires at

the conclusion of the 2024 AGM. We will ask shareholders to give a similar authority at the 2024 AGM.

During FY24 and up to 15 May 2024, no shares were purchased under this authority.

At the start of the year, £36m shares (having a total nominal value of £1.8m, and constituting 0.36% of the issued share capital (0.36% excluding treasury shares)) were held as treasury shares. During FY24, 19.8m treasury shares (having a nominal value of £995,000, and constituting 0.19% of the issued share capital (0.20% excluding treasury shares)) were transferred to meet BT Group plc's obligations under its employee share plans. At 31 March 2024, a total of 16.3m shares (having a total nominal value of £815,000, and constituting 0.16% of the issued share capital (0.16% excluding treasury shares)) were held as treasury shares (see note 20 to the consolidated **financial statements**).

Since 31 March 2024 (up to and including 15 May 2024), 552,071 treasury shares (having a nominal value of £27,600, and constituting 0.005% of the issued share capital (0.005% excluding treasury shares)) have been transferred to meet BT Group plc's obligations under its employee share plans.

At 15 May 2024, a total of 15.7m shares (having a nominal value of £787,300, and constituting 0.16% of the issued share capital (0.16% excluding treasury shares)) were held as treasury shares.

In addition, during FY24 and up to 15 May 2024 the Trust purchased 98.2m BT Group plc shares for a total consideration of £132.5m. The Trust held 158.4m shares both at 31 March 2024 and 15 May 2024.

### Cross-reference to the Strategic report

We have chosen to include the following information in the **Strategic report** in line with the 2006 Act (otherwise required by law to be included in the **Report of the directors**):

- the final dividend proposed by the Board ([page 51](#))
- an indication of likely future developments in the business of BT Group plc and its group ([pages 1 to 82](#))
- an indication of our research and development activities ([page 15](#))
- information about how the directors engaged with UK employees, had regard to UK employee interests, and the effect of that regard, including on principal decisions during the year ([pages 24, 41 and 90 to 91](#))
- information about how the directors have had regard to the need to foster business relationships with suppliers, customers and others, and the effect of that regard, including on principal decisions during the year ([pages 26 to 27, 40 to 45 and 90 to 91](#))
- information about greenhouse gas emissions, energy consumption and energy efficiency action ([pages 38, 71 to 80](#)).

By order of the Board

#### Sabine Chalmers

Group General Counsel, Company Secretary &  
Director Regulatory Affairs  
15 May 2024