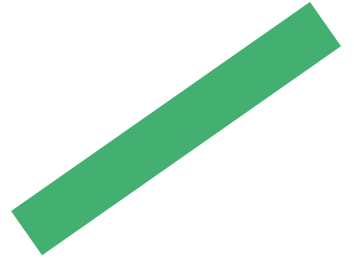
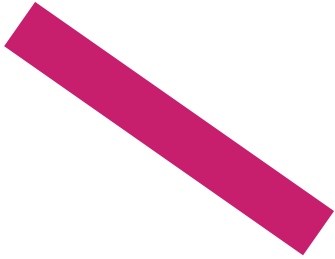
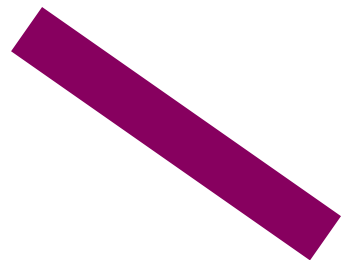


BT Group



A better BT for all of us



Now is the time to create the BT our customers, our colleagues, our owners, and the country needs.

📖 We'll achieve this through our refreshed strategy. Read more on page 20



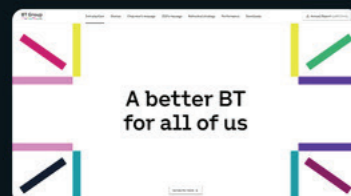
Most satisfied and loyal customers

>50%

More than half of all UK homes and business now have access to faster and more reliable broadband thanks to Openreach's investment in full fibre

24.8-29.5

Group NPS (FY24 vs FY25)



Online annual review

To explore how we are creating a better BT for all of us, visit our online review.

🌐 bt.com/annualreview

Most engaged and empowered colleagues

82%

Based on our latest 'Your Say' survey, 82% of colleagues feel positive about developing new ways to serve customers and being empowered to make decisions. That's 8% above the UK benchmark.



Positively impacting the whole country

We connect people, businesses and society and make a significant economic contribution to the UK. Last year we added more than £22.8bn.

£22.8bn

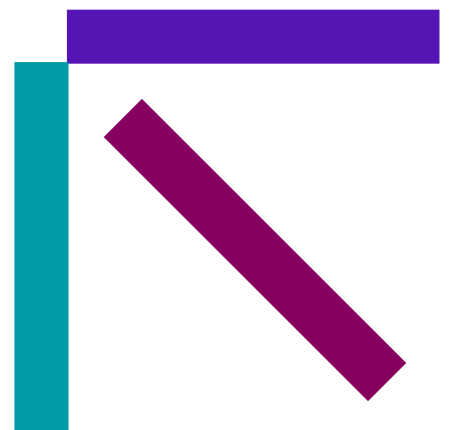
Increased dividend for our owners

8.16 pence per share



For 180 years, we've brought progress. Moving the nation forwards by engineering and pioneering the extraordinary.

We're not just the backbone of the UK, we're the beating heart. Always keeping people connected, safely and securely. But today, we're facing a new set of challenges. The world is louder. Faster. Less certain. More complex, more demanding, than ever before.






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The Board approved this **Strategic report** on 22 May 2025. The Chairman signed it on their behalf.

Adam Crozier

Chairman
22 May 2025

-  You can find our **cautionary statement on forward-looking statements** on page [231](#).
-  Pages [2](#) to [72](#) are the **Strategic report**. It includes our business model, progress against our current strategic framework, our refreshed strategy, our key performance indicators, group performance and our principal risks and uncertainties.
-  You can find our **Corporate governance report** on pages [73](#) to [128](#). It includes the Report on directors' remuneration and the Directors' report.

When we say 'BT Group' and 'the group' in this document we mean BT Group plc – made up of our subsidiaries, customer-facing units and internal corporate units. When we say 'FY25' we mean the financial year that ended on 31 March 2025, and we use the same approach for any other years.

How we've done

Revenue

£20.4bn (2)%

(FY24: £20.8bn)

Profit before tax

£1.3bn 12%

(FY24: £1.2bn)

Adjusted^a EBITDA

£8.2bn 1%

(FY24: £8.1bn)

Cash flow from operating activities

£7.0bn 17%

(FY24: £6.0bn)

Normalised free cash flow^b

£1.6bn 25%

(FY24: £1.3bn)

Basic earnings per share

10.8p 24%



(FY24: 8.7p)

Capital expenditure

£4.9bn —%

(FY24: £4.9bn)

Look out for these throughout the report

-  Reference to another page in the report
-  Reference to further reading online

^a Adjusted EBITDA is group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post tax profits or losses of associates and joint ventures. See page [230](#).

^b We define normalised free cash flow on page [230](#).

A message from our Chairman

A year of continued progress



Over the past year we've been focused on transforming at pace to deliver exceptional customer experience and improved shareholder value. We've made significant progress, with a refreshed corporate strategy, key executive appointments, and changes to the structure of the business.

Adam Crozier
Chairman

We've set a solid foundation to enable future success, and we're already seeing the early benefits, reflected in our improved share price over the past 12 months.

Allison's first year at the helm

This Annual Report marks the first full year with Allison in post as Chief Executive. Over the past 12 months, the executive leadership team has been accelerating the transformation of the business so that we're better able to serve our customers, while focusing BT on our core operation: providing leading connectivity in the UK.

Our emphasis on putting customers at the heart of our decision making has already started to yield positive results, with improved customer satisfaction scores across the business. The same people-led approach internally has also been key to building employee engagement, which has been instrumental in navigating the challenges of the past year. Our leadership is steering us towards a bright future, and I have full confidence in the Executive Committee's vision and execution.

FY25 investment and dividend

BT is currently the largest investor in UK infrastructure of any company listed on the FTSE 100. In the last five years, our cumulative capex investment has been £24.3bn against a backdrop of investment in UK infrastructure slowing or falling behind schedule. The connectivity our next-generation networks provide will play a critical role in strengthening our customer base and long-term financial health, while also underpinning economic growth and wider societal benefits.

We've re-confirmed our financial targets for the coming years, as we move towards our free cashflow targets of £2bn in FY27 and £3bn in FY30. This gives us confidence to maintain a progressive dividend policy, and we raised our dividend for FY25 by 2% to 8.16 pence per share, reflecting our commitment to delivering value to our shareholders, while continuing to invest in the future growth of the company.

Societal benefits

It's our mission to connect for good and make a positive impact on society. This year, we launched our first climate transition plan which outlined our future ambitions:

- Aiming to achieve net zero carbon emissions in our operations by 2031 and for the full value chain by March 2041
- Transitioning the majority of our vehicles to electric or zero-emission by March 2031
- Sending zero waste to landfill by 2030
- Reducing our networks' energy consumption annually

- Building towards a circular BT Group by 2030 and a circular tech and telco ecosystem by 2040

As well as benefitting the communities we serve, these efforts enhance our own long-term resilience, ensuring we have the strategy and capacity to navigate the uncertainties of climate change. By setting clear targets and tracking our progress, we're holding ourselves accountable and demonstrating our position as a climate leader. Our work towards these ambitions is already well underway too – as evidenced by BT Group making the UK's largest ever commercial Electric Vehicle fleet order earlier this year.

In addition to our environmental initiatives, we're also focused on creating wider social value. Our inclusion programmes aim to bridge the digital divide and ensure that everyone can reap the benefits of next-generation networks – from access to education, health and government services, through to connectivity that enables businesses to work more quickly and flexibly, boosting productivity and growth. We're also committed to ensuring these benefits are realised safely and securely, as we all face a growing range of online threats.

Stakeholder relations

Like all organisations, we're navigating an increasingly complex geopolitical and trading environment – making our wider stakeholder relationships more important than ever. Our engagement with the government and regulatory bodies has been instrumental in shaping policies that support the growth and development of our business and the telecommunications sector.

In the UK, while we were impacted by changes announced in the 2024 Autumn Budget, we have engaged strongly with the UK Government since their election last year. Fundamentally, we share their ambition to drive economic growth for the UK, and our ongoing investments in digital infrastructure will be crucial to achieving this goal.

Our relationship with Ofcom remains a key priority, and we welcomed their Telecoms Access Review update this year, which focuses on providing the long-term certainty and predictability needed for major investors such as BT Group. We also led the industry in switching from 'CPI+' to 'pounds and pence' consumer price increases before regulatory intervention, giving customers greater clarity on their billing after high inflationary pressures in recent years.

Our collaboration with stakeholders extends beyond government and regulators. We've continued to engage openly with our customers, employees, suppliers, and communities to understand their needs and expectations, building trust and strengthening relationships with the wide range of stakeholders who are critical to our future success.

Governance and Board changes

The past year saw several important changes to our Board, including Tushar Morzaria and Rima Qureshi joining as Independent Non-Executive Directors in May 2024 and March 2025 respectively and Sir Alex Chisholm being appointed as our dedicated Non-Executive Director for Ofcom engagement in September 2024. Isabel Hudson stepped down from the Board in July 2024.

These appointments bring a wealth of experience and expertise to our Board, enhancing our governance and strategic oversight. Tushar's financial acumen, Alex's regulatory insights, and Rima's global perspective and telecoms experience will be invaluable as we navigate a rapidly evolving external outlook.

Diversity and inclusion are core values at BT Group, and we're committed to fostering a culture where everyone feels valued and respected. Our Board's diversity reflects our broader commitment to creating an inclusive workplace that leverages the unique perspectives and talents of all our employees.

Looking forward

There remains a great deal to be done to truly transform BT Group, but we've made significant progress over the past year. I would like to thank my fellow Board members, our executive leadership team, and most of all our people for their drive and commitment to delivering this.

The foundations we've built position us well for the future. I'm more confident than ever that the changes we're making are bringing clear rewards today and will deliver long-term benefits for our customers, our shareholders, and UK society as a whole.

Adam Crozier

Chairman
22 May 2025

A message from our Chief Executive

A better BT for all of us



During the past year we've been fully focused on accelerating BT's modernisation and transformation, as we become a BT that's better for all of us: for our people, our customers, the country and our owners.

Allison Kirkby
Chief Executive



We've increased the build pace of the nation's digital backbone; sharpened our focus on providing the UK's most trusted connectivity; and we are continuing to address our legacy and complexity by simplifying and digitalising our products, and the way we work. When we get this right, we will deliver for all our stakeholders.

BT's contribution to the UK cannot be overstated. Our latest Economic Impact Report shows our gross value add to the economy during FY24 was £22.8bn^a and the estimated boost to the UK's productivity from our full fibre network is now expected to reach £72bn by 2030^b. Put simply: BT is central to the UK's future prosperity.

This is a huge responsibility for all of us here. But it's also what makes this job, and BT, so important and so special.

Progress in the year

In FY25 we delivered strong progress against our strategic priorities, hitting record full fibre build and connect highs, and seeing EE awarded the best mobile network for a record 11th year running, recognising EE's clear leadership in 5G. This continued progress in digital infrastructure contributed to improved customer satisfaction scores across each of our brands and business segments.

Although revenue declined year-on-year, driven mainly by international sales and handsets, we made a strong start on our latest transformation initiatives – achieving more than £900m of annualised savings one year into our five-year programme to remove £3bn. Combined with disciplined cost control and a step-up in focus and transformation, we grew both EBITDA and normalised free cash flow, despite the lower revenues. This allowed us to sustain peak levels of investment and increase our dividend for FY25 by 2% to 8.16 pence per share.

The continued delivery against our strategic priorities keeps us on track to reach 30 million premises with full fibre, and 30 million retail customers with our full range of connectivity products and solutions, by the end of the decade. And we are now only one year away from our inflection to £2bn of normalised free cash flow, our target for FY27, and remain on track to deliver £3bn by the end of the decade.

I'm pleased with the scale of progress we've made this past year, and I'm excited about what's to come. But there's much more to do, and I remain impatient to push on harder and faster.

**Refreshed strategy –
A better BT for all of us**

Last year, I said that BT's strategy was delivering but the world around us is moving at pace. That's why we've set out a refreshed and more focused strategy for long-term growth, so that by 2030 we will be recognised as the trusted force keeping the UK connected. Guided by our purpose to connect for good, we will achieve this by focusing on three things:

Why we're here

We connect for good

Who we'll become

The UK's most trusted connector

How we'll succeed

Build

Connect

Accelerate

^a bt.com/economic-impact
^b [Full Fibre impact | Openreach](#)

A message from our Chief Executive continued

BT is currently the largest investor in UK infrastructure of any company listed on the FTSE 100.

Build

Building the best, most trusted digital networks

Since the beginning of this decade, and soon after I joined the BT Board, we have been getting on with building the country's next-generation networks – its digital backbone – faster, further and more efficiently than anyone else. Our aim is to have the lowest cost to build, the lowest cost to connect, the highest penetration and the lowest cost of capital.

In 2018, we did not have a full fibre network. Today, it reaches more than 18m homes and businesses across the country, of which we've connected 6.5m, or 36%, and counting.

Enabled by the “fair bet” struck with our regulator, the investments we're making mean that in the coming years our shareholders will be the owners of one of Europe's best, at-scale, fibre platforms. One that's set up to generate significant value over the decades to come and underpin both the country's development and its economic future.

We know that the more full fibre we build, the more customers choose to connect. So, we've decided to increase our build rate in FY26 by 20%, with an aim to reach up to 5m premises while continuing to grow our connection rate by migrating our CPs (Communication Providers) and their customers over to the Openreach fibre platform. This comes as we accelerate towards our goal of reaching 25m by the end of next year.

Our mobile network build has been equally impressive. We expanded our 5G network by 10% during the year, now covering more than 85% of the population, and in just eight months since switching it on, we're offering the full benefits of 5G Standalone to 50 UK towns and cities, reaching more than 40% of the population. These benefits include uninterrupted outdoor coverage, seamless in-crowd connectivity and better gaming and video streaming performance. Our 5G customer base in Business and Consumer grew by 15% to 13.2m during the year.

At the heart of the Government's growth agenda sits the economic prosperity that our fixed and mobile networks will enable. In our many interactions with Ministers and officials, it has been very encouraging to hear that they recognise the degree to which our agendas align. And, as Adam mentions in his letter, we welcomed the overall tone of stability and predictability in Ofcom's Telecoms Access Review launched this year.

As the operator of the country's most trusted and resilient networks, we will continue to work constructively with Government and Ofcom to protect the returns our planned investments always intended – and make them work even harder for our customers and owners, society and the economy.

Connect

Connecting customers so they thrive, as we grow, in a digital world

We are custodians of some of the country's most iconic brands: BT, EE, Plusnet and Openreach. Each has a deep connection with customers and the communities where they live and work.

During the year, we upgraded 28 of our biggest retail stores and we concluded the UK's biggest workplace transformation project, all designed to improve our customer and employee experience. BT's Better Workplace programme has seen us reduce our office estate from around 300 locations of variable quality to 30 modern and energising workplaces, with the final new hubs opening in Sheffield, Dundee and Manchester.

We were proud to broaden our Emergency Services Network contract with The Home Office for a further seven years, and at the end of the year we saw excellent contract wins including Defra which will benefit and impact our financial results in the future.

In our Consumer division, EE launched the world's first Wi-Fi 7-enabled routers (Smart Hub Pro), giving customers access to ultra-reliable multi-gigabit Wi-Fi throughout the home, and strengthening our standing among gamers – some of the most demanding broadband customers. Building on this, in the final quarter of the year we returned our Consumer broadband customer base to growth for the first time in three years.

In Business, the launch of 5G Standalone has meant that we can provide customers with a dedicated and protected 'slice' of the network for assured performance. We're exploring this for things like live on-site news broadcasting and critical communications at big outdoor gatherings such as marathons and festivals. We've already seen the impact on small businesses at busy events, enabling them to take superfast and reliable card and phone payments from the crowds of visitors.

For UK customers with global operations, we launched our network-as-a-service platform, Global Fabric. This world-first allows major organisations to make changes to their connectivity at lightning speed, providing people, devices and AI platforms with flexible connectivity to apps and data hosted across multiple cloud providers.

These are just some of the ways that we're bringing innovations to market so our customers can enjoy the very best of digital technology, powered by BT's networks.

The combination of our loved brands; simpler, upgraded products and services; and our partnerships with the world's best technology providers, has enabled us to stabilise our consumer base this year and increase the number of customers buying multiple services from us. These are important foundations for us to return to sustained customer and revenue growth in the coming years.

1.2m

Customers migrated off our legacy public switched telephone network

Accelerate

Accelerating our modernisation to restore leadership in everything we do

BT needs to radically simplify and digitalise to enable a major uplift in customer experience and productivity.

In-line with our sharpened focus on UK connectivity, we made a number of non-core divestments, signing two deals in Ireland to sell our data centres and our domestic enterprise and wholesale businesses, and agreeing the sale of our remaining domestic operations in Italy.

In addition, the separation of our UK and international B2B operations is well underway. On international, we now have a dedicated team laser-focused on business transformation, completing the roll out of Global Fabric, portfolio simplification and cost optimisation – while remaining open to all options, including partnerships. In the UK, our dedicated B2B team is leading a turnaround and return to growth.

Transforming and simplifying our core UK operations has also continued at pace. We're migrating customers from legacy, high-cost fragmented networks and products to low-touch, automated software-driven services, powered by data and AI.

During the year we migrated 1.2m customers off our legacy public switched telephone network (PSTN), with 1,200 of our people across the UK engaged in targeted outreach to support our more vulnerable and elderly customers through this upgrade. We also made good progress on simplifying our product portfolio, while simultaneously re-engineering our internal processes.

Our momentum on simplification and digitalisation keeps us on track to reduce our workforce to between 75,000 and 90,000 by the end of the decade. This, and the other efficiencies we're driving will allow us to expand margins by growing EBITDA faster than revenue over the medium-term.

The improvements we're making in our business, and the network investments we're making in the UK, are bringing huge benefits for our customers across the nation. We care deeply about ensuring these benefits are available to everyone – but we know that where we connect, we must also protect.

At BT, digital inclusion starts with digital safety. That means tackling the online threats and risks our customers face 24/7. This includes everything we do on cyber security: from blocking tens of millions of fraud, spam and nuisance calls and texts, to stopping two million potential cyber-attacks every day, and staying ahead of increasingly sophisticated cyber threats using leading-edge technologies like quantum.

We're also enabling parents to make the best choices for children entering the digital world. We were the first to take a stance, offering clear guidance on smartphone usage for under-16-year-olds, helping ensure they are connected safely and responsibly.

BT's transformation includes our commitment to sustainability and ensuring we play our part in reducing the impact of climate change, and Adam's already mentioned the key elements of our climate transition plan. This year alone, we reduced energy usage in our networks by 4%.

Our people

BT's incredible people are key to the success and progress we've made this year. I would like to thank every one of them for their ongoing commitment, passion and pride in what we do.

As we strive to achieve our ambition to be the UK's most trusted connector of people, business and society, we are using this as a catalyst to refresh our culture, with customers and collaboration at its heart.

At the same time, the scale of BT's modernisation agenda means it is essential we have the right management team in place to lead the business and drive growth.

During the year I made three important hires to my leadership team. Tom Meakin joined us in the newly created role of Chief Strategy & Change Officer; Claire Gillies is the new CEO of our Consumer division; and Jon James is now the CEO of our UK-focused Business division. Since the year end, Alison Wilcox has joined BT as our Chief People & Culture Officer, and Peter Leukert will join us in September as our new Chief Digital Officer. These leaders each bring experience and skills complementary to my own and to our strategy, and I am excited about the team spirit we are developing as together we build a better BT.

Confidence in our future

BT is the leading investor in the UK's networks; nobody else comes close. We're building the best full fibre and mobile networks offering customers the best connectivity, and we are accelerating our transformation and modernisation.

These next-generation infrastructure and technology assets, combined with our iconic brands and passionate people, are what set us apart from others and give me total confidence in our future as we become a better BT for all of us – our people, our customers, the country and our owners.

Allison Kirkby

Chief Executive
22 May 2025

Executive Committee

The Executive Committee is chaired by the Chief Executive. So that there is a single point of accountability, the Chief Executive (or a delegate) takes all the decisions.

The Executive Committee provides input and recommendations to help the Chief Executive:

- develop the group strategy and budget for Board approval
- execute the strategy once the Board approves it
- assure the Board on overall performance and how we're managing risks.



Allison Kirkby
Chief Executive

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

From May 2020 until becoming BT Group Chief Executive, Allison was President & CEO of Telia Company. She 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.



Simon Lowth
Chief Financial Officer

Appointed:
July 2016

Simon was CFO of BG Group before the takeover by Royal Dutch Shell in February 2016. Before that he was CFO of AstraZeneca, and Finance Director and Executive Director of ScottishPower. Simon was also previously a Director of McKinsey & Company.



Sabine Chalmers
General Counsel, Company Secretary and Director Regulatory Affairs

Appointed:
General Counsel April 2018.
Appointed Director Regulatory Affairs and Company Secretary in May and September 2021 respectively

Before joining BT Group, Sabine was Chief Legal and Corporate Affairs Officer and Company Secretary of Anheuser-Busch InBev for 12 years. She also held various legal leadership roles at Diageo. Sabine is qualified to practise law in England and Wales and New York State. She is also a member of the Court of Directors of the Bank of England.



Claire Gillies
CEO, Consumer

Appointed:
April 2025

Claire joined BT Group from Bell Canada, the largest communications company in Canada. There, she held a variety of senior leadership roles driving industry-leading results. Most recently Claire was the President of Bell's Consumer Division, and before that the President of Wireless. Earlier in her career, Claire was the President of The Source, Canada's largest consumer electronics retailer. She is also the Vice Chair of Kids Help Phone, a youth mental health charity and a Fellow of the International Women's Forum.



Jon James
CEO, Business

Appointed:
April 2025

Before joining BT Group to lead UK Business, Jon was the CEO of the leading Danish telecoms provider, Nuuday, where he led its comprehensive operational and technology transformation, driving a return to growth. In his 30-year career in the telecoms, media and technology sector, Jon has led a series of successful, large-scale transformations; he has been CEO of Tele2 in the Netherlands, Chief Operating Officer at Swedish cable operator Com Hem and was one of the senior leaders driving the creation and transformation of Virgin Media in the UK.



Tom Meakin
Chief Strategy & Change Officer

Appointed:
November 2024

Tom is responsible for BT Group's strategy and transformation, and also leads the teams in mergers and acquisitions, partnerships and innovation. Before joining BT Group, Tom was a Senior Partner at McKinsey & Company where he led the firm's Consumer Technology & Media industry practice globally. Between 2015 and 2017 he was COO at freenetTV, a German PayTV operator owned by TPG Capital.



Howard Watson
Chief Security and Networks Officer

Appointed:
Chief Technology and Information Officer February 2016 and became Chief Technology Officer March 2021. Appointed Chief Security and Networks Officer September 2022

Howard's expanded role puts security at the core of our business. He was formerly Chief Architect and Managing Director, global IT systems and led the technical teams behind the 2013 BT Sport launch. Howard joined BT Group in 2011 and has 40 years of telecoms experience. This includes time at Telewest Communications (now Virgin Media) and Cartesian, a telecommunications consultancy and software company.



Athalie Williams
Chief People & Culture Officer

Appointed:
December 2022

Before joining BT Group, Athalie was Chief People Officer for BHP, the world's largest mining and resources company. She led BHP's organisation, people and culture transformation agenda and shaped their industry-leading inclusion and diversity agenda. Before that Athalie was General Manager, Cultural Transformation for National Australia Bank. She also spent 14 years leading complex business transformation and change programmes in Australia and Asia as a consultant with Accenture (formerly Andersen Consulting).



Clive Selley (Invitee)
CEO Openreach

Appointed:
February 2016

Clive was formerly CEO, Technology, Service & Operations, CEO Innovate & Design and before that President, Global Services Portfolio & Service Design. Under the provisions of the Commitments, Openreach's CEO cannot be a member of the Executive Committee. Clive attends Executive Committee meetings as appropriate

Key changes for the year

The following changes to the Executive Committee took place during the year:

- Tom Meakin joined as Chief Strategy & Change Officer
- Stephen Lewis stood down as Corporate Affairs Director on leaving BT Group
- Harmeen Mehta stood down as Chief Digital and Innovation Officer on leaving BT Group.

The following changes to the Executive Committee have also been announced:

- Marc Allera stood down as CEO, EE and Consumer on 31 March 2025
- Claire Gillies joined as CEO, Consumer on 1 April 2025
- Bas Burger ceased as CEO, Business on 31 March 2025 to dedicate his time to the optimisation of our international business segment
- Jon James joined as CEO, Business on 1 April 2025.

Our business model

Our ambition

To
be
the
UK's
most
trusted
connector

BT Group is a trusted connector of people, business and society in the UK. We build and run the country's largest fixed and best mobile networks. We connect for good.

We operate in both wholesale and retail markets, serving individuals and households, private businesses of all sizes, public sector organisations and other Communications Providers (CPs).

We design, build, market, sell and support network access, connectivity and related products. We enable today's digital world, with our fixed, mobile and converged connectivity solutions – broadband, mobile, TV, networking, security and IT services. We also offer handsets, network equipment, gaming and insurance to help our customers connect, game, work, learn and live better.

We're continuously investing to maintain and enhance our fixed and mobile networks, improve customer service and develop new connectivity products. More than 650 CPs – including our own Consumer and Business units – buy regulated wholesale access to Openreach's fixed access network infrastructure on multi-year contracts. CPs also buy various connectivity solutions from our Business unit – on contracts from one month to 5+ years.

We know that doing our best for our customers generates returns for our owners. We also create value for lots of other stakeholders like our colleagues, the country, and our suppliers and partners.

Our customers

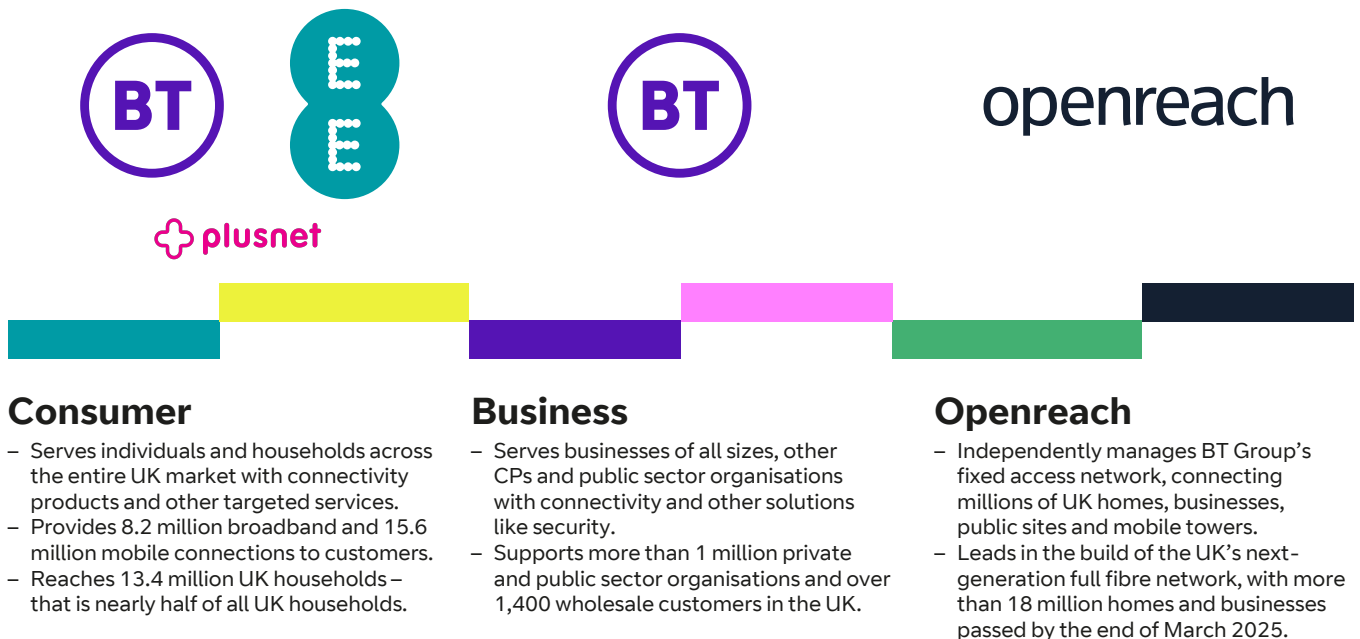
We give customers what they need through outstanding connectivity and curated solutions – working closely with partners.

- We help individuals and households do more. Mobile, broadband, landline and entertainment services support them at home, at work and on-the-go. Our propositions are flexible. Customers can choose between pay-as-you-go, pay monthly, or flex pay, with contracts typically lasting 1 to 36 months.
- We provide private and public sector businesses with connectivity, networking, cyber security, collaboration tools, cloud connectivity and cloud services.
- Contracts for small and medium-sized businesses typically range from 24 to 60 months. We offer managed solutions to larger businesses and public sector customers on multi-year contracts so they can protect, operate and expand their organisations while driving their digital transformations.

Our three customer-facing units (CFUs) focus on different segments – each with unique needs. They aim to provide outstanding customer experiences through tailored solutions which generate revenue and build long-term trust.

How we're organised

- BT Group consists of customer-facing (CFUs), technology (TUs), and corporate (CUs) units.
- We're integrated. We share resources across our networks, technologies, colleagues and brands to deliver the best results for customers, stakeholders and shareholders.
- To stay in line with UK regulations and our commitments, Openreach operates independently.



Technology units (TUs)

- Our TUs build, run and maintain our networks, platforms and digital assets – apart from the fixed infrastructure which Openreach runs and commercialises.
- They help modernise our business through continuous innovation and research and development (R&D), keeping us secure and at the cutting edge of the right technologies. They help us to be more agile and efficient and deliver better outcomes for customers.

Our two TUs are:

- Digital: Takes care of our IT and digital platforms – making sure our products and services are running on efficient, future-proof technology.
- Networks: Designs, builds, runs and protects our mobile, core and global networks – so we can become the UK's most trusted connector of people, business and society.

Corporate units (CUs)

- Our CUs operate at Group level, setting direction and governance frameworks and aligning our activities.
- They make us more efficient through centralised platforms, capabilities and shared services.

Our five CUs are:

- Finance and Business Services.
- Strategy and Change.
- Human Resources.
- Legal, Regulatory Affairs, Compliance and Company Secretarial.
- Corporate Affairs and Brand.

Our business model continued

Our sources of competitive advantage

We get competitive advantage from our assets – networks, customers and brands – and from our capabilities – network engineering and security.

Leading networks at scale

- We build, own and run the UK's largest fixed and best mobile networks – covering both rural and urban areas.
- Today we're aiming to build the broadest, highest quality fibre network in the UK. We have the fastest build rate in Europe, now passing more than 18 million premises with full fibre.
- We're expanding our mobile network. Our strong spectrum holdings and access to base station infrastructure allow us to deliver 4G coverage to 99.7% of the population. Our 5G network reaches 85% of the population – with 5G standalone coverage of 43%.



Large customer base

- We have more than 30 million Consumer and Business retail connections across our three brands. That's 47% of UK households and over 1 million UK organisations. Our fibre take-up of 36% leads the market. And our large retail customer base supports cross selling, attracts the best partners and drives economies of scale.
- Openreach connects around 21.6 million physical lines for more than 650 CPs, with 41 of them buying full fibre from us.
- Our scale makes us an attractive partner, which helps us bring more solutions to customers.



Well-established and trusted brands

- Through our three retail brands – BT, EE and Plusnet – we've built and maintained millions of diverse customer relationships across the whole market. BT is our flagship brand for business and public sector clients in the UK and globally. EE is our leading consumer brand, offering a big range of converged connectivity products and services. We also serve households with broadband products from BT and Plusnet.
- Trusted relationships across our brands help us to understand and meet customers' current and future needs so that they stay happy and loyal to us.

Network engineering expertise

- Openreach gives us industry-leading network design, build and operate skills.
- A team of 11,000 Openreach network engineers are building high quality full fibre across the UK at a market-leading speed.
- This experience and expertise helps us build networks faster than anyone else, as we aim to build the highest quality full fibre at a low unit cost.

>30m

Consumer and Business retail connections across our three brands

47%

of UK households connected across our three retail brands



Security capabilities

- Our deep security expertise sets us apart from our competitors.
- We constantly monitor the cyber threat landscape to understand and mitigate the biggest threats, finding over 2,000 potential cyber attacks every second. Our goal is to have the highest levels of security embedded in our networks and services.
- We have a world-class research facility with dedicated researchers, always staying ahead of the latest advances and emerging security challenges.
- We focus on our people – our human firewall – through education, engagement, awareness campaigns, and phishing resilience to foster a security culture.

Trends shaping our industry and business

Our markets are affected by technology, regulation, customer and competitor trends. Understanding them helps us seize opportunities as they happen and act quickly to mitigate risks to our business.

Technology

The world is speeding towards a digital future, enabled by smarter, more powerful connectivity, computing and data-driven autonomous systems. This brings exciting opportunities for innovation and growth in our industry and beyond.

Enabling this digital future requires ongoing investment in cutting edge, capital-intensive communications technology to make sure networks can support the latest innovations.

AI continues to enhance efficiency, productivity and customer experience. We use it to do things like optimise our network performance, predict maintenance needs and improve customer service – while cutting costs.

Regulation

We operate in a highly regulated environment which guides our investment, partnerships and pricing.

Communications network regulations – including rules on providing wholesale access, coverage and availability obligations and resilience needs – mean we must keep innovating and maintaining the highest quality and security standards for customers.

As technology evolves, so do laws for safeguarding customers. We continue investing in online user protection and improving digital skills. We're also carefully moving customers off our legacy networks while making sure the vulnerable ones stay connected.

Customers

Data generation and consumption keeps rising, needing ever-higher network capacity. We invest to keep customers happily connected.

Consumers are keeping their devices for longer and choosing SIMO (SIM only) deals more. They want value for money, good coverage, reliable connections and protection from misleading information and other security threats. These evolving needs give us clear direction.

Businesses are more selective with what they spend and which contracts they renew. They want higher-quality care, and managed services – with security as a top priority.

Competition

As technology evolves, entry barriers lower and new competitors emerge. Competitors range from MNOs (Mobile Network Operators), MVNOs (Mobile Virtual Network Operators) and Altnets to larger tech companies like Google.

Our markets are highly competitive, which puts pressure on pricing. Price pressure impacts the returns we are able to get on our investment (ROIs). This is an industry-wide dynamic and informs our strategy.

As our set of competitors evolves and new challenges emerge, we need to make sure customers are still happy with us. We do that by continuing to give them high-quality products and the levels of service they expect.



Our strategic framework

Our current strategy

We refreshed our long-term strategy this year, sharpening our focus to deliver for all our stakeholders (see page 34). So this report will be the last tracking progress against our three pillars in our current strategy, as we move to our new strategic pillars in our refreshed strategy. We've categorised and measured them in line with our current strategic priorities and KPIs.

Purpose

Why we exist

We connect for good

This drives everything we do. We help people, businesses and governments to harness technology to connect, improve lives and unlock potential without limits. We believe in the power of connections – in personal lives, at work and increasingly between machines and devices.

Ambition

Who we want to become

The world's most trusted connector of people, devices, and machines by 2030

We connect millions of customers across the globe to what they need – as a trusted partner helping them thrive in the digital world.

Households rely on us to stay connected with loved ones. Businesses and governments partner with us to deliver for their stakeholders.

As technology keeps evolving, we want to keep doing more to prove our dependability and build our customers' trust.

Values

Helping guide us

Personal, simple, brilliant

Our values guide us to fulfil our purpose and achieve our ambition. They inform our culture – the collective spirit we all tune into. They're more than just what we do.

They reflect both who we are and who we aspire to be. They help us be a positive influence, win stakeholders' trust and keep us accountable to society by setting high standards for our business.

Our values guide all our decisions, at every level. They define how we work every day. They show us the right thing to do.

Our current strategic pillars

Pillar 1: Build the strongest foundations

We're investing in the best converged network. We're becoming a simpler, more efficient, and dynamic company. We're building a culture where people can be their best.

Pillar 2: Create standout customer experiences

We're delivering outstanding service and experiences to our customers. We're creating smarter solutions based on the latest converged, intelligent connectivity services. We're building value through commercial excellence.

Pillar 3: Lead the way to a bright, sustainable future

We're setting up our corporate portfolio for growth. We're creating a more responsible, sustainable and inclusive business. We're building trusted relationships with our stakeholders.

Progress against our strategic pillars

Pillar 1: Build the strongest foundations

Our top priority is still to build the best, most trusted digital networks. They connect people, households and business across the UK. So, we take advantage of the latest technology to make sure our networks stay strong and reliable for everyone.

The best converged network

We've kept up progress in building the UK's largest full fibre broadband network and widest and most reliable mobile network.

We've made good progress towards deploying the UK's largest full fibre network and nationwide 5G standalone – we were also one of the first major communications providers in the country to introduce Wi-Fi 7.

Taking advantage of all our connectivity assets – like our five million public wi-fi hotspots – we're making sure individuals and businesses can always stay connected whether at home, at work or on-the-go.

Market leader in full fibre:

- We're progressing with our c. £15bn full fibre investment, powered by an Openreach workforce of more than 22,000 engineers. Their skills and dedication help us improve our networks for better connectivity and solutions that exceed customers' expectations.
- The more we build, the faster we get. This year we built full fibre broadband to more than four million premises – a new record of 1.1 million a quarter. Our new network now reaches over half of all UK homes and businesses and we're on track to hit 25 million premises by December 2026.
- Our network spans over cities and rural areas. This year we built full fibre to 973,000 homes in harder-to-reach areas, now covering a total of 4.9 million homes and businesses.

- We believe we have the UK's highest full fibre take-up rate – at 36%. Our net full fibre connections grew to 1.8 million customers connected this year, growing on average from 30,000 a week last year to 35,000 a week. And today we have more than 6.5 million premises connected.
- Responding to customer demand, we launched our fastest FTTP speed tier yet with customers on this package getting an average speed of 1.6Gbps. The average FTTP speed used was 300Mbps.
- In line with regulation, we gave Altnets access to our ducts and poles – known as Physical Infrastructure Access (PIA). More than 150 CPs are able to use our PIA product and we've provided more than 1.2 million lead-ins for Altnets to connect their customers.

Market leader in mobile and 5G:

- By the end of FY25, our 5G network covered 47% of the UK's geography and 85% of the population. We continued expanding our mobile network. We're on track to hit 90% 5G population coverage by 2027 – a year ahead of previous projections – as we work to keep our promise of connecting the whole country.
- There were 13.2 million 5G devices on EE's network at the end of this financial year – up from 11.4 million last year.
- We've grown our 5G standalone network too. This year we expanded access from 7 to 62 devices, including the latest from Apple and Samsung, and we've enabled access to 50 towns and cities.
- We're still providing connectivity on the move, with 51 London Underground stations now having mobile signal.
- We've maintained our status as the UK's #1 mobile network through independent surveys from RootMetrics and Umlaut.
- In the 2024 Connected Nations report, Ofcom noted that our 5G network had the most coverage, earning their Very High Confidence rating.

4.9m

Our full fibre network covers 4.9 million homes and businesses in harder-to-reach areas

1.8m

Our net full fibre connections grew to 1.8 million customers connected this year

A simpler, more efficient and dynamic BT Group:

- We've modernised and future-proofed our organisation, simplifying products, platforms and portfolio.
- We switched off 17,281 legacy network elements this year, saving 23.82GWh of power consumption and £5.93m of annual costs.
- We've reached the 'stop sell' point at 852 exchanges which means we've stopped selling copper services where full fibre is available, covering more than 8.1 million homes and businesses and accelerating the UK's transition to the network of the future.
- We made progress on our transformation goals – delivering £913m of annual cost savings – 34% above our FY25 target of £681m.

Clearer focus and simplified operating model:

- We've focused our attention on the UK market where we have the strongest chance to win.
- We've brought together our Small and Medium Businesses (SMB) and Corporate and Public Sector (CPS) units into one Sales and Commercial organisation.

Simplified and modernised products and IT:

- We've shrunk our product portfolio by 35%.
- We've cut the number of connections we have on legacy networks by 36% since the start of the year, supporting customers through the switch.
- We've further simplified our IT estate and retired 43% of business applications, removing complexity for our customers and colleagues.

23.82GWh

of power consumption saved and £5.93m of annualised cost

35%

Simplified product portfolio by 35%

Building future AI foundations:

- We have more than 50 internally developed AI solutions ‘in production’, 90 AI-enhanced third-party applications deployed across our digital estate, more than 48,000 employees actively using AI productivity tools.
- We’ve rolled out AI Ops. Which enables technology to ‘self-heal’ when problems crop up. This year it fixed an average of 2,900 incidents across our Digital estate (c. 23% of the total), reducing human effort to fix outages and downtime for customers.

Improving customer experience:

- We’ve streamlined customer ordering systems by giving our teams more of the information they need to deliver excellent service.
- Use of our Gen-AI enabled EE virtual assistant Aimee has made it easier for customers to prepare for international travel, halving the need for online support. Aimee now handles up to 60,000 customer conversations per week, freeing time for guides to focus on more complex issues.
- ‘Service Now’ (a third-party cloud-based workflow automation platform) now supports more than 25,419 Business customers, giving them a better, more streamlined BT experience.
- We’ve migrated around 98% of our sales teams onto the new instance of Salesforce, a much more modern customer relationship management (CRM) platform, centralising our customer data and streamlining sales processes.
- We’ve given colleagues digital tools to improve our customers’ experience.

A culture where people can be their best

We’re continuing to work towards becoming a brilliant place to work. We’ve made progress this year, but there is still more to do.

Skills and organisational development

The work landscape has changed. Giving colleagues new skills doesn’t just benefit them: it’s also crucial to our success. This year:

- We’ve trained 2,500 colleagues on the fundamentals of AI, cloud and digital transformation.
- Specifically, we’ve trained 1,500 more people in AI Ops, increasing automated problem fixing by 30%.
- We’ve built learning pathways in our software engineering and data and AI professions, serving more than 5,750 colleagues across the group.

- We’ve helped 3,995 Digital colleagues (c. 90% of our BT staff in the unit) complete 30,000 hours of learning from April to December. The training was on cloud computing, Microservices/Service Oriented Architecture, AI, agility and leadership. More than 100 colleagues are now certified on Amazon Web Services and Google Cloud Platform.
- Building on the success of last year, we ran a second cohort of our mini-MBA style leadership programme. More than 540 senior managers and leaders graduated from the 2024 programme which helped them boost their leadership skills, accelerate culture shifts and build stronger professional networks.

Inclusion and wellbeing

Building inclusion into our strategy, and reflecting the diversity of customers in our workforce, will drive our productivity, innovation, and growth. This year:

- We were shortlisted for a UK Excellence Award for our work on gender diversity in Networks.
- We were highly commended in the Business Culture Awards for our ‘Seeing things differently’ initiative. It’s an innovative approach to hone leadership behaviours – combining a mini-TV series, reflection workbook and interactive bot to nudge action.
- We’ve continued championing under-represented groups through our strong People Networks communities and the Black Apprentice Network.
- We’ve used data and surveys to identify where colleagues from under-represented groups experienced barriers and non-inclusive behaviours.
- We’ve removed barriers and made it easier for our people managers to lead their teams inclusively (see page 22 for more details).
- We introduced a new family leave policy giving all parents welcoming a new child the same amount of paid time off.

Our colleagues should feel they can thrive here. When they’re at their best, so are we. This year:

- We’ve kept our colleague engagement score above the UK benchmark – following our March 2025 ‘Your Say’ survey it rose one point to 76% from last year’s.
- We gave junior frontline colleagues a minimum pay rise of 3% – with the lowest paid getting up to 6.7% which came into effect from 1 April 2025.
- We reached the final year of our Better Workplace programme. As of March 2025, more than 30,000 colleagues were in new locations and we’d quit more than 800 sites.
- We opened new buildings in Dundee, Manchester and Sheffield – and a new Openreach HQ in London.

2,500

We've trained 2,500 colleagues on the fundamentals of AI, cloud and digital transformation

30,000

We've helped 3,995 Digital colleagues (c. 90% of the unit) complete 30,000 hours of learning from April to December

Progress against our strategic pillars continued

Pillar 2: Create standout customer experiences

Outstanding service and experience

- By focusing on improving our customers' experience, we've made good progress on all our customer satisfaction metrics:
 - BT Group Net Promoter Score (NPS) of 29.5 rose by 4.7pts year on year. This shows that our commitment to developing brands customers can rely on to make their lives and outcomes better is working.
 - Openreach's NPS rose from 47.7 to 58.9 for volume products and from 54.4 to 67.5 for Ethernet and optical services.
 - Openreach also held its 'Excellent' Trustpilot rating of 4.6, reflecting its focus on exceptional service quality.
 - Ofcom complaints per 100,000 are at two for EE mobile, five for Plusnet broadband and 10 for BT broadband with EE broadband at 12.
- We've prioritised protecting our critical systems and networks and the data and information in them. Web-connected devices are scanned over 1,000 times a day by known malicious sources, which is why it's so important to have robust and regularly reviewed security measures in place.
- We've monitored external cyber threats that could affect our business or customers. This year we found more than 2,000 potential cyber-attack signals a second (up from 500 a second a year ago) – due to our rising attack numbers and improvements in our monitoring.
- We've continued to focus on our people – our human firewall – as our first line of defence.

Smarter, differentiated solutions and outcomes:

We kept improving our portfolio this year. The changes will make sure we keep delivering reliable, converged and intelligent connectivity solutions. So customers get standout digital experiences at home, on the move and at work.

Consumer customers

- We're driving convergence and helping customers to do more:
- We've expanded our 5G standalone mobile network to reach 50 major UK towns and cities. Customers get near uninterrupted outdoor coverage, better gaming and video streaming – and the fastest speeds on any network.
 - We introduced Wi-Fi 7, giving customers gigabit wi-fi at home to support tomorrow's higher-bandwidth activities.
 - We've broadened our EE TV service and partnerships to give customers extra value.
 - We're expanding digital identification for our customers. EE ID gives them easy and convenient access to a wide range of products and services, in one place.
 - Our Game Store keeps growing. And because of our partnerships customers get exclusive offers like new gaming bundles and in-game content.
 - We launched Scam Guard, offering customers three powerful ways to protect themselves from nuisance calls, dark web hackers and phishing scams.

Business customers

We've strengthened our product and service portfolio to meet our Business customers' evolving needs:

- We introduced the managed Fortinet SD-WAN service in the UK, enhanced with Fortinet's SSE for better network oversight, threat detection and data protection.
- After becoming the first global provider to launch a Managed Security Service Edge (SSE) with Zscaler's cloud platform, we enhanced this partnership by also providing proactive support and offering top-tier security.
- We launched Business Broadband Pro Tier. It includes hybrid backup, complete wi-fi, wi-fi security controls and premium customer service.
- We've reimaged BTNet for SMBs. It offers a dedicated internet line with a 100% service availability target – alongside guarantees for service delivery and network performance.
- We also cemented our eSIM-first approach with the Seamless Download Device available for SMB customers.
- We launched Global Fabric, our network-as-a-Service platform. Our first customer went live in February 2025.
- Wholesale launched optical 400Gbps it offers higher speeds for ultra-fast, high-bandwidth connections to UK Data Centres and HQs.
- We launched next generation Call Center as a Service (CCaaS) products in our Global channel, integrated with existing meetings and calling solutions.

Pillar 3: Lead the way to a bright sustainable future

A portfolio positioned for growth:

This year, to sharpen our focus and prepare for growth, we kept simplifying our portfolio and announced our intention to focus on the UK market. We're continuing to optimise our international operations and explore options for the unit.

Incubating new tech-driven growth engines

We're still investing in future areas that play to our strengths. We've worked to bring new technologies to market first, giving customers smarter and better outcomes:

- We were first to deploy 5G Standalone network slicing for business use, helping them avoid network congestion and boost connectivity speeds in their busiest periods when they need it most.
- We were awarded the contract to support the CoSTAR national lab with our Private 5G, which supports virtual production R&D technologies in film, TV and live events.
- Our Narrowband IoT network covers 97% of the UK population. It connects low-data assets like streetlights and water sensors, paving the way for sustainable smart city development.
- We evolved our world-first Quantum Key Distribution (QKD) metro network in London.
- We won a bid for Innovate UK funding to lead a quantum assurance programme. It will build concrete assurance processes for QKD solutions – with the aim of ultimate use in the network.
- This year we incurred £790m on R&D. We also filed 81 patent applications – bringing our portfolio to 5,519.

A responsible, inclusive, sustainable business

Our Manifesto details our plan to grow faster through responsible, inclusive and sustainable technology. This year:

- We're working to create a more digitally inclusive society through initiatives with businesses, young people, older people, and people with disabilities. We've reached 23.3 million people with help on digital skills since FY15.
- We made big sustainability strides through innovative ideas and product launches, embedding responsible tech principles in our product design.
- Openreach kept operating efficiently and responsibly, whilst transitioning the UK from copper to fibre.
- We've published our first Climate Transition Plan.
- We've cut our own carbon emissions and helped our customers and suppliers to do the same, whilst cutting our own energy consumption.

23.3m

We've reached 23.3 million people with help on digital skills since FY15

1,000

young people participated in our Work Ready days, improving skills and confidence

5,600 tonnes

of copper have been recycled

52%

We've cut our operational carbon emissions by 52% since FY17

Our refreshed strategy

Our strategy explains our ambitions and how we will deliver for our stakeholders. Our ambitions are bold and stretching. In FY25 we refreshed our strategy and are already making progress.

In response to heightened competition and challenging market dynamics, we have refreshed our strategy to provide greater clarity to our customers, colleagues, the country and our owners. We are sharpening our focus on becoming the UK's most trusted connector of people, business and society. While our purpose remains the same, we have sharpened our ambition to emphasise the importance of business customers and the role we play for the UK overall. We are now clearer on our long-term strategic direction, including where we'll play and how we'll succeed in our markets.

Why we're here

This drives everything we do. We help people, business and society to harness technology to connect, improve lives and unlock potential without limits. We believe in the power of connection.

We connect for good

Who we'll become

To do this, we'll keep putting customers at the heart and centre of everything we do. We aim to be trusted for tomorrow, not just today. We want customers and stakeholders to rely on us to prepare for what will be important to them in the years and decades to come.

The UK's most trusted connector

Where we'll play

We are focused on building resilient networks that connect everyone in the UK, and we're always thinking ahead to meet future requirements.

Infrastructure

We're building infrastructure everywhere: We've made great strides in focusing our efforts on developing the UK's leading full fibre broadband and most reliable mobile network, including nationwide 5G standalone deployment. We've already connected over half of all UK homes and businesses with full fibre and aim to reach 25 million by December 2026. By the end of FY25, our 5G network covered 85% of the UK's population.

Connectivity

We're providing connectivity for everyone: Our full fibre network connects homes and businesses nationwide, boasting the highest take-up rates in the UK with 6.5 million connections. EE has one of the leading mobile market shares of connections at 15.6 million, and by FY25, over 13 million devices were on EE's 5G network. We now have over 5 million Wi-Fi hotspots keeping people connected when they need it most.

Solutions

We're creating solutions for a connected world: We're always innovating with new products that leverage the latest technologies and build on our strengths in connectivity to meet our customers' evolving needs. Our products in new markets support connectivity, for example gaming, insurance, security, and electronics from EE. In Business, we enhanced business security with proactive operations support and introduced Fortinet in the UK to improve network security, detect threats, and protect data.

How we'll succeed

We are focused on providing the best experience for our customers through superior network performance and modernisation of our operations.



How we'll behave

Our values guide us to fulfil our purpose and achieve our ambition. They inform our culture – the collective spirit we all tune into.

We are in the process of refining our values of 'Personal, Simple, Brilliant' to ensure that they support the delivery of our refreshed strategy and we are engaging the whole organisation to ensure they're the right ones to guide us into the future, so they may change.

We're building the best, most trusted digital networks.

We're committed and focused on deploying the best FTTP everywhere in the UK with superior network performance and resilience. Our FTTP network has passed millions of homes and businesses at a relatively low cost per premises, with Openreach Net Promoter Score (NPS) closing the year at record levels for both Copper/Fibre Access (including FTTP) and Ethernet products.

We're focused on creating the most resilient mobile network in the country and have proudly maintained our position as the UK's #1 mobile network based on independent surveys from RootMetrics and Umlaut. This year, leveraging our 5G standalone network, we pioneered network slicing for businesses, helping them to avoid network congestion and enjoy fast connectivity speeds when they needed it most.

Our networks and assets combine to form a converged network, with broadband, mobile and wi-fi working seamlessly together. As a thought leader in network technologies, we are preparing for the future by linking new technology opportunities with customers' future needs and being a trusted partner to the government.



We're connecting customers so they thrive, as we grow, in a digital world.

Our brands are loved and trusted by all our stakeholders and customers to improve their lives and outcomes. We are improving our customer satisfaction metrics, with BT Group's Net Promoter Score rising by 4.7 points year on year.

We offer the best connectivity products for life and work, catering to all market segments. By combining fixed and mobile propositions, we're driving convergence to create the largest, most loyal set of customers in the UK. This year, we continued to grow our convergence base in EE, offering converged solutions for home, work and on the go.

We're accelerating our modernisation to restore leadership in everything we do.

We're reshaping BT Group into a smaller, simpler and more collaborative company with a customer-first culture. We're stepping up customer-centricity and executional excellence and developing new skills to keep us competitive in the future.

We're radically simplifying our portfolio, products and platforms, focusing on the UK market. We have switched off 17,281 legacy network elements, saving 23.82 GWh of power consumption and £5.93m of annual costs.

We're building trust through our focus on digital inclusion and sustainability, replacing the BT Group Manifesto (our responsible business plan) with a more integrated approach to delivering impact.



Our people

A workforce that evolves with our business

This year has been challenging for our colleagues. Our people have seen a lot of changes in the shape and size of our group. We continue to invest in our people to make sure that they have the skills and capabilities they need to evolve with and beyond our business.

This year we hired around 11,000 people. Roughly 7,200 were in the UK, including around 650 apprentices and 130 graduates.

Around 17,800 colleagues left BT Group – around 11,100 through natural attrition and 6,700 through paid leaver programmes.

Building a modern workforce

Our workforce size and shape has become leaner as we work on modernising for a digital future.

The way we work is changing. How we work and deliver together is changing – as is how we learn and grow.

New opportunities for older UK colleagues

EE has partnered with Reed and advocacy group 55 Redefined to explore new opportunities at EE for older people returning to careers.

Our teams' age range should reflect our customers'. So we've launched a scheme to welcome older career starters (or restarters) and give them extra support.

The scheme includes skills and training days to give job candidates a taste of selling to and serving customers – with guaranteed interviews for those who attend both days.

It's boosted the number of older people applying to work in EE's UK contact centres and stores.

We've complemented the scheme with parenting rooms, games zones and wellbeing facilities in new buildings.

And just like our apprentice programme, our reskilling scheme for older people is getting excellent engagement, performance and retention results. At the 2024 TIARA Talent Acquisition Awards it won European Gold.

More inclusive leadership

Building a psychologically safe and inclusive culture starts with our leaders.

This year we continued the 10-month learning programme for senior leaders to build more inclusive leadership practices, with 157 enrolled on this year's programme. 88% of our Senior Leaders, totalling 485 people, have been through this programme.

It focuses on creating an inclusive and psychologically safe atmosphere, building a sense of belonging and learning how to have conversations about inclusion.

It's also helping build better habits and accountability – with tools for leaders to apply what they've learned with their teams.

Apprenticeships in EE

We want to invest in the younger 'digital generation' – to build skills for the future and help social mobility and inclusion.

We focus this on both new joiners and emerging talent.

We're also continuing to invest in the communities we're based in and serve – increasing our positive social impact through initiatives like entry level apprenticeships for young people.

BT Group is the second biggest recruiter of UK apprentices (second only to the Armed Forces). We're ranked 20th in the RateMyApprenticeship Top 100 employers list (up 56 places on FY24).

And this year, we're on track to hire more than 500 Level 2 Customer Service Apprentices into EE Contact Centres.

Our apprentice programme cohort is gender balanced with 10% disability representation and 16% ethnicity representation. When benchmarked against the rest of BT Group, this cohort score more positively in Your Say surveys both on engagement (85%) and inclusion (89%). These excellent results are down to the investments we've made in our leaders and our partnership with apprenticeship provider Babington.

Our programme combines connecting to communities with building our future skills and capabilities.

Inclusion and belonging in India

In India we've focused on creating a more inclusive workplace to close the gap between the number of men and women leaving the business.

Over the last 12 months we've introduced a lot of flexible work options like hybrid working, flexible public holidays, part time work, core working hours, support for returning mothers, sabbaticals, carer leave and workplace adjustments.

On top of that we've created a psychologically safe workplace and culture where everyone feels able to speak up if they face workplace harassment – including sexual harassment.

We've been able to close the gap between men and women leaving to just 0.4%. Which has boosted female representation to 32.7%.

Connected culture

We care about the places we do business in, and the impact we have on the wider community.

We are dedicated to fostering an inclusive connected culture that offers opportunities for everyone.

We recognise that we have made great strides on minority representation and our pay gaps, but we recognise that there is still more for us to do to overcome this challenge to achieve a fully connected culture.

Three together, two wherever

Our hybrid working approach 'three together, two wherever' became a policy on 1 January 2025.

We believe working in the same place together is better for our overall performance. It's also better for engagement, coaching and development and fostering a better sense of team belonging.

Our data supports this, showing that colleagues who come together find getting things done more straightforward and feel more included and engaged when there are organisational changes.

But on the flip side we must make sure not being in the office isn't a barrier to collaboration.

Apprenticeship for UK businesses

In September 2024 we launched the 'BT Group Apprenticeship Levy Fund' with our partner Babington. The fund supports SMEs, charities and public sector organisations in England through access to £4m in apprenticeship funding over an initial four-year period.

So far we've supported 43 businesses with 51 apprentices – worth £457,000. And more applications are in process.

Unifying our payroll

This year, we implemented a unified SAP payroll platform. It replaced multiple payroll systems (including one that had run for 27 years) and five legacy applications that managed a roughly £4.2bn annual payroll.

We brought around 102,000 records from different systems into a single system without any major hitches.

We now have one unified and coherent HR and payroll system for the UK – an exemplar for our efforts to make BT Group work more simply and efficiently.

EE Live Community challenge

This year's EE Live Community challenge brought colleagues together as 'super-teams' in different locations – from corporate office to retail region or contact centre sites – to help boost our impact in local communities.

The focus is on giving time between April and September, pledging support for local community causes personal to EE people.

Over the five months, 49 teams gave four calendar years' worth of volunteering time (over 35,000 hours) to support digital skills, clean up the environment and tackle loneliness and social mobility.

EE Live Community challenge-

Merthyr Tydfil continues to invest in its community and provide opportunities through apprenticeships.

Merthyr is a socially deprived area. So our contact centre colleagues have connected with local youth centres, charities, police and the local authority to tackle issues and barriers together.

As a result, several young people from the area have gained GCSE qualifications and joined our Level 2 apprenticeship cohorts.

Other activities in Merthyr include:

- an EE employee choir who've performed both inside and outside the company.
- Park run organised for young people near EE's Merthyr office to help link wellbeing and exercise. Staff and apprentices volunteer to chaperone and support the route.
- Homework club – a safe place with wi-fi for young people to come and do their homework and get a hot meal.
- Work experience for those with Special Education Needs (SEN) – getting young people with SEN or neurodivergence into the contact centre to experience the working environment.



Our people continued

Inclusion and wellbeing

Our Manifesto laid out our aspirations for our workforce to better reflect the customers and communities we serve.

We list our 2025 manifesto goals for gender, ethnic minority and disability balance at various levels of the organisation in the table opposite – against progress made in FY25.

Our overall UK declaration rates are up from 81% to 82%. More colleagues now feel comfortable declaring their personal information, giving us better demographic data to tackle areas of opportunity.

We collect diversity data for protected characteristics (in line with UK employment law) and special category data (in line with GDPR and other local laws). Our colleagues do this voluntarily – direct into our HR system.

We store, use and report on data in line with local laws and our advertised employee privacy notices. Due to local restrictions on recording and reporting ethnicity and disability, the information opposite is UK only.

While we've made progress on some goals notably on all colleagues ethnicity, and disability representation among senior leaders, we need to work harder to make BT Group inclusive for everyone.

To achieve this we are focusing on key areas that matter most:

- We're encouraging more inclusive workplaces through understanding barriers and acting to make sure all our people feel included and can fulfil their potential.
- We're making the way we design jobs and run our workplace more inclusive.
- We're underpinning that with an unwavering focus on inclusive leadership.
- We're committed to having a wider range of digital skills to make us more productive and innovative. Which will help us and the whole UK grow. (See our manifesto on pages 28 to 33.)
- And we're still making sure our early careers talent represents the communities we serve – through partnerships with organisations such as the Black Apprentice Network.

Our Chief Executive Allison Kirkby opened the Black Apprentice event in December 2024. Our apprentice representation figures keep improving. They're higher than BT Group and 2025 ambition figures in all demographics.

We work with our active and award-winning People Networks. These colleague-led groups inform our priorities and raise awareness and advocate for change inside and outside BT Group.

31 March 2025 31 March 2024 2025 Goals

BT Group (excluding Openreach)

	31 March 2025	31 March 2024	2025 Goals
Men	65%	65%	
Women	35%	35%	46%
Ethnic minority ^a	19%	16%	16%
Disabled ^a	10%	9%	14%

Openreach

Men	90%	90%	
Women	10%	10%	12%
Ethnic minority ^a	9%	9%	10%
Disabled ^a	6%	6%	6%

BT Group

Men	73%	74%	
Women	27%	26%	32%
Ethnic minority ^a	15%	13%	13%
Disabled ^a	8%	8%	10%

Board

Men	58%	50%	
Women	42%	50%	33%
Ethnic minority ^a	4 members	2 members	2 members
Disabled ^a	1 member	1 member	

Executive Committee^b

Men	67%	60%	
Women	33%	40%	33%
Ethnic minority ^a	1 member	2 members	2 members
Disabled ^a	1 member	1 member	

Senior leadership team^{b & c}

Men	62%	74%	
Women	38%	26%	41%
Ethnic minority ^a	11%	11%	15%
Black/black heritage ^a	1%		5%
Disability ^a	18%	14%	10%

Senior management team^c

Men	65%	65%	
Women	35%	35%	41%
Ethnic minority ^a	10%	9%	15%
Black/black heritage ^a	3%	3%	5%
Disability ^a	14%	14%	10%

^a UK population only.

^b For the purpose of the UK Corporate Governance Code 2018, our leadership comprises the *Executive Committee* (excluding Executive Directors on the Board but including the CEO, Openreach) and all *Executive Committee* direct reports (excluding admin roles). This totals 32 women (41%) and 47 men (59%).

^c For the purposes of the Companies Act 2006, our senior management comprises those employees responsible for planning, directing and controlling the activities of the group, or a strategically important part of it (members of our senior leadership and senior management teams, and directors of the group's subsidiaries but excluding directors on the Board). This totals 251 women (38%) and 416 men (62%). Numbers presented include 104 subsidiary directors (75 men and 29 women) who are not otherwise members of our leadership or senior management teams.

Pay gap reporting

Gender

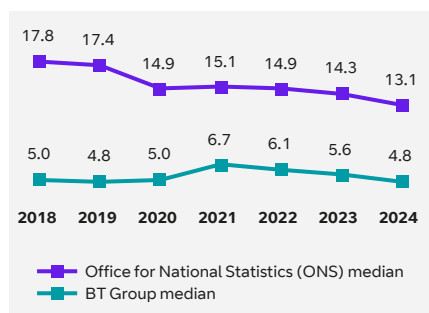
This is the eighth year we've reported our UK gender pay gap.

It's broadly the same as last year.

We continue to track lower than the national average gender pay gaps:

- Our median gender pay gap narrowed slightly to 4.8% (-0.8%).
- Our mean gender pay gap narrowed slightly to 2.6% (-1.4%).

Median pay gap %



- Our gender gap is still lower than the UK average of 13.1% (median) and 13.8% (mean).
- We've improved representation of women in the upper middle pay quarter, and kept a proportionate representation in the upper quarter. This is from more women moving into senior roles.
- Our mean gender bonus gap widened to 12% (+8.8%).
- Our median gender bonus gap widened to 14.3% (+5.6%).
- We see more volatility in our bonus gap because it's more prone to being influenced by headcount changes, and the nature of variable and performance-based pay.
- These changes were driven in part by movement in the gaps in Openreach (changes in senior levels, and the end of a temporary bonus incentive) and Plusnet (changes in total headcount, and their relatively low population).

[You can read our full statement – including all the entities in scope at bt.com/genderpaygap](https://bt.com/genderpaygap)

Ethnicity

This is the fifth year we've reported our ethnicity pay gap (which is not a legal requirement).

Ethnicity pay gap %

	2024		2023	
	Mean	Median	Mean	Median
Ethnic minority	0.5%	(0.1)%	(0.8)%	(1.8)%
Asian	(2.2)%	(2.2)%	(3.4)%	(2.9)%
Black	8.2%	2.1%	5.1%	(0.9)%
Multi-ethnic	(1.1)%	2.4%	0.1%	4.0%
Other ethnic	(3.9)%	(6.2)%	(3.7)%	(8.7)%

Ethnicity bonus gap %

	2024		2023	
	Mean	Median	Mean	Median
Ethnic minority	17.1%	6.1%	7.4%	4.2%
Asian	11.4%	5.2%	4.2%	2.5%
Black	42.5%	14.3%	41.4%	11.9%
Multi-ethnic	2.1%	0%	(27.7)%	2.3%
Other ethnic	2.7%	3.3%	(6.0)%	(3.5)%

Ethnic diversity is voluntarily disclosed. In 2024, 79% of UK colleagues were happy to share their information.

Aggregated ethnicity pay gap analyses can often mask wider issues that people of different ethnicities face at work – and in society. So each year we look at our data carefully to get a nuanced picture.

The overall pay gaps for ethnic minority groups in 2024 have stayed low, with an overall median pay gap of -0.1% and a mean of 0.5%. But they vary by ethnic group:

- The Black/African/Caribbean/Black British group still shows a bigger mean pay gap than the others. This widened by 3.1% in 2024.
- Similarly, the Other ethnic group shows a larger median pay gap than the others. The gap narrowed slightly this year.
- For Asian and Other ethnic colleagues, the pay gaps versus white colleagues continue to be negative (in favour of each).

Disability

This is the second year we've voluntarily reported our disability pay gap (which is not a legal requirement).

We do it as part of our drive for equal opportunity across all characteristics.

Disability is voluntarily disclosed. In April 2024, 74% of UK colleagues were happy to share their information. We want to improve this rate to get more insight into our disability pay gap.

	2024		2023	
	Mean	Median	Mean	Median
Pay	0.5%	(0.3)%	0.7%	0.0%
Bonus	(8.0)%	1.2%	(6.5)%	(0.2)%

- At BT Group level, mean and median pay gaps are low – with a small mean gap of 0.5% and a -0.3% median gap.
- The overall mean bonus gap negative show that disabled employees are getting slightly higher bonus amounts. This year our median bonus gap widened slightly to 1.2% in favour of non-disabled colleagues.
- Our reported disability representation for senior leaders is the best in the FTSE 100 (FY23/24) at 14%. This is 4% above our FY25 ambition of 10%. We've focused on creating an environment where everyone feels safe declaring their disability. (The average disability representation rate for FTSE 100 companies is around 3.2%).

We know that workplace adjustments are crucial to allow disabled and neurodiverse colleagues to perform to their best and we are committed to putting them in place for everyone who needs them. In 2023 we launched our new workplace adjustments process and disability and neurodiversity hub to make it simple for our colleagues and people managers to understand adjustments and implement them quickly. In FY25 1,559 colleagues engaged with the workplace adjustment process to make sure they had the right adjustments to enable them to succeed at BT Group. We have rolled out Copilot for colleagues who can benefit from this as a workplace adjustment. We've also reviewed and improved our Recruitment and Onboarding processes to make sure any adjustments needed can be discussed and put in place as early as possible.

[You can find more examples of BT Group's initiatives to improve representation \(as well as pay quartile analysis, bonus information and entity breakdowns\) in our ESG Addendum at bt.com/esgaddendum](https://bt.com/esgaddendum)

Our people continued

Launching Online GP and Women’s Health

This year we’ve boosted our health support for colleagues and their immediate families. They now have access to an online GP, second opinions and online fitness, nutrition and health checks.

Over 17,000 people have registered. So far there have been more than 5,000 online GP appointments. Colleagues have described the new service as “life changing”.

We’re now also providing a women’s specialist health service.

Run by Bupa for a small fee, it includes tailored period plans with comprehensive care and support with difficult period symptoms, targeted cancer screenings including breast and cervical health and a 12-month menopause support programme with extra help for complex issues.

By end of November 2024, 17 colleagues had used the period support plan, 46 the menopause support plan, and 10 the targeted cancer screenings.

The benefits changes we’re making are helping support colleagues at every moment that matters to them.

£458,000

Introduction of My Discounts – new discount scheme for colleagues. Almost £458,000 worth of savings for colleagues in the first full year of the scheme.

Carer’s leave

From 1 October 2024, UK colleagues with a caring responsibility got access to up to two weeks, paid leave – a big change from the previous one week unpaid.

Recognising this change, Carers UK awarded us Carers Confident Ambassador status. We’re one of only nine UK organisations to hold this prestigious level.

Since the change, 805 colleagues have taken carer’s leave, getting vital support when they need it.

[Find out more at bt.com/carers-leave](https://www.bt.com/carers-leave)

Family leave

From 1 January 2025, all parents welcoming a new child are eligible for our new Family Leave policy.

They get 18 weeks at full pay, eight weeks at half pay and 26 weeks statutory pay.

Family leave is for all parents, regardless of gender or family make-up. It’s an example of built-in inclusivity, and our long-term systematic approach to achieving gender equality at BT.

So far, 147 colleagues have taken our new family leave and 602 more have requested it.

568 colleagues who would have had just two weeks, paternity leave before have taken more under the new policy.



Occupational health and wellbeing

This year we launched a new 24/7 global wellbeing portal for colleagues.

It provides validated content on health, relationships, money and work. It also gives access to services like online GP, menopause support, cancer checks, mental health, physiotherapy and wellbeing programmes.

– Occupational health and wellbeing absences (for UK colleagues) from sickness have dropped to an average of 3.52% calendar days lost per colleague – down from 3.66% last year.

- When colleagues need extra help getting back to work, our fully funded rehabilitation programme for musculoskeletal and mental health services returns 97% of them to full duties.
- We’ve completed our first year noise health surveillance – screening more than 2,000 poling and civil engineers. Along with our Hand-Arm Vibration Syndrome health surveillance programme, we think it shows our dedication to our people’s health and safety.
- Our Covid recovery programme is still praised as high quality, regarded as innovative and evidence-based. We were asked to showcase it at the Workplace Health conference run by the At Work Partnership in November 2024.

Accelerate capabilities

Our people aim high inspired by leaders who are role models for our leadership standards.

We attract and keep the best people. They contribute to our success by learning, growing, and choosing the right role at the right time.

This means we get people with the skills we need for today and the future.

As our business evolves, so do the capabilities we need. We’ve made changes to our workforce and our leadership team in the year ensuring we have these capabilities.

Products built together

We want our brands to be more digitally focused to make it less complicated for us to create brilliant customer experiences.

We’ve made Consumer and Business fully accountable for their end-to-end customer experience.

To support them, we’ve moved colleagues from Digital to front-line Consumer and Business units closer to customers.

Over the next 12 months we’ll be mobilising additional teams to help drive our broader digital transformation.

Unlocking inspiring futures

780

apprentices and graduates hired

We're helping thousands of talented young people secure their future, with apprenticeships across a range of roles. The skills they gain will change their lives and the lives of others.

We're levelling the field

At BT Group, our innovation and impact go beyond what most people can imagine. We've shaped the past, we make the present possible, and we're creating a future our people can believe in.

We're on a mission to level the playing field and offer career advice and opportunities for those who need it most.

This year, we've engaged with 192 schools and colleges, reaching around 180,000 students from some of the most disadvantaged areas across the UK, and we're going to continue to build.

We offer a huge range of opportunities for school-leavers and graduates, as well as people looking for a change of career direction. So, join a world-leading tech company that's changing life as we know it. Learn from the best, unlock your potential, and launch a ground-breaking career of your own.

[Find out more at bt.com/earlycareers](https://www.bt.com/earlycareers)



Our Manifesto

Launched in 2021, our BT Group Manifesto has supported growth through responsible, inclusive and sustainable technology. We report here on the progress made on our Manifesto ambitions over the last 12 months. Moving forward, we'll be stepping up our focus on digital inclusion and sustainability, replacing the Manifesto and fully integrating these priorities into the refreshed Group strategy – helping us to achieve our ambition: to become the UK's most trusted connector of people, business and society.



Responsible

New tech must earn people's trust and transform lives for the better.

So we'll:

- invest in new growth tech to help us live and work better
- apply responsible tech principles across our value chain
- partner to build a responsible tech ecosystem that builds trust and drives growth.



Inclusive

The future of tech must be diverse and inclusive for everyone to benefit.

So we'll:

- build a representative workforce through our inclusion and wellbeing goals
- pass 6.2m rural premises with full fibre by the end of 2026 (as part of our 25m build ambition)
- expand our 4G and 5G UK mobile networks, including in rural locations
- help 25m people with digital skills by the end of March 2026.



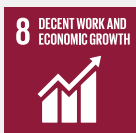
Sustainable

Tech must accelerate our journey to net zero emissions and a circular economy.

So we'll:

- aim to be a net zero business by the end of FY31, and net zero on all Scope 3 emissions by FY41
- build towards a circular BT Group by 2030, and a circular tech and telco ecosystem by 2040, while protecting nature and biodiversity.

We contribute to the UN Sustainable Development Goals





Responsible

New tech must earn people’s trust and transform lives for the better.

We apply our responsible tech principles across our value chain. They help us consider how to minimise harm and benefit people every time we develop, buy, use or sell tech.

They’re grounded in the UN Guiding Principles on Business and Human Rights, and form part of our approach to risk management.

Our responsible tech principles are:

For Good: We design and deliver tech to empower people and improve their lives.

Accountable: We’re accountable for our actions and take care to avoid, and protect against, tech misuse.

Fair: We work hard to make sure everyone is treated fairly and with respect.

Open: We listen, collaborate and are transparent about our actions.

Developing new tech

We apply the principles right from the start when we design and develop new tech.

This year we:

- completed a human rights impact assessment of drone technology to help us identify, understand and assess its risks.
- developed a playbook for our people to embed responsible tech principles into their designs – to build trust, drive growth and enable responsible innovation.

Buying tech

Our procurement company, BT Sourced, has responsibility and sustainability criteria set into its processes. This gives our buyers clarity on supplier risks and opportunities. This year we:

- continued due diligence on our direct Tier 1 manufacturing supply chain.

[Find out more at bt.com/modernslavery](https://bt.com/modernslavery)

- expanded our ‘worker’s voice’ survey to four new supplier factories to better understand the experience of those working in our supply chain. We’ll use the feedback to fix problems and make improvements.

Using tech

We want to make sure our products and services are used for good. So we focus on protecting privacy and free expression and preventing online harms. This year we:

- developed AI guidance for our people to help them manage AI risks and stay in line with regulation.
- refreshed our Consumer Data Principles to make sure we manage consumer data in line with our responsible tech principles.
- ran a workshop on content controls to find potential risks and impacts to users, creating guidance for our people to adopt when designing products.

Selling tech

We sell to customers around the world. This year we continued sales due diligence in Business. This helps us assess any potential human rights risks through the life of a customer’s contract.

The 2024 Global Child Forum Benchmark Report looked at our policies, approach and commitment to children’s rights. It rated us as a top-performing company in Europe, and in the global telecoms sector.

Partnerships

Collaboration was key to this year’s progress – creating a responsible tech ecosystem to drive trust and growth. This year we:

- joined the UN B-Tech project and continued our role in the BSR Human Rights Working Group – to help us implement the UN Guiding Principles on Business and Human Rights.
- participated in the UN Global Compact Climate and Human Rights Working Group – to help us tackle climate change effects on human rights and promote due diligence for a low carbon transition
- attended the BSR Tech Against Trafficking Summit to understand how to use tech to fight human trafficking – focusing on supply chain data, using AI and stopping tech-facilitated trafficking.

Our Manifesto continued

Inclusive

The future of tech must be diverse and inclusive for everyone to benefit.

Embracing inclusion and wellbeing is core to our people strategy and our growth. We want to champion digital inclusion too.

We're connecting the UK through our digital infrastructure, maximising everyone's chances to be online and benefit from the digital world. You can read more on our progress on building full fibre, 4G and 5G on page [16](#).

We continue to support low-income families and vulnerable groups who face ongoing cost of living challenges. We're still market leader for low-cost social tariffs – giving over 900,000 customers affordable fibre broadband and calls.

Our digital skills training helps more people benefit from being online – particularly more vulnerable groups like children and the over 65s.

Help with digital skills

This year we helped a further 280,000 UK people and businesses improve their digital skills. Since FY15, we've helped a total of 23.3 million people, as part of our ambition to reach 25m by the end of FY26.

Employability and digital skills for young people

We want to help young people prepare for their future and inspire them to work in tech, digital and data.

This year, more than 1,000 young people have benefited from our Work Ready days at our UK workplaces, or schools. These days improve their understanding, self-confidence and digital skills. 92 of our colleagues gave over 800 volunteering hours to help deliver these events.

We're developing Work Ready content for teachers, including free, curriculum linked lesson plans. This will help students improve their work ready digital skills through practical, project-based modules, and boost teachers' industry knowledge when giving careers advice.

We continue to support the National Cyber Security Centre's CyberFirst programme. It aims to inspire more young people (especially girls) to have a career in cyber and tech.

We give support through sponsorship, summer placement bursary funding, through around 150 volunteers who were available to help with events and activities.

Online safety for children and families

We're helping to promote safe and responsible tech use among young people and protect them online. This year we:

- launched age-appropriate guidance on smartphone use for kids and teens, to protect children and help families navigate online risks and harms
- became the first UK telco to recommend that under 11s use limited capability devices
- made it simpler to set parental controls on the MyEE app by combining broadband and mobile account controls
- enhanced PhoneSmart, our online learning platform – adding safety guidelines for parents on issues, like AI and recognising deepfakes. PhoneSmart has now reached over 10,400 learners, with around 3,800 licences issued to those who've completed all modules
- delivered more than 3,300 training hours in schools on online safety through 'We Are Futures' and the National Schools Partnership
- launched child-friendly devices – the IMO Dash+ phone and Xplora X6 Play smartwatch.

Senior skills

Around 4.7m people aged 65+ don't have the basic skills needed to use the internet successfully^a. Last year, with partner AbilityNet, we supported over 3,000 older people to develop their digital skills, improve their confidence and help them to stay safe online.

We're now building on that success, by expanding our programme and reach to a further 7,000 people – increasing our scope to also include adults with disabilities. This year, we've supported over 5,000 learners through one-to-one learning, repeated small group sessions and webinars.

We've also recruited some celebrity help to shine a light on the issue of online safety:

- Sir Geoff Hurst joined a walking football group at Bristol City FC for an online safety session we held with AbilityNet.
- broadcaster Moira Stuart joined senior learners on a coach trip to Blenheim Palace, where they had bitesize digital skills sessions on scam awareness and how to use wi-fi and QR codes (run by AbilityNet and supported by BT Group volunteers).
- and actress Linda Robson attended a small group training session and AbilityNet webinar to encourage others to get involved.

Building confidence and scam awareness

Before sessions with an AbilityNet trainer, Mimi said: "If I received a text, I was afraid to touch it because I thought it might be a scam." She now feels confident enough to use a banking app to manage her finances.

📄 [Find out more at bt.com/seniorskills](https://www.bt.com/seniorskills)



Supporting small and medium-sized businesses

Our free digital skills programme helps businesses unlock their potential. This year we reached over 260,000 more business owners and their people. We gave them:

- help on everything from digital marketing to sustainability with a UK wide tour, webinar and 'netwalk' events (with Small Business Britain).
- one-to-one mentoring from our experts (with Digital Boost).
- practical tips and advice from successful entrepreneurs through our video series, on things like search engine optimisation, boosting productivity with AI and social media.

India skills partnership

Over six years, BT Group (working with the British Asian Trust) has empowered more than 1.2m young people across India with digital and work readiness skills.

Our programmes have also reached 2.2m parents, teachers and community members – advancing digital inclusion, and addressing the gender gap in education to boost long-term employability. This year we helped more than 101,000 girls through our digital skills programmes.

^a Offline and Overlooked: Digital exclusion and its impact on older people (ageuk.org.uk).

Sustainable

Tech must accelerate our journey to net zero emissions and a circular economy.

We've led on climate action for more than three decades. We've been 'A' rated on climate by CDP for the past nine years.

But as the climate crisis worsens, we all need to speed up the switch to a low carbon economy.

This year we published our first [Climate Transition Plan \(bt.com/climate/transitionplan\)](https://www.bt.com/climate/transitionplan). It sets out in detail the objectives, strategy and governance needed to help us decarbonise our business, manage climate-related risks and support economy-wide transformation to net zero. We also continue to publish our Carbon Reduction Plan each year.

We're aiming to be net zero in our operations by the end of March 2031 – and for our full value chain by the end of March 2041. This year our Scope 1 and 2 target was updated from intensity based to absolute in line with the Science Based Target initiative (SBTi)'s net zero standard. All our near term and net zero goals were approved by SBTi this year.

Reducing carbon emissions in our operations

We've cut our operational carbon emissions by 52% since FY17. This is against our updated aim, to deliver a 90% cut by the end of March 2031 (compared to FY17 levels) – reflecting stronger ambition and aligning to a 1.5°C pathway.

We've cut our global energy consumption by around 100 GWh this year – a 4% drop on FY24. This was mainly due to continuing to rationalise and modernise our buildings and networks, and lower fuel use in our fleet.

Buying renewable energy

This year we changed our approach to renewable energy procurement and reporting. This was because of concerns on transparency, lack of environmental benefits and pricing volatility around Renewable Energy Certificates (RECs). We highlight these in a report we commissioned with Cornwall Insight^a.

We support renewable power supply through our energy procurement. That includes long-term power purchase agreements (PPAs), which met 31% of our UK electricity demand this year. But due to the evidence highlighted in our report, we're scaling back on buying RECs to those only sourced directly from our PPAs or renewable supply contracts.

And to more accurately reflect the real-world emissions from our electricity consumption, we're using the location-based methodology^b as the basis for our updated operational carbon reduction target.

This reflects the average emissions intensity of grids from where energy is consumed and doesn't account for RECs.

This means we're moving away from our previous approach of reporting the percentage of electricity that came from renewable sources. It'll help us be more transparent and focus on the activities that most effectively support our own decarbonisation. That's things like electrifying our vehicle fleet, decarbonising our estate and building more energy-efficient networks.

Switching our fleet to electric

We have over 30,000 vehicles operating across our business. After emissions from consumed electricity, our fleet is our second biggest source of operational emissions (Scopes 1 and 2).

We're working hard and investing to convert the majority of this fleet to electric or zero-emission vehicles by the end of FY31 – where that's the best technical or economic solution. And where zero-emission vehicles aren't viable, we're pursuing other ultra-low emission options.

This year, we continued to roll out electric vehicles (EVs), increasing the total to over 5,500, which now represents 18% of our total fleet.

We also ordered 3,500 new EVs, the largest ever UK commercial EV fleet order. By 2026, when they're all delivered, we'll have nearly 8,000 – one of the UK's largest EV fleets.

'A' rated

'A' rated on climate for the 9th year running by CDP

52%

We've cut our operational carbon emissions by 52% since FY17

Net Zero

We're aiming to be net zero across our full value chain by the end of March 2041

5,500+

In total we have more than 5,500 EVs in our fleet

//

We announced the UK's largest ever commercial Electric Vehicle (EV) fleet order of around 3,500 new EVs. That'll boost our EV numbers to nearly 8,000 by 2026, and help reduce our future fleet emissions.

^a [Reviewing the future of REGOs for Corporates](#)' Insight report, based on independent research carried out by Cornwall Insight, commissioned by BT Group

^b As defined by the GHG Protocol Scope 2 Guidance and Corporate Standard – see Our Methodology at [bt.com/esgaddendum](https://www.bt.com/esgaddendum)

Our Manifesto continued

Solar shines bright in Tyneside

Over 1,200 solar panels were installed on EE Tyneside contact centre, generating 470MWh annually.

The 549kW system will generate enough electricity for 23% of the site's total demand, helping avoid over 97,000kg of CO₂e emissions.



Decarbonising our buildings

Our Better Workplace Programme is consolidating hundreds of BT Group buildings to around 30.

Our new-build central office hubs are being constructed with the aim of meeting the BREEAM-Excellent rating, which needs strong environmental credentials. This year, we opened Sheffield Endeavour, Dundee Greenmarket and Manchester New Bailey offices, which are all gas-free.

Across our wider UK buildings estate, we're closing some sites, and we're also replacing gas-fuelled heating systems with electric heating, and exploring the use of solar and air-source heat pumps.

The combination of all these actions has helped cut our gas consumption by 13 GWh, equal to over 2,400 tonnes of CO₂e.

Building energy-efficient networks

Improving our networks' energy efficiency – which account for over 85% of our total energy consumption – is one of our biggest priorities.

We're building more energy-efficient fixed and mobile networks, while switching off our old ones. As well as saving energy, full fibre networks can better absorb the effects of physical climate change risks, like flooding and higher temperatures. That means fewer faults and engineering visits.

In rural Shropshire we've switched on our first self-powered mobile site, driven by solar and wind. All its power comes from renewable energy sources, giving reliable and sustainable 4G and 5G to EE customers living and working in the area.

We also rolled out energy-saving cell-sleep technology across EE mobile sites nationally. This should save up to 4.5 GWh per year – alongside us switching off our old energy-intensive 3G network, which saved over 60 GWh last year.

Cutting carbon emissions across our value chain

Our Scope 3 carbon emissions account for 81% of our total emissions. They come mainly from purchased goods in our supply chain and from customers using our products and services.

Since FY17, we've cut our Scope 3 net emissions by 30%, to 2.9 ktonnes of CO₂e this year, a drop of around 9% on FY24.

Helping suppliers cut carbon

We've cut supply chain emissions by 25% since FY17. We're aiming for a 42% cut by the end of March 2031.

We'll keep working with suppliers on cutting carbon, including encouraging more of them to report to CDP to improve emissions visibility and action. Today, suppliers representing more than 65% of our supply chain emissions are reporting to CDP.

We continue to collaborate with major Openreach partners through a supplier engagement programme, supporting them via workshops and webinars to promote carbon emissions reporting and ways to reduce their own emissions.

First self-powered mobile site goes live

Located in rural Shropshire, the site gets most of its energy through on-site solar panels and wind turbines.

100%

of the site's power requirements will be delivered by renewable energy sources, providing reliable and sustainable EE network coverage to the area





Working with the University of Reading, we supported ‘Show Your Stripes’ day by lighting up the BT Tower with warming stripes – raising awareness of the need for urgent action on climate change.

25%

We’ve cut supply chain emissions by 25% since FY17

Cutting customers’ carbon

There’s huge potential for the use of our networks, products and services to enable customers to cut their emissions – for example, through improving our products’ energy efficiency and through customers’ use of technologies, like full fibre broadband, mobile solutions and cloud computing.

We’ve switched from our previous timebound target. Instead we’ll now report on our products’ cumulative enablement impact, as we continue to help customers and society reach net zero. Overall we’ve helped customers avoid more than 5.5m tonnes of carbon since FY22.

This year, we’ve expanded our Carbon Network Dashboard to give business customers a better view of electricity consumption and carbon emissions. We’ve also added extra business-to-business solutions to our carbon enablement methodology.

Circularity

Developing a circular economy is vital for achieving a net zero world. Around 70% of global greenhouse gas emissions come from material use and handling^a. We want to be a circular business by 2030 and build toward a circular tech ecosystem by 2040.

Operational waste – our networks and estate

We want to put zero waste into landfill by 2030. That means increasing the number of things we reuse and recycle, while minimising waste where possible.

We generated over 164 ktonnes of operational waste globally this year – significantly more than last year, due to more site clearances and civil spoils from our fibre build programme. Our UK and global recycling, reuse and recovery rates are at 97%.

We continued recovering old or end-of-life network kit to reuse or recycle. This year, we recovered 1,750 tonnes and reused 1,548 items back into our network.

As more customers switch to full fibre, we’re extracting more old copper cable. This year we recycled over 5,600 tonnes of the metal – vital for the green transition – back into the global supply chain.

Our products and services

This year, we collected over 3.1 million devices from consumers and businesses through our returns and take back processes.

Mobile devices: Through our consumer and business trade-in services, we collected nearly 140,000 mobile devices. 95% of them went for reuse and a second life. The rest we recycled responsibly. Our mobile devices take-back rate is 4.8%. We want to increase this to at least 20% by 2030.

We’ve launched the sale of refurbished Apple and Samsung smartphones. And to extend the lives of our customers’ devices, our EE repair service (approved by Apple, Samsung and Google) fixed 57,000 devices this year.

Customer Premises Equipment (CPE): Our 2024 return rate was 66%, with over 2.9m hubs and set-top boxes returned. We refurbished and reused 50% of them and recycled the rest. We’ve also redesigned our Smart Hub 2 and Wi-Fi disc packaging, cutting total material usage by 43% and saving 117 tonnes of CO₂e.

BT Business launched Device Lifecycle Management. The fully managed mobile solution monitors each stage of a device’s lifecycle – which helps extend their lifespan through repair and reuse and encourages trading-in and recycling.

Climate action advocacy

We believe every business should commit to science-based climate policies that aim to limit global warming to 1.5°C, in line with the Paris Agreement. We play our part, through direct engagement on key policies, and through third party association memberships.

This year, we’ve worked with Climate Group on pressing for renewable energy reforms and Government support on the EV transition. We supported a public letter, urging the UK Government to reassert its climate leadership. They subsequently announced a new UK climate target to cut emissions by 81% by 2035. We’ve also worked with industry peers through the Joint Alliance for CSR, and we were made chair of the International Chamber of Commerce UK sustainability committee.

^a Taken from the Circle Economy – The Circularity Gap Report 2022 <https://www.circularity-gap.world/2022>

Our stakeholders

Delivering for all of our stakeholders

They help us build strong foundations, create great customer experiences and guide us towards a bright and sustainable future

Customers, colleagues, the country we do business in (including its communities, government and regulators), our owners, suppliers and partners are all key stakeholders.

We engage with them at every level of our business, from our frontline teams to senior leadership, the *Executive Committee* and the Board. We do it with them in lots of different ways – from meetings and conferences to reviews, forums and webcasts.

To keep track of how well we're connecting with different groups, the Board and its Committees get regular updates from various parts of the business and directly from the stakeholders themselves. These insights help them make better decisions, provide valuable feedback and challenge activities, programmes, and initiatives to make sure we're on the right track.



Customers

Our large, broad customer base spans individuals, households, multinational corporations and government entities.

We want to help customers live and work better. That starts with them having outstanding experiences with us. To do that we must understand their unique needs.

Personally engaging with customers is essential to understanding what they need today and tomorrow. By transforming and creating outstanding customer experiences, we aim to build trust and loyalty.

Our customers want us to:

- give them connectivity that works everywhere that they need it to, balancing value for money with measures of network quality like, speed, data and coverage
- give them quality, seamless and personalised customer experiences
- protect them wherever they go, keeping their data safe and safeguarding their families and customers from threats, with enhanced security.

EE brings 5G standalone to Wembley Stadium in UK - first as rollout roars on

Wembley Stadium Connected by EE became the UK's first sports venue to have a bespoke and permanent 5G standalone network. Giving EE customers attending the biggest stadium events of 2025 access to the UK's newest and best 5G network for faster mobile internet speeds and reliable connectivity.

[Read more bt.com/wembley-5gstandalone](https://bt.com/wembley-5gstandalone)



How we engage with customers:

- Colleagues in service, sales and contact centres talk to customers regularly to keep up to date with what they need and help them stay connected.
- Using research techniques and internal and external data, our insights team aims to get a deep understanding of customers' needs.
- Our CFUs, *Executive Committee* and the Board regularly review metrics like NPS to monitor customers' experiences and loyalty to our brands.
- The Chief Executive, *Executive Committee* and senior leaders also regularly review and discuss customer complaints.
- Our Customer Fairness Panel, Customer Inclusion Panel, Security Advisory Board and Customer Advisory Board have direct conversations with customers to help us better understand their experiences.
- Openreach makes sure every communications provider gets equal access to our fixed network by engaging them through a transparent and compliant consultation process.

Highlights this year:

- We've simplified our contract communication and charges by expressing changes in pounds and pence instead of percentages, making it clearer for customers.
- We visited every UK region to raise awareness and to make sure all customers understand the simple steps needed to switch to Digital Voice.
- In Consumer we've continued to use EE to offer converged propositions to support customers at home, at work and on the go.
- We gave guidance on children's digital wellbeing, discouraging parents from giving primary school-aged children their own smartphones.
- For our business customers we ran market leading security events. One event - 'Secure Tomorrow' - hosted more than 800 business customers and partners, discussing topics like emerging tech, workforce, regulation, and transformation.

Protecting meaningful connections

We're here to help keep everyone safe with the tools, knowledge, and support they need to protect their families, while enjoying the benefits of the digital age. Together, we can make sure every connection is a safe one.

1.3m

customers actively protected with Scam Guard

Providing peace of mind

Scam Guard was unveiled in July 2024 as a UK first scam fighting service, providing customers with robust protection against scams and online threats. Scam Guard offers three powerful ways to fight fraud. A network level defence to protect your calls, data and online activity, with features including spam and scam call labelling, dark web monitoring, providing monthly reports and breach alerts and access to three months of free Cyber Security Duo, covering identity and device protection.

[Read more https://ee.co.uk/security/scam-guard](https://ee.co.uk/security/scam-guard)



Connectivity built for
you, that works for you

11 years

We've been named the UK's best mobile network for a record-breaking 11 years in a row, based on independent testing by RootMetrics^a. But what does that mean for our customers? Put simply, they stay connected to their life the way they want.

NUMBER  ONE

Delivering fast 5G speeds

We're rolling-out 5G Standalone (5G SA) at pace – already available to over 28 million people – bringing even better performance and reliability to customers across the UK.

5G SA also brings with it exciting new capabilities, like network slicing, which we showcased at Belfast Christmas Market to support faster and more resilient mobile payments at Lavery's Beer Tent (thanks to dedicated quality of service).

And we've continued to boost coverage and capacity in the busiest of locations. With 85 new indoor systems and over 1,000 small cell deployments, we've enhanced connectivity in numerous town centres, stadiums, travel hubs, and shopping centres up and down the country.

Over 28m

people across the UK with access to our 5G standalone network



^a All claims based on the RootMetrics® UK RootScore® Report: H2 2024. Tested at locations across the UK with the best commercially available smartphones on 4 national mobile networks across all available network types. Your experiences may vary. The RootMetrics award is not an endorsement of EE. Visit ee.co.uk/claims for more details.

Colleagues

To build a culture where colleagues can thrive and contribute to our purpose, ambition and success, they need to be engaged.

That means providing supportive work environments, flexible and agile working options and top-quality training and career development. And it means rewarding performance with fair, competitive pay and benefits.

How we engage with colleagues:

- Our Board gets regular updates from the Chief Executive and Chief People & Culture Officer. Topics range from people strategy initiatives to culture and overall sentiment in the organisation.
- This year the Board used our Designated Non-Executive Director for Workforce Engagement to effectively connect with our workforce (under the UK Corporate Governance Code 2018).
- We've run four quarterly 'Your Say' employee engagement surveys this year. They give around 10,000 people managers actionable insights on what their teams are experiencing, thinking and feeling over time. Survey participation has stayed high at 76% (March 2025).

Highlights this year:

- Despite the big levels of change and transformation, colleague engagement has stayed strong at 76% – above the 70% UK benchmark.
- Our commitment to customer satisfaction remains strong as our 'Delivering for the Customer' metric kept its strong score of 82% (over the year). Colleagues feel equally positive about being "encouraged to develop new ways to serve customers" and "empowered to make decisions to best serve customers" at 82%. This sentiment matches the global high-performing benchmark – and 8% above the 74% UK benchmark.
- We've focused on leadership, simplifying processes, and inclusion and wellbeing. But these aren't yet reflected in colleague sentiment.
- We began to shape how we work together for our customers. The Big Conversation is the start of this journey to leverage the best bits of our culture to get better outcomes for our customers.

A historic and unique relationship

We're one of the largest private sector employers of both serving reservists and ex-armed forces personnel in the country, with thousands of ex-military colleagues working across our business.

These colleagues bring a unique set of skills and experience, which makes them the ideal people to be part of our team.

81 Signal Squadron is a specialist Army Reserve Squadron working closely with a regular Army unit, 241 Signal Squadron.

BT Group employees make up around 60% of the Squadron, with the majority from within Openreach, with their CEO, Clive Selley, an Honorary Colonel. Their purpose is to install fixed telecommunications and data infrastructure across the globe, in support of the Army.

"I'm lucky to have a job which suits my skills and mindset. I also feel incredibly lucky to get volunteer days which I use to raise money for military charities."

Peter
Openreach Engineer



Our stakeholders continued

Country

We make a big economic contribution to UK society by connecting it. Trust is essential. Without it, we wouldn't be able to grow and fulfil our purpose of connecting for good. Different groups have different expectations but we all share the same goal – to make a positive impact on society.

Communities

The communities we serve want us to:

- keep them protected through reliable and secure connections
- help them to understand and navigate the increasingly digital world
- keep providing direct and indirect employment
- do business ethically, responsibly and sustainably.

How we engage with communities:

- Community members rely on our products and services for their daily lives and work.
- We support them through our stores, contact centres, digital channels and home visits for installation and maintenance.
- We offer digital skills training to millions of UK people, to help everyone – whatever age or background – build the skills they need for a more connected world.
- We run roadshows across the UK to help customers understand the switch from legacy copper-based services to Digital Voice.
- We use customer surveys and reputation tracking to understand how we're doing and inform future focus areas and goals.
- The *Responsible Business Committee* oversees our societal programme – tracking feedback and performance through a dashboard discussed at each meeting.

Highlights this year:

- Our full fibre network now reaches 4.9 million homes and businesses in harder-to-reach areas, against our aim to reach 6.2 million by December 2026. Over 18 million homes and businesses have been passed with full-fibre so far.
- We're expanding 4G coverage in rural areas through the Shared Rural Network initiative, while also growing our 5G network to 90% of the UK by 2027.
- We support over 900,000 low income and vulnerable customers with social tariffs and discounted products.
- We spend £9.6bn each year with UK suppliers. Our combined activities support 212,000 jobs directly or indirectly. We contribute £1 in every £100 of UK Gross Value-Added and support 1 in every 100 workers in the UK^a.

- We're one of the UK's biggest private sector apprenticeship employers – we've hired more than 3,000 apprentices and graduates over the past five years.
- We support communities to develop digital skills to help them thrive in a digital world. This year, we helped 280,000 more people, bringing the total to 23.3 million since FY15 (read more on page 30).
- Our people volunteered nearly 150,000 hours of their time to help our charity partners and communities – sharing skills and expertise through mentoring and digital skills training programmes.
- Colleagues donated over £1.2 million to more than 1,000 charities through payroll giving. We received the Payroll Giving Platinum Award quality mark from the Government.
- Our people's fundraising and donations raised over £173,000 for our charity partner HomeStart UK, helping families facing social exclusion.
- We fund UNICEF's 'Digital Learning Passport' tech platform, which enables online and offline access to quality educational resources for young people.

Government

- Our relationship with government bodies underpins our three strategic pillars and helps us contribute to policies and initiatives that promote the best results for stakeholders.
- Based on a report commissioned last year, we added more than £22.8bn to the UK economy, supporting critical services and working with more than 1,400 public sector customers.
- Our public policy work with Government covers everything from infrastructure investment to national security, from promoting digital skills and inclusion to wider economic and industrial policy.
- Our networks support vital public services like welfare, tax, health, social care, police and defence – while protecting citizens' personal data.

The Government wants us to:

- keep investing in our network infrastructure
- provide the fastest, most reliable and secure connection possible, to the widest possible range of communities
- invest in the best products and services, at fair prices, with high levels of customer service
- support vulnerable customers through tough economic times.

How we engage with the Government – and highlights this year:

- Our policy and public affairs team manages our relationships with Government and other politicians.
- Under the Communications Act 2003, the Government can ask us (and others) to run or restore services during disasters. The Civil Contingencies Act 2004 also says that

they can impose obligations on us (and others) in emergencies, or in connection with civil contingency planning.

- We keep an open dialogue with Government through our Chairman, Chief Executive and senior leaders – as well as through consultation responses and cross-industry initiatives. Through those conversations we build support for policies that will deliver good results for the UK and our shareholders.
- The Board receives updates on discussions with Government through updates from the Chairman, Chief Executive and *Executive Committee* members.
- In 2024 we engaged with senior representatives and politicians from all major political parties in the run up to the General Election. And since the election we've sought to build a constructive partnership with the new Government.
- This year, we contributed to Government initiatives on industrial strategy, technology development and adoption, mobile markets, planning, business rates, smart data, AI opportunities, cybersecurity, international trade, economic security, fraud and copyright.
- We also worked with officials and regulators to agree new protocols for moving customers off our old networks.
- We gave insights to Government to help it formulate its Statement of Strategic Priorities for Ofcom. We also gave input and evidence to parliamentarians on legislation like the Data (Use and Access) Bill and the Employment Rights Bill.

Regulators

Regulation is essential for protecting consumers and promoting fair competition. Our main relationship is with Ofcom, the regulator of UK communications and TV services. We also work with other bodies like the Financial Conduct Authority, Competition and Markets Authority, and the Information Commissioner's Office.

Our regulators want us to:

- invest and innovate in UK digital infrastructure
- keep the UK's digital infrastructure and critical services secure and reliable
- be fair and transparent with customers
- compete fairly in our markets.

How we engage with regulators:

- We have open and constructive dialogue via our Board, Chief Executive, *Executive Committee* and senior leaders. These discussions focus on how regulation can support investment in top-notch digital infrastructure while making sure the market works for consumers.
- As part of our day-to-day operations, we regularly interact with Ofcom and other regulators through industry consultations and information requests to make sure they understand the impact of proposed changes.

^a The Economic Impact of BT Group plc in the UK – 2025 edition (bt.com/economic-impact)

Fast, safe,
mission-critical

88 years

Since 1937, BT has handled incoming 999 calls – now at more than 37 million each year. As well as connecting national and local government, today BT works with more than 200 NHS trusts, 44 police forces and 38 fire services.



Unrivalled experience delivering the UK's critical connectivity infrastructure

This year we signed a new £1.29bn contract with the Home Office to provide mobile services for the Government's Emergency Services Network (ESN) over the next seven years.

ESN is a national critical communications system that enables fast, safe and secure mission-critical voice, video and data across the 4G network. It gives first responders immediate access to life-saving data, images and information in live situations and emergencies on the frontline.

[Read more about our Emergency Services Network at bt.com/esn](https://bt.com/esn)

Our stakeholders continued

Owners

Our equity investors include large financial institutions, who hold the majority of shares, as well as around 584,000 individual shareholders.

Our owners want us to:

- deliver a return on their investment through dividends and capital growth
- execute brilliantly against our guidance and long-term strategy.

How we engage with our owners – and highlights this year:

- Shareholders engage with us through our investor relations activities, Annual Report, financial results and Annual General Meeting (AGM) – as well as through other documents and briefings.
- The AGM connects our Board with shareholders. In 2024 we held our AGM in Manchester with all resolutions passed and the results published on bt.com/agm. We will publish our 2025 AGM arrangements in the Notice of Meeting (see page 128).
- Individual shareholders interact with the Company Secretary (or their delegate) and with our share registrar Equiniti.
- Our Investor Relations team engages with institutional and debt investors through one-to-one conversations, roadshows, group meetings, conferences and industry events.
- The Chairman, certain Non-Executive Directors, Chief Executive, Chief Financial Officer, other executives and our investor relations team had 230 investor meetings this year. Topics included:
 - our strategy and competitive position in key markets
 - our financial and operational performance (particularly around inflation, energy and pay costs, in-contract pricing and cash flow profile to the end of the decade)
 - capital investment (including FTTP and 5G)
 - our capital allocation policy
 - changes at the top of the shareholder register
 - prospective governmental and regulatory policy decisions
 - our pension fund valuation.
- The Board receives regular reports on top shareholders, movements in the share register, share price performance and engagement with investors and analysts. It discusses and considers issues together with management as part of its decision making.

We have an investment-grade credit rating based on the strength of our balance sheet, our scale and competitive market position.

Suppliers and Partners

Strong relationships with suppliers and partners are crucial to our success. They enable us to provide solutions and offers to deliver exceptional customer experiences.

Our suppliers and partners want us to:

- pay them according to our agreed terms
- work with them to optimise their supply chains and support cash flow management
- operate ethically and transparently.

How we engage with suppliers and partners:

- We need to know who we're doing business with and who's acting on our behalf.
- We pick suppliers who agree to endorse our policies and standards – making sure we collectively act ethically and responsibly.
- We do due diligence before signing contracts on risks like financial health, anti-bribery and corruption, business continuity, human rights, environmental impacts, cyber security, data privacy and health and safety.
- We make sure we have strong contracts with suppliers to keep standards high, deliver on time to our customers, and follow our responsible and ethical supply chain standards.
- We regularly audit our high-risk suppliers – focusing on governance, human rights and environmental impacts – and work with them to address findings.

Based in Dublin and established in early 2021, BT Sourced is our procurement arm. It focuses on creating more digital and sustainable procurement through cutting-edge technologies like AI and robotics.

BT Sourced boosts our efficiency and productivity. It also fosters better collaboration with suppliers and partners – which delivers better value for us, our customers and the wider community.

BT Sourced highlights this year:

- We grew our partnership with start-up Nnamu – using its game theory AI-based agent to recommend negotiation strategies and negotiate autonomously. This is saving us time and money.
- Our in-house negotiation analytics team explored AI techniques and added new tools. Our Supplier 360 dashboard now uses machine learning and AI to analyse data and model our supply base, providing insights into supplier relationships, saving money and identifying potential supply chain risks.
- We improved support for small and micro-sized suppliers by launching a tailored Collaborative Cash Flow Optimisation (C2FO) solution, with competitive funding rates. To make it more accessible for international suppliers, we've begun offering payments in US\$. More than 1,300 suppliers have signed up. And in 2024 we facilitated more than £1.2bn early payments.
- BT Group won awards for Best Use of Technology for a working capital project in the Working Capital Forum and Best Working Capital Programme from the Supply Chain Finance Community.
- We supported Scope 3 and circular economy targets through sourcing strategies for things like network kit, property, consumer devices and fleet. Read more at bt.com/ ESGdendum
- Our new Supplier Environmental Standard sets clear expectations for suppliers on waste and chemicals, climate change, circular economy, energy consumption and mineral sourcing.
- PRISM's macro risk intelligence is helping us quickly address emerging risks, make better-informed decisions, and develop category strategies based on risk analysis. You can read more on our risk focus on page 54.
- We launched the Procurement Academy to improve our people's supply chain optimisation and procurement skills – driving innovation and improving supplier relationships and decision-making.

Regulatory update

We believe the current regulatory approach is effective, delivering a competitive market and positive outcomes for customers. Ofcom closely monitors activities as part of their ongoing review of the regulatory framework for 2026-31.

In May, we revised our timetable for switching customers to digital phone services. We did that to prioritise protecting vulnerable people and those with extra needs – like telecare users. We formed the Telecare Action Board last year and through that have recently supported the Government with guidance to local authorities. Our top priority is making sure we switch all our customers safely.

Over the past year, Ofcom concluded their investigations into contract information and emergency call handling – this resulted in fines of £2.8m and £17.5m respectively. We take complying with regulations seriously. So we've accepted Ofcom's findings and have worked hard to implement strong solutions and processes to meet their expectations.

Earlier this year, we announced a new 'pounds and pence' price rise model to be more transparent with customers, in line with Ofcom's ban on inflation-linked mid-contract price rises.

We welcome Ofcom's December 2024 update on their Telecommunications (Security) Act Monitoring programme. The report which highlighted "good or improving governance practices" in this area. Our focus is still on making our networks secure and resilient – and we continue to work with all parties to do that.

Following our successful 3G network closure, we've outlined how we'll be switching off our 2G network later this decade. That includes expanding our 4G and 5G networks' reach and working closely with industry bodies, charities and Ofcom to raise awareness.

We were pleased to collaborate with industry on the launch of 'One Touch Switching' in September 2024. It gives customers a much simpler mechanism for switching providers.

We are engaging with Ofcom on its Telecoms Access Review consultation published on 20 March 2025.

Providing peace of mind

We know that there are a number of barriers stopping people from getting online. Alongside our work on social tariffs, we're working with Government to explore innovative solutions to expand access to public wi-fi. And we've partnered with leading charities to offer support where it is needed most, including offering devices, data and skills support to hundreds of disabled adults.

23.3m

We've reached 23.3 million people with help on digital skills since FY15

[Read more about our digital skills programme here: bt.com/responsiblebusiness](https://bt.com/responsiblebusiness)

Ensuring access for all

We're leading the market in providing social tariffs and discounted products to support low income and vulnerable customers to get and stay online, helping to address digital exclusion.

900k

customers supported



Non-financial and sustainability information statement

In this section we present information on how we're complying with the non-financial reporting requirements in Sections 414CA and 414CB of the Companies Act 2006.

Environment

See pages 19, 31 to 33, 45, 62 to 71, 84 and 96.

Policies

Our Health, Safety and Environment Group Policy explains how we're protecting the environment and building a more sustainable future.

Our main priorities are cutting carbon emissions (our biggest environmental impact) and being more energy efficient.

It also sets out our commitment to partnering with stakeholders. And it's supported by our environmental strategy and goals of becoming a net zero and circular business.

Every year we report on how we're doing in our operations and wider value chain. You can read more on pages 31 to 33.

Due diligence

The Group Health, Safety & Environment (HSE) Sub-Committee monitors and manages our environment strategy and risks, acting on the *Executive Committee's* behalf.

The *Responsible Business Committee* oversees progress against our environmental goals. We review and update our policies every year.

Results

You can read more on our plans and performance – including progress on net zero – on pages 31 to 33 and at bt.com/esgaddendum

Risks

We consider environmental and climate-related risks across our whole business. That includes health, safety and environment, and operational resilience and how we manage stakeholders and suppliers. There's more on our group risk categories on pages 56 to 61.

We're mitigating our environmental impact and key physical climate risks in lots of ways.

You can read more on pages 31 to 33 and in our Task Force on Climate-related Financial Disclosures statement on pages 62 to 71.

Colleagues

See pages 22 to 27, 34, 37 and 84.

Policies

Our people's wellbeing will always be at the heart of our business.

It's in our code: We always put wellbeing and safety first. It's also written into our HSE Group Policy.

Our strategy is to build a fulfilled, safe, happy and healthy team – in a culture where everyone can thrive. We do this through wellbeing programmes to boost colleagues' performance, resilience, happiness and engagement.

International standard ISO 45003 'Psychological health and safety at work' says that psychosocial risk management must be addressed at all levels and functions – especially top management.

We agree with the concepts raised in the standard. We apply them to help prevent work-related injuries or ill health in colleagues and to promote positive wellbeing at work.

Our inclusion and wellbeing strategy is programmatic and evidence-based.

It helps us understand and remove bias and other cognitive barriers from policies, processes, systems and decision making.

And it supports our aim to build the strongest foundations by helping us apply an inclusion lens to everything we do – and by promoting a healthy culture.

Due diligence

We plan against three goals – Promote, Support and Restore.

From these we create focused interventions and campaigns. They champion wellbeing and make sure our people can access wellbeing support and services.

We also work with stakeholders across the business to make sure our wellbeing approach is consistent, integrated and part of our culture.

We review policies every year, updating them when needed. And we coordinate health and safety through our Group HSE Sub-Committee and with our unions through the Good Work Forum.

Our well-established governance processes make sure we integrate Inclusion and Wellbeing into decisions and policy development. We update the *Executive Committee* regularly on our strategy's relevance and effectiveness – and on progress against our inclusion and wellbeing goals.

Our People Networks raise members' concerns and are sponsored by *Executive Committee* members or by the CEO, Openreach.

Engaging with our broader population also helped shape and influence our Inclusion and Wellbeing plans. You can read more about other ways we engage with colleagues on page 37.

Results

There are details of what we've done to apply our policy on page 26.

You'll find information on absence rates and other wellbeing metrics at bt.com/esgaddendum

Our strategy creates a culture that embraces inclusion and embeds it into our decisions.

There are details of how we've supported our strategy this year – together with the latest inclusion statistics – on page 37.

Risks

We reflect wellbeing risks as part of the People and HSE group risk categories on page 60. And we reflect Inclusion and Diverse Representation risks in the People group risk category on page 60.

Social and community

See pages 28 to 33, 38, 59 and 84.

Policies

Our Manifesto is rooted in our purpose. It's supported by commitments on three themes – responsible, inclusive and sustainable.

It recognises we'll only succeed if we help solve some of the problems faced by the societies and customers we serve. In particular, our commitment to giving people help with digital skills will benefit wider society.

Our 'BT Group charity approach' explains how we partner with charities and support our people's volunteering work.

Due diligence

The *Responsible Business Committee*:

- oversees our Manifesto commitments and progress
- reviews our strategy and progress on societal programmes and goals
- monitors progress against our ambition to reach 25m UK people with help to improve their digital skills by the end of FY26.

Results

We report on how we invest in communities on page 38.

You can read more on our Manifesto and what we've achieved this year on pages 28 to 33. That includes our progress with helping people improve their digital skills.

Risks

We consider digital inclusion risks as part of our group risk framework – the *Responsible Business Committee* reviews these risks.

Human rights

See page 29

Policies

Our Human Rights Policy explains how we respect and champion human rights in our business – and through our relationships with others. It's supported by our responsible tech principles. Our Manifesto reinforces these principles and our respect for human rights.

Due diligence

We have processes to identify and tackle potential and actual human rights impacts across our business. They include checking we're applying responsible tech principles when we develop, buy, sell and use tech.

Our Group Corporate Affairs Director oversees our responsible tech and human rights approach with delegated authority from the Chief Executive Officer for decisions about human rights risks.

Day to day, our Responsible Tech and Human Rights team works on integrating the United Nations Guiding Principles for Business and Human Rights into our business – updating the *Responsible Business Committee* regularly.

Respecting human rights is part of mandatory annual training for all colleagues.

We identify, measure and tackle human rights impacts through our Speak Up whistleblowing service and through risk assessments and on-site audits.

Results

We were rated as one of Europe's top performing companies in the 2024 Global Child Forum Benchmark Report that focuses on children's rights. We've also made good progress on our human rights partnering and advocacy.

We report on this – and on our responsible tech principles – on page 29.

Risks

We consider human rights risks within our Supply Management group risk category on page 61, and as part of our wider group risk framework.

Anti-bribery and corruption

Policies

Being trusted: our code sets out promises including zero tolerance of bribery and corruption. It's supported by specific standards on Anti-Bribery and Corruption (ABC), gifts and hospitality, conflicts of interest and high risk third parties.

It describes how we expect everyone who works here – or on our behalf – to do business.

It also covers extra policy areas like human rights, and equality and diversity. And it provides a framework for our ambition to become the most trusted connector of people, business and society.

Through our commitment to doing the right thing, it shows that stakeholders can depend on us.

Due diligence

We do due diligence on third parties, hire external providers to assess higher risk areas, and use an integrity risk dashboard to identify potential focus areas.

We take a risk-based approach to third-party due diligence. We also have enhanced approval, due diligence and monitoring processes in place for higher risk third parties.

Results

All colleagues undertake mandatory training on our code. Our senior leaders also publish communications that reinforce our code and policies.

Two of our quarterly colleague engagement surveys include questions on ethical perception, with results shared with senior management.

Speak Up, our whistleblowing service, lets anyone who works for (or with) us to report anything that goes against our code confidentially. That includes bribery, corruption, human rights violations, bullying or harassment. It had 840 reports this year.

Risks

We consider ABC and ethical conduct risks within the Legal Compliance group risk category – where risks apply across our operations generally.

You can read more on page 58.

Our key performance indicators (KPIs)

Financial

Year ended 31 March

Changes to our KPIs

We continued to monitor and evolve our KPIs to make sure they're the best measures against our strategy. During FY25 we've worked on refreshing our strategy, as part of this we have updated our KPIs from FY26 onwards to more accurately reflect our strategic priorities.

As part of the strategy refresh we have included adjusted UK Service Revenue as a new KPI from FY25.

Reported revenue (£m)

FY25	20,358
FY24	20,797
FY23	20,681
FY22	20,850
FY21	21,331

Definition

This is our revenue as reported in our income statement.

Performance

Reported revenue was £20,358m (FY24: £20,797m). The decrease was driven by continued challenging non-UK trading conditions in our Global and portfolio channels and weaker handset trading in Consumer, offset by the impact of FTTP growth in Openreach and price increases.

You can read more details about CFU performance on pages 51 to 52.

[Link to strategy](#) **1,2,3**

Adjusted UK Service Revenue (£m)

FY25	15,582
FY24	15,727
FY23	
FY22	
FY21	

Definition

Adjusted UK Service revenue comprises all UK revenue less UK equipment revenue. Some revenue from equipment is included within adjusted UK service revenue where this is sold as part of a managed services contract or where that equipment cannot be practicably separated from the underlying service. Adjusted UK service revenue excludes revenues from our Global channel and international elements of our Portfolio channel within our Business segment, as they are international in nature.

Performance

Adjusted UK Service Revenue for the year was £15,582m (FY24: £15,727m). This is down 1% as growth in Openreach was more than offset by a decline in Business, as a result of lower legacy revenues.

[Link to strategy](#) **1,2,3**

Adjusted^a EBITDA (£m)

FY25	8,209
FY24	8,100
FY23	7,928
FY22	7,577
FY21	7,415

Definition

This measures our earnings before specific items, net finance expense, taxation, depreciation and amortisation and share of post tax profits or losses of associates and joint ventures.

Performance

Adjusted EBITDA was £8,209m (FY24: £8,100m). The increase was primarily due to strong cost transformation which more than offset declines in revenues.

You can read more on page 46.

[Link to strategy](#) **1,2,3**

Normalised free cash flow^b (£m)

FY25	1,598
FY24	1,280
FY23	1,328
FY22	1,392
FY21	1,459

Definition

This measures free cash flow (net cash inflow from operating activities after capital expenditure) after adjusting for a number of measures, the largest being net interest paid, payments of lease liabilities, pension deficit payments, specific items and net cash flows related to the sale of contracts assets. For a full definition refer to page 230.

Performance

We generated £1,598m of normalised free cash flow (FY24: £1,280m). This was up 25% from last year driven by favourable working capital timing and higher EBITDA.

You can find a reconciliation of our working capital programmes in Additional information on page 230.

[Link to strategy](#) **1,2,3**

Reported capital expenditure (£m)

FY25	4,857
FY24	4,880
FY23	5,056
FY22	5,286
FY21	4,216

Definition

This measures additions to property, plant and equipment and intangible assets during the year. See note 4 to the consolidated financial statements for a reconciliation to the measures reported the group accounts.

Performance

Reported capital expenditure was £4,857m (FY24: £4,880m). This is broadly in line with prior year, with higher FTTP build and provision volumes in Openreach, some preparation for an acceleration in our build, and higher customer premises equipment in Consumer, being offset by lower build and provision unit costs.

[Link to strategy](#) **1,2,3**

Return on capital employed (ROCE) (%)

FY25	8.7%
FY24	8.5%
FY23	8.3%
FY22	8.7%
FY21	8.6%

Definition

ROCE is adjusted earnings before interest and tax as a percentage of equity, debt and debt-like liabilities excluding balances associated with tax and management of financial risk. For a full definition and a reconciliation to the nearest IFRS measure see page 229.

Performance

ROCE for the year was 8.7% (FY24: 8.5%). This is primarily due to slightly higher adjusted earnings offset by increased capital employed which reflects higher debt to fund our fibre build programme.

[Link to strategy](#) **1,2,3**

Operational

At 31 March

We use eleven KPIs – five operational and six financial. We reconcile the financial measures to the closest IFRS measure on pages 228 to 230.

BT Group Net Promoter Score (NPS) R (point increase/(decrease))

FY25		4.7
FY24		1.0
FY23		(1.0)
FY22		2.3
FY21		7.8

Definition

This tracks changes in our customers' perceptions of BT Group since we launched the measure in April 2016. It's a combined measure of 'promoters' minus 'detractors' across our business units. BT Group NPS measures the net promoter score in our retail business^c and net satisfaction in our wholesale business.

Performance

We continue to focus on creating standout customer experiences with performance up almost five points in FY25. You can read more about these and our approach to customer experience on page 18.

[Link to strategy](#)

2

Total Openreach FTTP connections (m)

FY25		6.5
FY24		4.7
FY23		3.1
FY22		1.8
FY21		0.9

Definition

This tracks how many premises are connected to Openreach's full fibre (FTTP) network.

Performance

6.5m (FY24: 4.7m) premises are now connected to Openreach's FTTP network. Openreach's full fibre footprint reaches more than 18 million homes and businesses and we're on track to get to 25 million premises by the end of 2026. You can read more about the full fibre rollout on page 16.

[Link to strategy](#)

1

Total 5G connections (m)

FY25		13.2
FY24		11.1
FY23		8.6
FY22		5.3
FY21		1.6

Definition

This measures the number of BT retail connections to the 5G network.

Performance

13.2m BT retail connections to our 5G network. We continue to expand our 5G network which now covers 85% of the UK population. You can read more on our 5G coverage and rollout on page 16.

[Link to strategy](#)

1

Percentage reduction in operational carbon emissions

FY25		(52)%
FY24 ^d		(50)%
FY23 ^d		(49)%
FY22 ^d		(46)%
FY21 ^d		(41)%

Definition

This measures performance against our ambition to cut carbon emissions by 90% by the end of March 2031 compared to FY17 levels^d. It's based on an absolute reduction in tonnes of CO₂e (carbon dioxide equivalent) in operational emissions (Scopes 1 and 2 greenhouse gas emissions). This replaces our previous carbon intensity goal, reflecting stronger ambition and alignment to a 1.5°C pathway.

Performance

This year, we achieved a 52% reduction from our baseline year (FY17) (FY24: 50%^d). You can find out more information on what we're doing to tackle environmental challenges and our journey towards net zero emissions on pages 31 to 33.

[Link to strategy](#)

3

Units on legacy networks (m)

FY25		4.2
FY24		6.5
FY23		10.6
FY22		11.6
FY21		14.2

Definition

This tracks customer migrations from legacy to strategic network platforms, which enables our legacy platforms to be decommissioned. A 'unit' is a circuit within, or a connection to our network.

Performance

We have reduced our number of legacy connections in our network by nearly three quarters by migrating customers to Digital Voice, 4/5G and Fibre broadband.

[Link to strategy](#)

2,3

Link to strategy

Each KPI measures how we're doing against at least one of our strategic pillars. You can read more about these, and our progress against them, from page 15.

1_Build the strongest foundations

2_Create standout customer experiences

3_Lead the way to a bright, sustainable future

R Link to directors' remuneration

The annual bonus and long-term incentive plans that comprise our directors' remuneration are each linked to certain KPIs. See the **Report on directors' remuneration** on pages 98 to 122.

- a Adjusted EBITDA is defined as the group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post tax profits or losses of associates and joint ventures, as explained on page 230.
- b Normalised free cash flow as defined on page 230.
- c Includes our Consumer brands as well as Business unit excluding Wholesale.
- d Restated from percentages presented in the FY24 Annual Report due to a change in the KPI definition. Our previous KPI, an 87% reduction in carbon emissions intensity by FY31, has been replaced with this operational carbon emissions reduction KPI, also described on page 31.

Group performance

Alternative performance measures

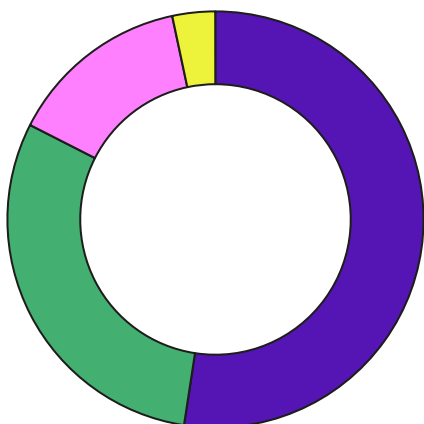
We assess the performance of the group using various alternative performance measures. As these are not defined under IFRS they are termed 'non-GAAP' or 'alternative performance' measures. We reconcile these to the most directly comparable financial measure or measures calculated and presented under IFRS on pages 228 to 230. The alternative performance measures we use may not be directly comparable with similarly titled measures used by other companies.



Simon Lowth
Chief Financial Officer
22 May 2025

FY25 Capital expenditure^d

£4,857m



- Network investment £2,546m
- Customer driven investment £1,461m
- System and IT £688m
- Non-network investment £162m

Revenue £m

£20,358m (2)%

FY25	20,358
FY24	20,797

Adjusted^a EBITDA £m

£8,209m 1%

FY25	8,209
FY24	8,100

Profit before tax £m

£1,334m 12%

FY25	1,334
FY24	1,186

Operating cash flow £m

£6,989m 17%

FY25	6,989
FY24	5,953

Normalised free cash flow^b £m

£1,598m 25%

FY25	1,598
FY24	1,280

Net debt^c £m

£19,816m 2%

FY25	19,816
FY24	19,479

Earnings per share pence

	Adjusted EPS	Reported EPS
FY25	18.8p	10.8p
FY24	18.5p	8.7p

Performance

Revenue was down 2%. We delivered growth in both adjusted^a EBITDA and normalised free cash flow^b, driven by a focus on transformation and strong cost control. Capital expenditure was broadly in line with FY24.

Reported revenue was £20,358m, which was down 2% mainly due to continued challenging trading conditions in our Global and non-UK Portfolio channels and weaker handset trading in Consumer. These factors offset the benefit of FTTP growth in Openreach and price increases in each CFU.

Adjusted^f UK Service revenue was £15.6bn, down 1% as growth in Openreach was more than offset by a decline in Business and Consumer largely due to legacy voice declines.

Adjusted^a EBITDA of £8,209m was up 1%, driven by strong cost transformation.

Reported profit before tax of £1,334m was up 12%, primarily due to goodwill impairment in the prior year, this was offset by higher restructuring charges, adjustments to balances related to our Sports JV and net finance expense in FY25.

Capital expenditure^d of £4,857m, was broadly in line with prior year, with higher FTTP build and provision volumes in Openreach, some preparation for an acceleration in our build, and higher customer premises equipment in Consumer, being offset by lower build and provision unit costs.

Normalised free cash flow^b was £1,598m, up 25% driven by favourable working capital timing and higher EBITDA.

Financial outlook

We remain well positioned to deliver a strong increase in cash flow and value through delivery of our focused strategy. Our outlook is underpinned by confidence in our unrivalled assets, leading network position, strong brands, ever-improving customer experience and continued focus on transformation.

In FY26 we expect adjusted^f group revenue of c. £20bn and adjusted UK service revenue^e of between £15.3bn and 15.6bn, with adjusted^a EBITDA between £8.2bn and £8.3bn. Capital expenditure excluding spectrum is expected to be around £5.0bn as we accelerate our FTTP build, offset by c. £100m of forward copper sales, with normalised free cash flow around £1.5bn.

From FY27 to FY30, we expect sustained adjusted^f group revenue and adjusted UK service revenue^e growth as legacy voice drags abate, and EBITDA growth ahead of revenue enhanced by cost transformation. Capital expenditure^d will reduce by more than £1bn from the FY26 level. We expect to deliver c. £2.0bn in normalised free cash flow^b in FY27 and c. £3.0bn by the end of the decade.

	FY26 outlook	End of decade
Adjusted ^f group revenue	c. £20bn	Sustained growth from FY27
Adjusted UK service revenue ^e	£15.3-£15.6bn	Sustained growth from FY27
Adjusted ^a EBITDA	£8.2-£8.3bn	Consistent and predictable growth ahead of revenue enhanced by cost transformation
Capital expenditure ^d	c. £5.0bn	Reduces by >£1bn from FY26 level
Normalised free cash flow ^b	c. £1.5bn	c. £2.0bn in FY27 c. £3.0bn by end of decade

Dividend

We have declared a final dividend of 5.76 pence per share (pps) (FY24: 5.69pps), bringing the full year dividend to 8.16pps (FY24: 8.00pps).

We reconfirm our progressive dividend policy which is to maintain or grow the dividend each year whilst taking into consideration a number of factors including underlying medium-term earnings expectations and the level of business reinvestment.

The Board expects to continue with this policy for future years, and to declare two dividends per year with the interim dividend being fixed at 30% of the prior year's full year dividend.

Summarised income statement

Year ended 31 March	2025 £m	2024 £m
Revenue	20,358	20,797
Operating costs ^g	(12,888)	(13,185)
Depreciation and amortisation	(4,978)	(5,398)
Operating profit	2,492	2,214
Net finance expense	(1,150)	(1,007)
Share of post tax profit/(loss) of associates and ventures	(8)	(21)
Profit before tax	1,334	1,186
Tax	(280)	(331)
Profit for the period	1,054	855

Revenue

Reported revenue was £20,358m, down 2% mainly due to continued challenging trading conditions in our Global and non-UK Portfolio channels and weaker handset trading in Consumer. These factors offset the benefit of FTTP growth in Openreach and price increases in each CFU.

[You can find details of adjusted revenue by CFU on pages 51 to 52.](#)

Note 5 to the consolidated **financial statements** shows a full breakdown of revenue by all our major product and service categories.

Operating costs

Reported operating costs (including depreciation and amortisation) were £17,866m, down 4% year on year due to cost transformation and the prior year goodwill impairment, which were partly offset by cost inflation and specific costs including impairment of disposal groups, restructuring charges and adjustments to balances related to our Sports JV.

Note 6 to the consolidated **financial statements** shows a detailed breakdown of our operating costs.

Adjusted EBITDA

Adjusted^a EBITDA of £8,209m was up 1%, driven by strong cost transformation, which more than offset lower revenue.

[You can find details of adjusted EBITDA by CFU on pages 51 to 52.](#)

- a Adjusted EBITDA is defined as the group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post-tax profits or losses of associates and joint ventures, as explained on page 230.
- b Normalised free cash flow as defined on page 230.
- c Net debt as defined on page 228.
- d Additions to property, plant and equipment and intangible assets in the period. See note 4 to the consolidated **financial statements** for a reconciliation.
- e As defined on page 229.
- f Adjusted measures exclude specific items, as explained on page 228.
- g Excluding depreciation and amortisation.

Group performance continued

Profit before tax

Reported profit before tax of £1,334m was up 12%, primarily due to goodwill impairment in the prior year, offset by higher restructuring charges, adjustments to balances related to our Sports JV and net finance expense in FY25.

Specific items

As we explain on page 228, we separately identify and disclose those items that in management’s judgement need to be disclosed by virtue of their size, nature or incidence. We call these specific items. Specific items are used to derive the adjusted results as presented in the consolidated income statement. Adjusted results are consistent with the way that financial performance is measured by management and assists in providing an additional analysis of the reported trading results of the group.

Specific items resulted in a net charge after tax of £781m (FY24: £963m). The main components were restructuring charges of £448m (FY24: £388m), interest expense on retirement benefit obligation of £197m (FY24: £121m), Sports JV-related items £119m and impairment loss on remeasurement of the disposal groups of £116m; partly offset by a tax credit on specific items of £200m (FY24:£145m). Specific operating costs were £772m (FY24: £949m).

Note 9 to the consolidated **financial statements** shows the full details of all revenues and costs that we have treated as specific items.

Taxation

The effective tax rate on reported profit was 21.0% (FY24: 27.9%) which is lower than the UK corporation tax rate of 25% primarily due to the UK patent box tax regime. The rate was higher in the prior period due to a non-deductible goodwill impairment.

The effective tax rate on adjusted^a profit was 20.7% (FY24: 20.7%) for the same reasons.

A net corporation tax refund of £35m (FY24: £59m payment) comprised overseas tax payments of £60m offset by a UK tax refund of £95m following the closure of prior period tax returns.

We expect a large proportion of our capital expenditure to be eligible for full expensing which will eliminate our current year UK tax liability.

The charge for the period comprises deferred tax in the UK and current and deferred tax overseas.

Earnings per share

Reported earnings per share was 10.8p, up 24%, while adjusted^a earnings per share was 18.8p, up 2%.

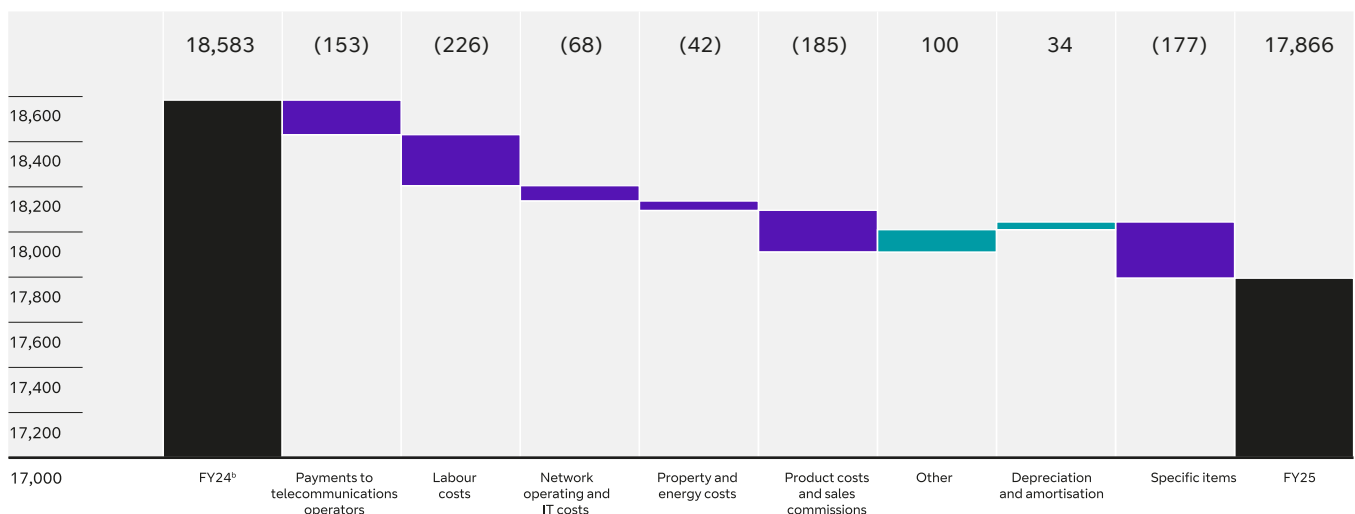
Capital expenditure

Capital expenditure of £4,857m (FY24: £4,880m), was broadly in line with prior year, with higher FTTP build and provision volumes in Openreach, some preparation for an acceleration in our build, and higher customer premises equipment in Consumer, being offset by lower build and provision unit costs.

Cash capital expenditure is in line with prior year at £4,937m, with the difference to reported capital expenditure primarily representing the timing of government grant funding repayments.

Operating costs

Year ended 31 March (£m)



^a Adjusted measures exclude specific items, as explained on page 228.

^b Comparative FY24 figures are restated. See note 6 to the consolidated **financial statements** for details.

Pensions

The IAS 19 deficit has decreased to £4.1bn at 31 March 2025, net of tax £3.2bn (FY24: £4.8bn, net of tax £3.8bn), primarily due to scheduled contributions over the period.

The 2023 BT Pension Scheme funding valuation included a future funding commitment for BT to provide additional deficit contributions should the funding deficit be more than £1bn behind plan at two consecutive semi-annual assessment dates. At the 31 December 2024 assessment date, the funding position was within this limit.

The movements in the deficit for the group's defined benefit plans are shown below.

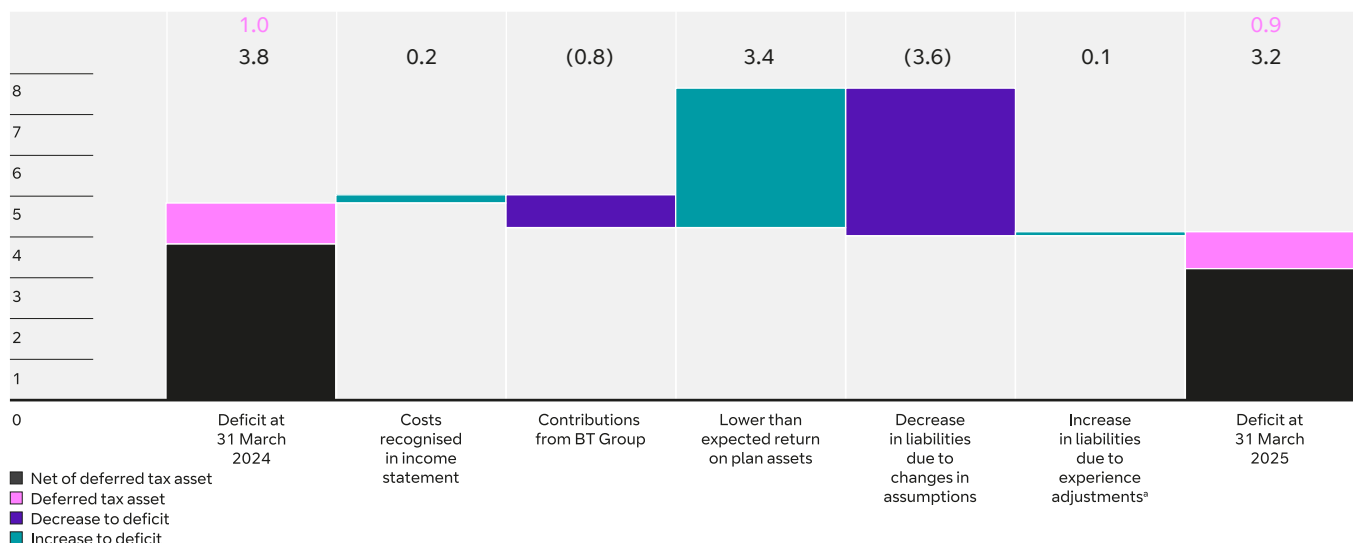
Assets and liabilities classified as held for sale

During the year we announced our intention to explore options to optimise our global business. At 31 March 2025 we have five disposal groups held for sale. These include our datacentre business in Ireland, our Irish wholesale and enterprise business, and our domestic operations in Italy. The disposals are all expected to be completed in FY26 subject to competition and regulatory approvals.

Summarised balance sheet

Year ended 31 March	2025 £m	2024 £m
Intangible assets	12,433	12,920
Property, plant and equipment	23,380	22,562
Right-of-use assets	3,328	3,642
Derivative financial instruments	1,034	1,070
Joint ventures and associates	252	307
Preference shares in joint ventures	395	533
Cash and cash equivalents	216	414
Investments	2,648	2,395
Trade and other receivables	3,764	4,206
Contract assets	1,500	1,740
Deferred tax assets	959	1,048
Assets classified as held for sale	245	—
Other current and non-current assets	828	902
Total assets	50,982	51,739
Loans and other borrowings	18,762	18,526
Derivative financial instruments	497	539
Trade and other payables	6,231	6,964
Contract liabilities	1,156	1,081
Lease liabilities	4,571	4,955
Provisions	640	649
Retirement benefit obligations	4,230	4,882
Deferred tax liabilities	1,717	1,533
Liabilities classified as held for sale	188	—
Other current and non-current liabilities	82	92
Total liabilities	38,074	39,221
Total equity	12,908	12,518

Movements in the deficit for BT Group's defined benefit plans (£bn)



^a Primarily reflects the impact on the liabilities of actual inflation being higher than assumed at the prior reporting date, which has been broadly offset by increases to inflation-linked assets from higher inflation.

Group performance continued

Cash flow

The net cash inflow from operating activities was £6,989m, up 17%.

Normalised free cash flow^a was £1,598m, up 25% driven by a lower working capital outflow and higher EBITDA.

A reconciliation of our working capital programmes is shown in Additional Information on page 230.

You can also see a reconciliation to normalised free cash flow^a from net cash inflow from operating activities (the most directly comparable IFRS measure) on page 230.

The net cash cost of specific items adjusted from normalised free cash flow^a was £498m (FY24: £439m), primarily relating to restructuring payments.

Net debt^b and financial debt

Net debt^b (which includes lease liabilities) was £19.8bn (31 March 2024: £19.5bn), increasing mainly due to our scheduled pension scheme contributions of £0.8bn partly offset by free cash flow.

Net financial debt (which excludes lease liabilities) at 31 March 2025 was £15.2bn (31 March 2024: £14.5bn).

BT Group holds cash and current investment balances of £2.8bn, the current portion of loans and other borrowings is £2.1bn.

Our £2.1bn undrawn committed borrowing facility, which matures no earlier than January 2030 with the option to extend for two further years, remains undrawn at 31 March 2025.

We remain committed to our credit rating target of BBB+/Baa1 and minimum rating of BBB/Baa2.

During FY25 all of the major agencies confirmed their ratings at BBB or equivalent with stable outlook.

Contractual obligations and commitments

Our principal undiscounted contractual financial obligations as at 31 March 2025 are as follows:

- Loans and other borrowings of £18,189m (FY24: £17,728m)
- Lease liabilities of £5,179m (FY24: £5,591m)
- Pension deficit obligations of £5,120m (FY24: £5,942m)
- Capital commitments of £985m (FY24: £1,049m)
- Device purchase commitments of £198m (FY23: £171m).

We have unused committed borrowing facilities totalling £2.1bn. We expect that these resources, combined with the future cash we generate, will allow us to settle our obligations as they fall due.

Notes 15, 19, 26 and 31 to the consolidated **financial statements** give further information on these items.

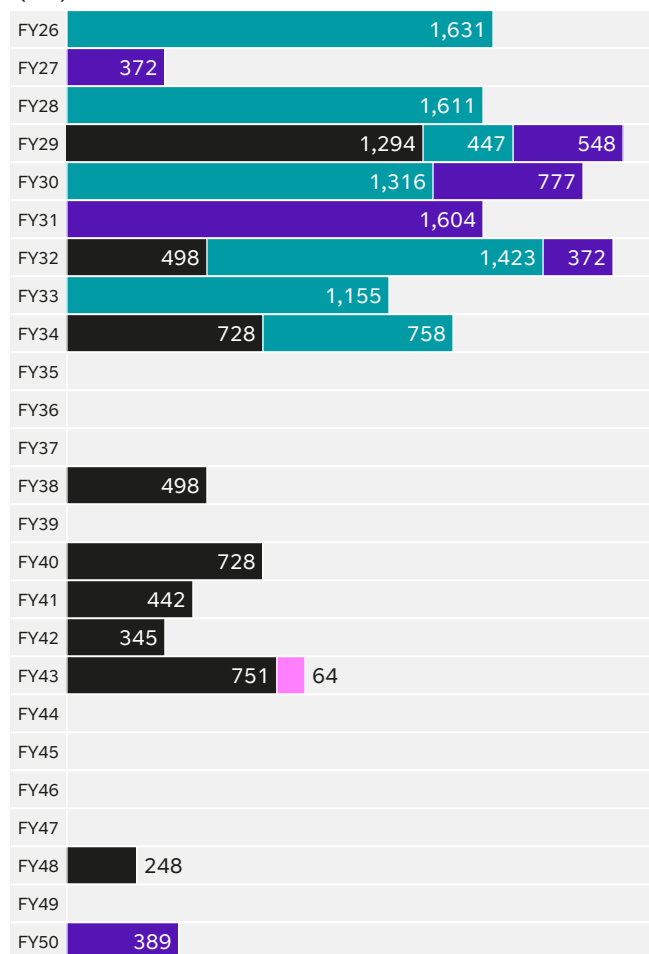
Debt maturity

The graph below shows the maturity profile of our term debt. Currency denominated balances are translated to sterling at swapped rates where hedged.

Note 26 to the consolidated **financial statements** gives more information on our debt arrangements.

Debt maturity profile

(£m)



■ £ debt
 ■ € debt swapped to £
 ■ \$ debt swapped to £
 ■ JPY debt swapped to £

Share buyback

We spent £79m (FY24: £133m) on our share buyback programme. We received proceeds of £6m (FY24: £57m) from colleagues exercising their share options.

^a Normalised free cash flow as defined on page 230.

^b Loans and other borrowings and lease liabilities (both current and non-current), less current asset investments and cash and cash equivalents, including items which have been classified as held for sale on the balance sheet. Currency denominated balances within net debt are translated to sterling at swapped rates where hedged. Fair value adjustments and accrued interest applied to reflect the effective interest method are removed. Amounts due to joint ventures, loans and borrowings recognised in relation to monies received from the sale of cash flows of contract assets and as prepayment for the forward sale of redundant copper held within loans and borrowings are also excluded. Please refer to note 26 of the consolidated **financial statements** for reconciliation from nearest IFRS measure.

Our customer-facing units

BT Group consists of customer-facing units (CFUs), technology units, and corporate units, as described on page 11.

We have three CFUs – Consumer, Business and Openreach.

Consumer

Revenue^a **£9,695m** (1)% EBITDA^b **£2,644m** (1)%

Year ended 31 March	2025 £m	2024 £m	Change	
			£m	%
Revenue ^a	9,695	9,833	(138)	(1)
Of which UK service revenue ^c	7,888	7,916	(28)	—
Adjusted ^a operating costs	7,051	7,161	(110)	(2)
EBITDA ^b	2,644	2,672	(28)	(1)
Depreciation and amortisation ^a	1,832	1,738	94	5
Operating profit ^a	812	934	(122)	(13)
Capital expenditure	1,207	1,175	32	3
Normalised free cash flow ^d	1,025	1,023	2	—

Revenue^a declined 1% primarily driven by lower mobile handset trading volumes. UK service revenue^c marginally declined 0.4% for the year, as the expected challenging pricing comparator and increased competitor pricing pressures in postpaid mobile and broadband were partially offset by higher FTTP mix in broadband.

EBITDA^b was down 1% due to revenue flow through and higher input costs including National Living Wage. This was partially offset by continued strong cost control and one-offs in the mid tens of millions comprising other operating income and reimbursement of legal fees.

Depreciation and amortisation^a was up, driven by higher network, digital and customer equipment investment as we transition more customers to fibre.

Capital expenditure was higher due to increased investment in customer premises equipment, including the launch of Wi-Fi 7.

Normalised free cash flow^d was up driven by favourable working capital timing, partly offset by higher capital expenditure and lower EBITDA.

^a Adjusted measures exclude specific items, as explained on page 228.

^b Adjusted EBITDA is defined as the group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post tax profits or losses of associates and joint ventures, as explained on page 230.

^c As defined on page 229.

^d Normalised free cash flow, as defined on page 230.

Group performance continued



Business

Revenue^a **£7,842m** (4)% EBITDA^b **£1,536m** (6)%

Year ended 31 March	2025 £m	2024 £m	Change	
			£m	%
Revenue ^a	7,842	8,128	(286)	(4)
Of which UK service revenue ^c	4,861	4,937	(76)	(2)
Adjusted ^a operating costs	6,306	6,498	(192)	(3)
EBITDA ^b	1,536	1,630	(94)	(6)
Depreciation and amortisation ^a	961	984	(23)	(2)
Operating profit ^a	575	646	(71)	(11)
Capital expenditure	722	775	(53)	(7)
Normalised free cash flow ^d	506	431	75	17

Revenue^a decline of 4% was driven principally by international trading in Global and Portfolio channels and foreign exchange.

UK service revenue^c declined by 2% driven mainly by migration off legacy voice products which are end of service in 2027 and from UK Portfolio declines, offset by an easier comparator following last year's revenue adjustment^e.

EBITDA^b was down 6% driven by flow through of revenue from higher margin legacy products and managed contracts partly offset by tight cost management and ongoing modernisation activity.

Depreciation and amortisation^a was down 2% driven by reduced capex spend.

Capital expenditure was down 7% due to lower customer projects in our Corporate and Public Sector channel.

Normalised free cash flow^d was up 17% driven by lower capital expenditure and beneficial working capital timing, partially offset by lower EBITDA.



Openreach

Revenue^a **£6,156m** 1% EBITDA^b **£4,029m** 5%

Year ended 31 March	2025 £m	2024 £m	Change	
			£m	%
Revenue ^a	6,156	6,077	79	1
Of which UK service revenue ^c	6,156	6,077	79	1
Adjusted ^a operating costs	2,127	2,250	(123)	(5)
EBITDA ^b	4,029	3,827	202	5
Depreciation and amortisation ^a	2,032	2,052	(20)	(1)
Operating profit ^a	1,997	1,775	222	13
Capital expenditure	2,838	2,845	(7)	—
Normalised free cash flow ^d	839	590	249	42

Revenue^{a,c} growth of 1% was driven by CPI linked price increases, improving mix of FTTP in the broadband base and growth in the Ethernet base, partially offset by declines in the base of broadband and voice only lines.

EBITDA^b growth of 5% was driven by continued cost transformation including the benefit of lower fault rates and lower total labour resource, revenue flow through, and lower energy costs, partially offset by pay inflation.

Depreciation and amortisation^a was broadly flat year on year, with the growth in fibre depreciation being offset by a one-off impairment relating to the copper network in the prior year.

Capital expenditure was broadly flat year on year with higher FTTP build and provision volumes being offset by lower build and provision unit costs and lower copper investment.

Normalised free cash flow^d growth was up 42% primarily driven by higher EBITDA and the timing of working capital.

^a Adjusted measures exclude specific items, as explained on page 228.

^b Adjusted EBITDA is defined as the group profit or loss before specific items, net finance expense, taxation, depreciation and amortisation and share of post tax profits or losses of associates and joint ventures, as explained on page 230.

^c As defined on page 229.

^d Normalised free cash flow, as defined on page 230.

^e See note 5, estimate of customer refunds key accounting estimate.

A message from the Chair of Openreach



Spurred by supportive public policies, this year we again delivered a strong set of outcomes for stakeholders at the heart of a thriving, competitive sector.

Our mission's always been clear: build the best network, with the highest quality of service and make sure everyone can be connected.

As the UK's largest wholesale network provider, we're still investing and accelerating our rollout. From rural villages to city centres, we've now built full fibre broadband to more than 18m homes and businesses and we're on track to reach 25m by the end of 2026.

And we're increasingly confident we can reach 30 million premises this decade (as long as the investment conditions stay stable).

In a highly competitive market, we're proud that Communications Providers (CPs) choose us. Six million of their end customers are on our new platform – and record numbers of orders are being placed.

It's no small feat that we've managed to generate strong demand while cutting costs and giving great service to customers.

'Excellent' service

What customers say about our service matters most. So we're delighted to have an 'Excellent' Trustpilot rating of 4.6 – based on more than 172,000 customer reviews. And 82% of them give us 5 out of 5.

At the same time, our Net Promoter Score – given by copper and full fibre wholesale customers – hit an all-time high. Plus we're still meeting the Quality-of-Service standards Ofcom set us for our broadband and Ethernet portfolio.

Lots of initiatives are driving these results – including improvements to how we engage with customers. We're giving them more flexibility to book appointments and using AI to streamline how we manage complex issues.

Of course we can still improve our operations, and we're continuing to develop new solutions which deliver an ever-higher level of service.

Unmatched build and adoption

But our biggest service innovation is upgrading people to full fibre.

That's why we've focused so relentlessly on the pace, quality and efficiency of our upgrade programme.

This year, we reached another 4.3 million UK homes and businesses – a build rate we believe is unmatched in Europe. It means we can now serve well over half of the UK's premises.

We also connected 1.8m more full fibre premises this year, meaning more than 36% of our total footprint is already getting fibre's benefits.

We did all this while cutting costs and keeping our promise on rural upgrades. In fact, we're reaching hundreds of thousands of the UK's hardest to reach homes – both commercially and in partnership with governments – while sticking to the lower end of our £250-£350 per premises^a commitment.

Prioritising people

The year hasn't been without its challenges. Lots of Openreach teams and people are facing a major shift in the make up of our business.

We've always been honest that the switch to full fibre will need fewer people to deliver a higher quality of service. And today we're well on the way to becoming leaner.

As you'd expect, we're supporting colleagues through careful, considerate planning – exploring every possible opportunity to retrain them for their next career step.

We're also continuing to make our business more 'open to everyone'.

Representing and supporting minority groups, our people networks go from strength to strength with more than 9,600 members. And they're still a crucial forum for colleagues to challenge and improve our culture.

Staying safe and sustainable

We've also made progress creating a culture which prioritises safety – for colleagues, partners and the public.

We had a really strong year on health and safety. We saw a drop in lost time injuries and trained more than 99% of our engineers in enhanced manual handling techniques. We're proud to have achieved ISO45001 (Occupational Safety and Health) and ISO55001 (Asset) certifications. We invested in new tools for managers to support their team's wellbeing and concluded our 'Hearts and Minds' programme – which instilled better safety thinking and behaviour into

colleagues. Meanwhile sustainability is increasingly at the heart of our operation.

We've set clear goals to lower our carbon footprint, cut waste and make less of an impact on nature. And we've made strides on all fronts.

We're switching our fleet to zero emissions at pace, with 4,500 electric vehicles now on the road. We've recycled 5,600 tonnes of copper through our extraction programme. And the RSPB are helping us lessen disruption to habitats whenever and wherever we build.

We know we have an effect on the environment but we're determined to minimise it.

The big digital shift

The deadline for BT Group to retire the analogue PSTN is getting closer. As it nears, the old network's reliability keeps dropping so the urgency of migrating customers keeps growing.

We're committed to doing that safely and smoothly. So it's important we're acting alongside industry and Government to protect vulnerable customers, with initiatives like our new 'Prove Telecare' product.

The complex task of cutting the number of exchanges we operate from also continues. And we're working closely with our wholesale customers to simplify our networks and support their migration plans.

A platform for prosperity

Our market has reached a critical point in its maturity. Ofcom's Telecoms Access Review (TAR) will set the rules for another five years (from 1 April 2026) and has a big bearing on our business.

It's also no secret that the UK economy needs to become more productive, and we know we can help with that.

Full fibre is a platform for prosperity. It creates jobs, boosts productivity and is better for the environment. But a lot more investment is needed to realise the benefits across the UK.

That's why it's vital that regulation and policies keep promoting the stable and competitive environment we've had over the last few years.

Progress isn't possible without strong collaboration across the industry or our people's unparalleled efforts. So I'd like to thank everyone at Openreach who's striving every day to build the best possible network for the UK.

Mike McTighe

Chair, Openreach
22 May 2025

Risk management

We want to be smart with risk, making informed decisions to stay resilient, progressive and trusted. Our risk management framework helps us do that.

An ever-changing risk landscape

We face a lot of external risks. They include competition, changing market dynamics, political and economic uncertainty, geo-political escalations and increasing cyber security threats.

We also need to positively engage with the UK Government and Ofcom to make sure regulations allow investors a healthy and fair return on their investments.

Navigating these uncertainties – while simultaneously undergoing a major modernisation programme – is fundamental if we want to achieve our strategic priorities.

That’s where our risk management framework comes in.

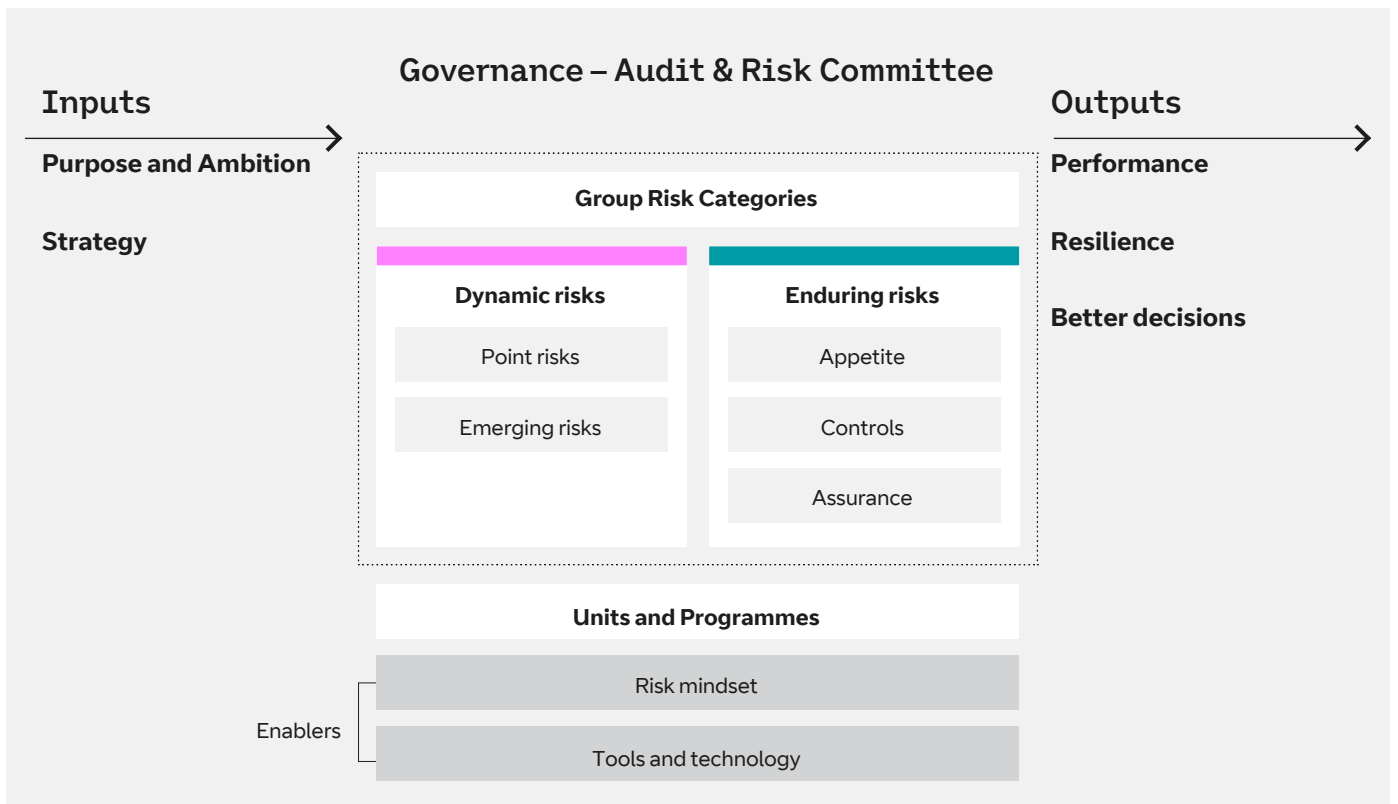
Supporting quality decision-making

Our risk management framework gives us the processes and structure we need to manage and oversee risk consistently and effectively.

The output supports quality decision-making against our expressed risk appetite. It monitors our exposures and gives vital early warning signs if something’s about to go wrong.

The diagram below sets out the different components of our framework.

Our leaders promote a mindset of being smart with risk when making decisions. Our code sets expected behaviours for all our colleagues. Ongoing training and formally defined risk management roles also help weave risk awareness into our culture.



How we manage risks

We divide our risk landscape into Group Risk Categories (GRCs). Each one has an *Executive Committee* sponsor accountable for applying the framework to that category.

Within each GRC we distinguish between enduring and dynamic risks.

Enduring risks need consistent, long-term structures to manage them – a clear risk appetite position, controls and assurance.

These structures then free us up to think about dynamic risks that need focused and timely responses: How big are they? Who do they impact? What do we need to do about them?

Dynamic risks are either:

1. Point: Risks potentially materially significant to us at a particular point in time that we can't manage within our existing control framework and which need focused attention.
2. Emerging: New and/or often longer-term risks with the potential to be materially significant that we can't fully define today.

You'll find the current status of the enduring and dynamic risks across our top 12 GRCs in the 'Our principal risks and uncertainties' section (see page 56).

Our risk mindset

A risk management framework is only as good as how people embody it.

We expect our leaders to have good risk mindset characteristics – curiosity, accountability – to provide psychological safety, and to use our risk management framework when they make decisions. We underpin this with regular risk discussions in leadership teams and at key decision points.

We also train everyone involved in making our framework a success, so they have a deep understanding of the expectations and benefits risk management brings.

Our risk governance

The Board is responsible for risk management. The *Audit and Risk Committee* oversees and monitors our risk management and internal control system effectiveness on the Board's behalf.

Twice a year, the Board gets a summary of how we're managing key risks across all GRCs and units. The *Audit and Risk Committee* also holds discussions with *Executive Committee* members to dive deeper into specific GRCs through the year.

There are oversight bodies at unit and group level – where key risk information is reported regularly.

Enhancing our risk management framework

As our business evolves and the risk landscape changes, we keep adapting and strengthening our risk management approach.

This year we focused on 'being smart with risk' – making it an integral part of strategic considerations, decision making, managing change and day-to-day operational activities. That included embedding a consistent approach to thinking about risk in investment decisions and business performance reviews.

We also continued enhancing our key control framework. That includes establishing 'Material Key Controls' aligned to the forthcoming UK Corporate Governance Code changes – to help leaders and oversight bodies focus on the controls that underpin the biggest risks.

These Material Key Controls will be the main focus of an integrated assurance plan. This will involve second line assurance teams and Internal Audit assessing the design and operational effectiveness of our defined control activities – underpinned with self assessment.

Cyber threats

We regularly test our ability to detect and respond to significant cyber attacks, across all levels of the organisation.

2

Number of exercises we ran across the year with the *Executive Committee* to test our preparedness.



Our principal risks and uncertainties

The risks set out in the following pages align with our enduring Group Risk Categories (GRCs). Each GRC contains enduring risks, as well as examples of current point and emerging risks.

Strategic

Strategy, technology and competition

Sponsor: Chief Strategy and Change Officer

Enduring risks this category covers

To deliver value to our stakeholders and achieve our strategy, we must carefully manage risks around economic uncertainty, intensifying competition and rapidly changing customer and technology trends.

Equally, to stay competitive and create long-term sustainable value, we must manage risks around designing and effectively implementing the right strategy – and incorporating it into our business plans.

Our risk appetite

Our risk appetite sets our tolerance for managing the internal risks associated with this category. We measure and track it through metrics on strategy execution. We also qualitatively assess whether our strategy is clear, whether our analysis is robust and whether our business and financial plans align with our strategy. Doing this helps us make strong strategic choices and implement them well.

Examples of dynamic risks

Point risks:

- Slower-than-planned progress on delivering top priorities could limit our ability to cut costs, offer value to customers and compete effectively.
- Macroeconomic environmental factors like high inflation, progressively higher business taxes, high interest rates and lower customer confidence might lower demand for premium connectivity, increase customers' price sensitivity and drive up costs.
- Continued pricing pressure, and failing to find growth opportunities with innovative, customer centric new products and services might affect our market share.
- Increasing competitive intensity in our core markets may reduce our market share.

Emerging risk:

- Failure to harness potential from artificial intelligence and quantum technologies to generate greater commercial opportunities and efficiencies.

Examples of what we do to manage these risks

- We research, analyse and monitor economic, customer, competitor and technology trends to inform our strategy.
- The *Executive Committee* and Board regularly review performance against our strategic priorities and goals – and discuss key strategic topics through the year.
- The *Executive Committee* and Board review and approve our budgets to make sure they're in line with strategic priorities.
- The BT Investment Sub-Committee checks that our investments align with our strategy.

Transformation delivery

Sponsor: Chief Strategy and Change Officer

Enduring risks this category covers

We're speeding up our transformation to make us simpler, more efficient and dynamic. This includes building brilliant sales and service journeys to connect customers to future products on modern IT and then retiring old infrastructure. This will improve customer and colleague experience and save money.

To succeed, we have to manage risks around transformation delivery and whether we'll realise the associated benefits. Not managing these risks could make us less efficient, damaging our financial performance, and customer experience.

Our risk appetite

We've defined the risk level we'll tolerate for transforming our products, customer journeys and technology. We track specific metrics to check we're achieving genuine, sustainable transformation outcomes and not just cutting costs.

Delivering within our risk appetite will give us competitive advantage, enable faster delivery, improve customer experience and make sure our costs benchmark well with peers.

Examples of dynamic risks

Point risks:

- Moving customers off old networks too slowly could impact infrastructure closure timelines and increase cost.
- The scale and complexity of our transformational activities across different parts of the group could dilute our efforts and limit efficiency gains.
- Day-to-day operations and business pressures might hinder our ability to deliver sustainable transformation.

Emerging risk:

- Failing to hire and keep the talent we need to drive transformation might affect our ability to execute our strategy.

Examples of what we do to manage these risks

- We regularly review transformation performance at *Executive Committee* meetings – managing dependencies, making informed decisions and removing blocks.
- We have strong governance, with senior leaders owning specific operational and financial outcomes.
- Through programme assurance, we continually improve processes to make sure we plan and execute our transformation properly, in line with our wider strategy and financial planning.
- We invest in our people so we have the right skills and culture needed to deliver transformation.

Financial

Financing

Sponsor: Chief Financial Officer

Enduring risks this category covers

We carefully manage risks which might result in us not being able to meet our payment commitments. They could come from not generating enough cash, being unable to refinance existing debt or paying increased pension scheme contributions.

We also manage risks around defining and executing the right insurance strategy.

Our risk appetite

We fund our business based on the performance forecasts in our medium-term plans.

We rely on debt capital markets being open to investment grade borrowers. We set our minimum credit rating at BBB. We invest cash resources to preserve capital, not generate returns.

We have an agreed plan to cut investment risk in the BT Pension Scheme by 2034 and also plan to reduce longevity risk.

Examples of dynamic risks

Point risk:

- An uncertain macroeconomic or geopolitical environment could raise the cost (or lower the availability) of new long-term debt – or trigger extra deficit contributions to the BT Pension Scheme before the 2026 valuation.

Examples of what we do to manage these risks

- We review our forecast and actual business performance regularly.
- We have formal treasury risk management processes, Board oversight, delegated approvals and lender relationship management.
- We review our pension schemes' funding positions and investment performance and agree funding valuations.
- We have insurance cover to mitigate exposure to potential risks.

Financial control

Sponsor: Chief Financial Officer

Enduring risks this category covers

This category covers financial controls, fraud and Environmental, Social, and Governance (ESG) reporting. Our financial controls help us prevent fraud and report accurately. If these failed we could lose money or materially misrepresent our financial position.

We might fail to apply the correct accounting principles and treatment, or pay our taxes. That could lead to financial misstatement, fines, legal disputes and reputational damage.

Our risk appetite

We want our overall financial control framework to be effective so that there's a less-than-remote chance of material financial misstatement in our reported numbers.

We've defined the proportion of our financial controls that should be preventative rather than detective, and automated rather than manual.

We take a risk-based approach to monitoring compliance – combining sample testing and financial data analytics.

Examples of dynamic risks

Point risks:

- Not delivering our transformation could affect our control performance, efficiency and effectiveness.
- Complex, old sales systems might consistently fail to deliver the outcomes we expect.

Emerging risks:

- ESG reporting requirements are growing fast. If we don't adapt quickly, we might fail to deliver our reporting obligations.
- Malicious actors might exploit AI and machine learning technologies to commit fraud.

Examples of what we do to manage these risks

- We have financial and operational controls for planning and budgetary discipline, efficient and accurate reporting and to prevent fraud.
- We continually enhance processes, systems and our operating model to improve and automate accounting, financial reporting and fraud controls.
- We proactively identify, manage, investigate and report on potentially fraudulent activities.
- We periodically give fraud training to colleagues that need it.
- Our tax risk management framework helps us manage tax-related risks.
- Independent professional services organisations review and test our preparedness for new and changing legislation.

Our principal risks and uncertainties continued

Compliance

Legal & regulatory and Financial Services compliance

Sponsor: General Counsel, Company Secretary and Director Regulatory Affairs

Sponsor: CEO, Consumer (Financial Services only)

Enduring risks this category covers

We focus on communications regulation, competition law, anti-bribery and corruption measures, international trade controls, financial services compliance and corporate governance responsibilities. Other relevant laws and regulations are covered in other GRCs.

Our risk appetite

We're committed to a strong compliance culture.

We also want to take advantage of commercial opportunities while making informed, evidence-based, justifiable decisions on complying with applicable laws and regulations.

Regulatory obligations guide our decisions. They include protecting our customers and network, while taking into account the needs of our business and key stakeholders. We prioritise sustaining long-term predictable and stable regulation that supports investment and returns.

Examples of dynamic risks

Point risks:

- We might fail to deliver the switch to digital voice in line with regulatory obligations or expectations.
- We could face complexities following regulations on customer communications and One Touch Switching.

Emerging risks:

- Outcomes from Ofcom's next Telecoms Access Review may cause uncertainty on fibre regulation.
- There could be new laws and regulations, changes to existing ones, or trade sanctions responding to geopolitical dynamics or concerns in a particular area of law.

Examples of what we do to manage these risks

- We understand customers' experiences – like when they're vulnerable or when we're switching their network.
- We have processes in place to make sure customers get the right outcomes.
- We proactively engage with regulators and give them accurate information on time.
- Our policies and processes help colleagues comply with our obligations under the UK Listing Rules and other corporate governance and reporting requirements.
- Our code fosters a culture of high standards and encourages everyone to speak up about issues.
- We assess risks and provide legal and compliance advice for strategic projects, new business, or operations.
- We check our financial services products and promotions are compliant before we launch them, and every year afterwards.
- We continue to invest in and improve organisational maturity to meet the Financial Conduct Authority's (FCA) Consumer Duty regulation.
- Our compliance programme offers guidance and training, and tests our regulatory controls.

Data and AI

Sponsor: Chief Security and Networks Officer

Enduring risks this category covers

We must follow today's global data and AI regulations while anticipating and preparing for tomorrow's. That means actively managing risks like privacy, data architecture, processing and retention.

Our data and AI strategy aims to deliver value and efficiency – while giving us a framework to manage risks on complying with data and AI governance and regulation.

Not following data protection laws or regulations – or approaching AI irresponsibly – could damage our reputation and stakeholder trust, harm colleagues, customers or suppliers and/or lead to litigation, fines and penalties.

Our risk appetite

We want to use data and AI ethically to grow our business, while following global regulations and contractual clauses.

We aim to protect BT Group, colleagues, customers, partners and suppliers from breaches of data protection laws and regulations. We also want to harness our data to support and drive our objectives and realise opportunities.

We can only achieve these aims with the right data ethics, governance, security, protection, responsible technology and compliance systems, and processes. To achieve our data goals we must interpret global data protection laws, regulations and standards correctly.

Examples of dynamic risks

Point risks:

- Using AI inappropriately could mean we breach AI and data regulations, potentially compromise sensitive information or violate banned uses.
- New EU cyber security legislation for the telecommunications industry may be hard to implement.

Emerging risk:

- The UK's new data use and access regulations may affect our operations but also offer opportunities.

Examples of what we do to manage these risks

- We continuously run and improve our data governance programme to tackle existing and future regulatory risks.
- We review how we use personal data across the business to make sure we follow our own data protection standards.
- We run data and AI impact assessments on all relevant changes.
- We horizon-scan for evolving regulations, sector developments and new technologies that could affect our data risks, controls and processes.
- We provide data protection and handling training and tools to help colleagues make more risk aware day-to-day decisions.
- We have a defined, responsible approach when buying, selling and developing AI.

Operational

Operational resilience

Sponsor: Chief Security and Networks Officer

Enduring risks this category covers

We want to deliver best-in-class performance for our customers, across our fixed and mobile networks and IT. That means being operationally resilient and managing any risk that could disrupt our services.

Service disruptions could be caused by external events, like bad weather, as well as poorly maintained assets.

Some might depend on suppliers' and partners' reliability – making it important to carefully manage the risks.

Our risk appetite

We aim to deliver market-leading services to our customers, underpinned by best-in-class network performance across fixed, mobile and IT.

We make decisions on deploying resources based on maximising service and customer experience, while aligning with our strategy.

Examples of dynamic risks

Point risks:

- Increasingly severe and frequent bad weather could damage our infrastructure.
- If we don't protect our buildings intruders might break in, interrupting our services.
- Damage to our subsea cables could disrupt our services.
- A third-party service failing might cause incidents – and frustrate customers.

Emerging risk:

- Continued geopolitical tensions could disrupt our services.

Examples of what we do to manage these risks

- We construct our infrastructure with built-in resilience.
- Our standardised processes keep our assets resilient across their lifecycle.
- We respond quickly to incidents. We lessen their impact through geographically dispersed response teams and by giving customers regular updates.
- We complete regular business impact assessments that feed into tested, up-to-date business continuity and restoration plans.
- We make sure our operational estate has enough physical security to keep services running.
- We proactively monitor and track external events that could affect service or performance – so we can respond effectively.

Cyber security

Sponsor: Chief Security and Networks Officer

Enduring risks this category covers

A cyber- attack (external or internal) could disrupt customers and the country – and compromise data. We manage security risks that might lead to our assets or services losing their confidentiality, integrity or availability. These include applicable regulatory or contractual obligations.

A poorly managed cyber security event might cost us money, damage our reputation and affect our market share. The regulator might also impose fines or penalties.

Our risk appetite

We want to protect BT Group, colleagues and customers from harm and financial loss around our technical infrastructure or how we use technology.

Cyber risk is inherent to our business. We could suffer significant reputational damage from a major cyber security event. But we know we can't eradicate all cyber risks.

Cyber security events could be deliberate or accidental and come from inside or out. So we adapt our security position and controls accordingly to detect and respond to evolving threats.

We prioritise protecting our critical systems and network and the data and information in them.

Examples of dynamic risks

Point risks:

- State-sponsored cyber- attacks could target critical national infrastructure and lead to service disruption, data loss, regulatory action and reputational damage.
- Being exposed to suppliers with security vulnerabilities might lead to data loss, interrupted services or reputational damage.
- Malicious actors could use malware to penetrate our existing security controls, including legacy assets, – disrupting customers' services.

Emerging risk:

- AI and machine learning advances might create opportunities to harm us and our customers.

Examples of what we do to manage these risks

- Our security standards, tools and processes to protect our applications, systems and networks.
- We monitor external threats and gather intelligence on evolving cyber techniques, tactics and capabilities.
- We engage with the National Cyber Security Centre and industry partners to better understand our threat landscape.
- We run communications, engagement and training for our colleagues.
- We keep investing in cyber defences and security tools, shifting to automation where appropriate.

Our principal risks and uncertainties continued

Operational

People

Sponsor: Chief People & Culture Officer

Enduring risks this category covers

Our colleagues are key to delivering our ambition. Our people strategy is to create a culture where everyone can perform and be their best.

That means us managing risks around our talent management lifecycle, skills and capabilities, engagement, culture, wellbeing and inclusion.

Our risk appetite

Our highest priority is making sure colleagues can work and perform at their best and we're open to taking risks to do the right thing culturally and commercially.

We'll actively avoid risks that compromise our people's health, safety and wellbeing.

We're also committed to taking risks that drive innovation and growth – while following employment legislation and maintaining our reputation as a leading employer.

Examples of dynamic risks

Point risks:

- A resource gap caused by big supply-and-demand shifts in strategic skills might affect business results.
- Failing to drive an inclusive culture could stop us achieving our business performance objectives.
- Inconsistent behaviours could limit high-performance culture or slow the pace of change, affecting business results and productivity.

Emerging risk:

- Changes in working patterns, or extra financial uncertainty, could negatively affect colleagues' mental health and performance.

Examples of what we do to manage these risks

- Our consistent performance management and talent review processes include goals shared through clear organisational structures, roles and job descriptions.
- We continually assess skills and capabilities and invest in group-wide workforce and succession planning.
- We provide training and development for specific roles, as well as for the future skills we need.
- Our inclusion strategy involves family and carer's leave, flexible working, improving inclusive leadership and providing accessible workplaces and systems for our people (more on pages [24](#) to [26](#)).
- We monitor – and work to improve – employee engagement and have close relationships with formal representative groups and unions.
- We clearly document and communicate the behaviours we expect from our people through our code, values and leadership expectations.

Health, safety and environment

Sponsor: Chief Security and Networks Officer

Enduring risks this category covers

We have diverse operations and working environments in various locations. Some of them pose risks to health, safety and the environment (HSE).

We must make sure colleagues and partners are safe and healthy and can perform at their best while managing risk effectively.

We're committed to maintaining and continually improving the right HSE management systems. They make sure our business is safe and compliant, while protecting the environment and those who we might affect.

Our risk appetite

We want to keep colleagues, contractors, suppliers, customers, visitors and members of the public healthy, safe and well.

We're also committed to environment and energy management – especially cutting pollution and carbon emissions.

We apply proactive risk management to identify and control big HSE risks across the business and mitigate them to the lowest possible level.

Our legal, regulatory and other requirements are our minimum obligations. But we want to go beyond that – aiming for zero avoidable harm, optimum physical and mental health and zero pollution.

Examples of dynamic risks

Point risks:

- Failing to effectively manage and control asbestos could lead to serious harm to health, legal non-compliance and reputational damage.
- Heightened risks from the extra civil and construction work supporting the full fibre rollout may lead to harm to colleagues, increased regulatory scrutiny, legal claims and reputational damage.
- Maintaining an ageing buildings estate – especially during our fibre and digital upgrade – could pose increased health and safety risks.

Examples of what we do to manage these risks

- Our group policy is underpinned by our standards and key controls and the HSE framework is reflected in our code.
- We train colleagues to make sure they're clear on their responsibilities and are competent to do their jobs.
- We make sure colleagues and their representatives participate in (and are consulted on) HSE matters.
- We act as a leader with our contractors, helping them improve their own HSE performance.
- We allocate resources to develop, maintain and continually improve our HSE management system.

Major customer contracts

Sponsor: Chief Executive, BT Group*

Enduring risks this category covers

In a dynamic, highly competitive environment, we want to win and keep major private and public sector contracts.

We do that while navigating customer relationships and risk in complex agreements – delivering highly sensitive, critical or essential services globally.

Customer contractual terms can be onerous and challenging to meet, leading to delays, penalties and disputes. Delivery or service failures against obligations and commitments could damage our brand and reputation, particularly for critical infrastructure contracts or security and data protection services.

Not managing contract delivery, migrations, renewals, exits or disputes could erode profit margins and affect future customer relationships.

Our risk appetite

We want a diverse mix of major contracts to help our business grow. To do that, we must build market share, target the right customers, sign good commercial and legal agreements and deliver services successfully.

As markets change, we need to proactively adjust our portfolio of services, countries and customers. This helps us avoid concentration risk, unattractive or uncompetitive products and services, stagnation and legacy dependency.

We know that involves taking on higher risk in some areas – for example, complex customer agreements with obligations not fully covered by our standard portfolio, customised terms and conditions and/or delivery processes. We must manage this in bids and contract lifecycles to minimise the overall impact.

Examples of dynamic risks

Point risks:

- Failing to deliver on bespoke customer data requirements could lead to potential breaches, fines and reputational harm.
- Delays deploying key products might create risks around fulfilling existing contractual commitments – and might hamper our ability to deliver our business strategy.

Emerging risk:

- AI's increasing prominence may affect our ability to deliver on our customer promises.

Examples of what we do to manage these risks

- Our clear governance framework helps us assess new business opportunities, manage bids and monitor in-life contract risks.
- We make sure we manage external partners properly when they deliver services to our customers.
- We regularly monitor the performance of customer contracts.
- We support frontline contract managers with contract and obligation management tools.

*Excluding Openreach, which has separate GRC sponsorship and management.

Supply Management

Sponsor: Chief Financial Officer

Enduring risks this category covers

We have lots of suppliers. Successfully selecting, bringing on board and managing them is essential for us to deliver quality products and services.

We must make decisions about suppliers on concentration, capability, resilience, security, sustainability, cost and broader issues that could affect our business and reputation.

Our risk appetite

Our appetite guides buying decisions. We recognise the inherent risks of sole or dual sourcing. But we often need to do it for products or services which we depend on to meet our business goals (and where alternatives aren't economically viable).

To get the best commercial rates and operational resilience we continuously engage with and challenge suppliers on price, without introducing service and/or delivery risk.

Governance is a prerequisite for effective supplier management. So, we have a low appetite for dealing with suppliers outside of our defined policy or processes.

We have to make sure third parties don't expose our brands to damage. That means avoiding – or stopping working with – any that don't meet our standards on key areas like human rights.

Examples of dynamic risks

Point risk:

- Geopolitical instability and conflicts pose various risks to our supply chain – including the potential for increased tariff and trade restrictions that could raise prices and reduce availability.

Emerging risk:

- A more demanding regulatory landscape on things like ESG reporting, supplier use of AI and payment terms could create compliance challenges.

Examples of what we do to manage these risks

- Our sourcing strategy uses different approaches to managing risk by category. That includes standard terms and conditions and controls so we can make good buying decisions.
- We have comprehensive supplier due diligence, contract management and on-boarding processes and we're reviewing and improving our in-life assessment process.
- We have strong supplier risk management, performance, renewal and termination processes.
- We do demand planning and forecasting, stock counts and inventory management so supplies are always available.
- We get assurance that the goods and services we buy are made, delivered and disposed of responsibly. That includes monitoring energy use, labour standards and environmental, social and governance impacts.

Task Force on Climate-related Financial Disclosures

We assess and report on how we manage climate-related risks and opportunities. We detail here how we're complying with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations – our 'TCFD disclosure'.

- Under UK Listing Rule LR 6.6.6(8) as a premium listed company we have to explain how we're complying (or not) with the TCFD framework. We also have to comply with the Companies Act 2006, as amended by the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022.
- We believe the following climate-related financial disclosures are consistent with the TCFD framework and comply with UK Listing Rule 6.6.6(8) and Companies Act – summarised in Table 1: TCFD Compliance Summary.
- We've integrated climate-related disclosures throughout this report. So in some areas we've cross-referenced to another section with the relevant information.
- We'll continue to monitor new disclosure requirements, such as the International Sustainability Standards Board (ISSB) standards – IFRS S1 General requirements and IFRS S2 Climate-related disclosures – and update our disclosures where needed.
- The information in this TCFD section has been reviewed to a high level of assurance against AccountAbility's AA1000AS v3 assurance standard.

Flood response training
Our Emergency Response Team conducted five exercises this year, to revise and test our flood response skills and capabilities

5

exercises this year



Table 1: TCFD Compliance Summary

TCFD Recommendation	Compliance Status	Section Reference
Governance		
1 Board's oversight of climate-related risks and opportunities	Full	TCFD section: Our climate change governance – Board oversight on climate change (page 64) Corporate governance report: Our governance framework (page 75) and climate governance (pages 96 to 97)
2 Management's role in assessing and managing climate-related risks and opportunities	Full	TCFD section: Our climate change governance – Management's roles and responsibilities (page 64) Corporate governance report: Our governance framework (page 75) and climate governance (pages 96 to 97)
Strategy		
3 Climate-related risks and opportunities (short, medium, long term)	Full	TCFD section: Climate change strategy – Planning climate risks and opportunities across different time horizons, Our principal climate-related risks and opportunities (page 65)
4 Impact of climate-related risks and opportunities on the business, strategy, and financial planning	Full	TCFD section: Climate change strategy – Responding to risks and opportunities in our strategy and decision making (pages 66 to 67) Strategic report: Our Manifesto – Sustainable (pages 31 to 33)
5 Resilience of the organisation's strategy, considering different climate-related scenarios, including a 2°C or lower scenario	Full	TCFD section: Climate change strategy – Climate resilience (pages 67 to 68)
Risk management		
6 Processes for identifying and assessing climate-related risks	Full	TCFD section: How we manage climate risks (page 69) Strategic report: Risk management framework and Our principal risks and uncertainties (pages 54 to 61)
7 Processes for managing climate-related risks	Full	TCFD section: How we manage climate risks (page 69) Strategic report: Risk management framework and Our principal risks and uncertainties (pages 54 to 61)
8 Identifying, assessing, and managing climate-related risks, and integration into overall risk management	Full	TCFD section: How we manage climate risks (page 69) Strategic report: Risk management framework and Our principal risks and uncertainties (pages 54 to 61)
Metrics and targets		
9 Metrics to assess climate-related risks and opportunities in line with strategy and risk management processes	Full	TCFD section: Our climate metrics and targets – Measuring and monitoring climate risks and opportunities (page 70)
10 Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 GHG emissions, and the related risks	Full	TCFD section: Our climate metrics and targets – Measuring and monitoring climate risks and opportunities (page 70) Strategic report: ESG Addendum at bt.com/esgaddendum
11 Targets used to manage climate-related risks and opportunities, and performance against targets	Full	TCFD section: Our climate metrics and targets – Measuring and monitoring climate risks and opportunities (page 70), Our worldwide energy use and greenhouse gas emissions (page 71) Strategic report: Our Manifesto – Sustainable (pages 31 to 33) and ESG Addendum at bt.com/esgaddendum

Task Force on Climate-related Financial Disclosures continued

Our climate change governance

We have internal governance bodies and processes to help us identify and manage climate-related risks and opportunities.

Board oversight on climate change

The Board

The Board is responsible for how we identify and manage climate-related risks. Matters reserved to the Board include items of big strategic importance – things that directly impact the group’s funding position, reputation, integrity or ethical standards.

Responsible Business Committee

Oversees our climate change strategy, programme and goals. It meets at least three times a year to monitor progress on our long-term responsible business goals – including climate change. It also reviews progress on sustainability goals including those forming part of the Restricted Share Plan underpin, and makes recommendations to the *Remuneration Committee*. The Committee Chair reports to the Board after each meeting.

[Responsible Business Committee Chair’s report on pages 96 to 97](#)

Audit & Risk Committee

Monitors and assesses our risk management and internal control systems’ effectiveness on the Board’s behalf. That includes climate change risks which span a number of different Group Risk Categories (GRCs). The Committee Chair reports to the Board after each meeting. You can read more about our GRCs on pages 56 to 61.

[Audit & Risk Committee Chair’s report on pages 91 to 95](#)

Remuneration Committee

Agrees the remuneration framework for the Chairman, Executive Directors, and certain senior executives. It also monitors remuneration practices and policies for the wider workforce. A sustainability underpin applies to the Restricted Share Plan for Executive Directors and *Executive Committee* members. The Committee Chair reports to the Board after each meeting.

[Remuneration Committee Chair’s letter on pages 98 to 100](#)

Management’s roles and responsibilities

Chief Executive

The Chief Executive is responsible for our environmental policy and performance. That includes climate-related issues. The Chief Executive approves our targets – including those on net zero and circularity.

Group Health, Safety & Environment Sub-Committee

Our Group Health, Safety & Environment (GHSE) Sub-Committee meets quarterly and manages a range of risk and compliance issues – including climate change – on the *Executive Committee*’s behalf. It’s chaired by our Chief Security and Networks Officer – an *Executive Committee* member – and made up of senior leaders from across the business. It reports to the *Executive Committee* on performance and progress on our HSE strategy at least every six-months and makes recommendations or reports to the Board as needed.

Executive Committee

The *Executive Committee* sets our operational strategy on climate change and sustainability. It also monitors associated progress, performance and risks – supported by our responsible business team.

Climate change strategy

Planning climate risks and opportunities across different time horizons

We think about climate risks and opportunities over the short, medium and long term. Those timeframes consider our risk management framework, financial planning processes, external legal and regulatory changes and the longer-term nature of physical climate changes.

Short term (0-3 years)

This timeframe considers things that might expose us to risk over the next three years, in line with our risk management framework.

Medium term (3-5 years)

This timeframe aligns to our financial planning process, which uses a five-year horizon.

Long term (5-20+ years)

This timeframe matches our investment timeframes for strategic assets like networks that we plan over longer periods – sometimes up to 20 years. It also influences our strategy, targets and plans for responding to climate change’s bigger risks and transitional implications. Our scenario analysis considers risks in 2050 and beyond, and our long-term climate targets extend to FY41.

Our principal climate-related risks and opportunities

Our principal climate-related risks and opportunities are presented in Table 2 below. We identify and assess them using our risk management framework and climate scenario analysis. You can see their relative financial impact in different climate scenarios on page 68.

Table 2: Our principal climate-related risks and opportunities

Risk / Opportunity	Type	Time horizon ^a	Current effects	Anticipated effects
Risk: Extreme weather affects our networks (e.g. flooding, high temperatures, high winds)	Physical	Long	Extreme weather across our networks can lead to power outages, damage to equipment, and ultimately service interruption for our customers.	Increasingly severe and frequent extreme weather could mean higher maintenance and repair costs and customer compensation for network disruption.
Risk: Extreme weather affects our supply chain (e.g. flooding, storms, extreme heat, drought)	Physical	Long	Extreme weather affecting the supply chain can lead to delays in getting goods.	We expect delays to worsen, meaning higher mitigation costs. Running out of supplies could lose us revenue if we can't serve customers. If extreme weather limits the supply of key tech materials and components it could affect overall availability and price.
Risk: Carbon prices increase the cost of purchased goods	Transition	Medium	Some countries have introduced carbon pricing schemes. These might make some goods we buy more expensive.	As more countries bring in carbon pricing and taxation, and costs rise, suppliers might pass on those extra costs to us.
Risk and opportunity: Customers' changing expectations on sustainability	Transition	Short	Business customers expect more on sustainability and climate action and are putting that into bids and contracts.	More business customers will include sustainability commitments and performance in bids. If we lag behind peers on decarbonisation, we could win fewer bids and lose revenue. If we keep pushing our climate transition plan and hit our net zero targets, we could stand out from peers and win customers.
Risk and opportunity: Lenders' and shareholders' changing expectations on sustainability	Transition	Short	Investors and lenders ask us about our sustainability plans and performance – and can factor them into investment and lending decisions.	Investors and lenders will focus more on net zero. If we lag behind peers on decarbonisation, we might not be able to attract capital (or it could come with a higher risk premium). Worst case, poor sustainability performance could lead to investors pulling out. If we keep pushing our climate transition plan and hit our net zero targets, we could stand out from peers and attract capital at a lower risk premium. Our debt interest rate could also change – depending on macroeconomic changes in investment, climate policy and climate change damage.
Risk and opportunity: Electricity prices fluctuate due to climate policies	Transition	Medium	Electricity prices fluctuate from a wide range of macroeconomic factors, including climate policies. These changes can lead to higher or lower energy costs than we anticipate.	Both implementing and not implementing climate policies will affect energy costs. Increasing national investment in renewable energy, storage, transmission and distribution networks and carbon pricing could all affect costs. This may raise energy prices in the short term, but we'd expect costs to fall as renewable energy capacity and storage grows.
Opportunity: Our networks get more energy efficient	Transition	Short	We continually improve our networks' energy consumption, which cuts energy costs.	Ongoing work to lower our energy consumption – like shutting down old, inefficient networks – will keep cutting our energy costs.
Opportunity: Growing revenue from products and services that support net zero	Transition	Medium	We make money from products and services that help customers to achieve net zero – like carbon network dashboards, telematics and security services for energy customers.	Demand for these products and services will rise – especially in a net zero scenario. This will boost our revenues.

a The time horizon where impact is potentially the greatest.

Task Force on Climate-related Financial Disclosures continued

Responding to risks and opportunities in our strategy and decision-making

Responding to physical risks

Our exposure to physical risks changes over time. Rolling out full fibre and closing old networks will mean fewer network sites – cutting our exposure to physical climate change risks. But it does mean more services going through fewer operational sites.

Full fibre is also more ‘passive’ – with no electronics between exchanges and connected properties. This further mitigates the risk of flooding, or extreme heat or weather, damaging our equipment.

Our insurance policies cover claims on asset loss and damage which also cuts the potential financial impact of climate and weather events.

Building our networks

Where and how we build networks matters for reducing potential disruption from extreme weather.

It starts with rigorously testing our network equipment. Openreach’s facility at Four Acre in Adastral Park is a high-tech field laboratory where engineers test and develop new communications technologies and innovations.

They test hardware components like cables and poles to withstand various environmental conditions. We use the insights we get to set standards and product specs to reflect the changing conditions we operate in.

Openreach collaborates with the Environment Agency to manage and mitigate flooding and coastal erosion risks. For example, Openreach is working with the Environment Agency to support digital connectivity and the relocation of critical network infrastructure, and to improve resilience against flood risk in the River Thames Scheme.

Investing in network climate adaptation

We analyse different climate change scenarios to assess flood risks to fixed assets like our exchanges. It helps us decide where to put in measures like installing or upgrading flood detection, or sump pumps and bulkheads to respond faster to flooding, or lower its impact.

We review and improve our tools to assess the flood risk of our assets in the medium and long term. This will help us make informed decisions about future strategic locations while making sure we’re prepared to protect assets that are still important, even if they’re not part of the long term plan.

We’re doing a proof of concept to use drones for detailed flood analysis at around 30 of our highest-risk sites. This will help customise our flood mitigation and prevention plans.

We’ve given cooling upgrades to core network and mobile sites so they can operate effectively in up to 45°C external temperatures. This year we invested more than £8m in these upgrades – completing all our core metronode sites.

We’ve also upgraded our strategic data centres and we’re upgrading cooling plants at mobile core sites. In local exchanges, we’re installing and upgrading cooling plants with adiabatic units. These use fresh air and the cooling effect of water evaporation – helping us rely less on refrigerant gases. This year we’ve invested over £9m on adiabatic cooling systems upgrades for local exchanges.

To cut our cooling energy costs, we monitor the base temperature in sites across our network to minimise cooling requirements whilst maintaining optimal temperatures for our equipment.

Our business continuity processes

We continually scan the horizon for early warnings of potential weather-related risks – so we can prepare and launch defences. In extreme weather, our processes prioritise minimising service disruption for customers.

Power outages can come from lots of different things and can affect all our different sites. So we have power backup at many of them.

We have diesel generators as backup power at most of our fixed network sites, including our strategic ones. In our mobile network, some Radio Access Network sites have generator or battery backup, and we deploy mobile diesel generators when there are power outages. We also have battery backup in our cabinets.

Our Emergency Response Team proactively and reactively deals with threats to our UK fixed and mobile networks.

They try to proactively protect at-risk critical assets – and if that fails get service back as quickly as possible. They also aim to help affected communities with emergency communications facilities until we resume normal service.

Openreach field engineers work around the clock, in all kinds of weather, across the length and breadth of the UK, to make sure we deal with service interruptions as quickly as possible.

We use drones and remote control vehicles to inspect and repair network infrastructure. Our Storm Response Unit learns from previous responses – developing processes to respond more quickly and safely to extreme weather.

Managing supply chain disruption

Our supply management risk processes include comprehensive due diligence on suppliers, supply chain diversity, and demand planning and forecasting.

Managing our transition risks and opportunities

Tackling energy and emissions across our value chain

Cutting value chain emissions and hitting our net zero targets should mitigate our transition risks. This year we published our first climate transition plan. It sets out the objectives, strategy and governance we need to decarbonise our business, manage climate-related risks and support economy-wide transformation.

[You can read more at bt.com/climatetransitionplan](https://bt.com/climatetransitionplan)

Consuming less energy is vital for us to cut costs and emissions. But we're exposed to fluctuating energy prices which we must manage. Our target is for UK (excluding Northern Ireland) energy demand to be at least 80% hedged a quarter before the start of the next financial year – and 50% hedged for the following financial year.

In each financial year, we review our Power Purchase and virtual Power Purchase Agreement portfolios and explore 5-10 year contract opportunities. We complement that by monitoring markets and forward purchasing electricity when the time is right.

Engaging with stakeholders

We must keep meeting our shareholders' sustainability expectations. So our investor relations team talk with them regularly – including discussions on our ESG performance – and incorporate their feedback into our strategy.

We check customers' preferences. We reflect this in how we engage with them and how we talk about our climate progress in customer communications and bids.

Products and services for a net zero world

We continue developing solutions to help customers cut their emissions. Several of our products reduce travel, lower energy use and cut material and manufacturing needs. You can read more on page 33.

The impact of climate-related risks and opportunities on our financial planning

Our medium term plan considers both capital and operating expenditure over a rolling five-year timeframe. Our plan includes investing in transforming our buildings estate, making our network more resilient and switching to a low carbon fleet. This helps us lessen the potential impact of bigger risks affecting our business – and supports our sustainability goals. We also include projected revenue from solutions that help customers cut carbon emissions in our medium term plan.

Climate resilience

Our scenario analysis process

Scenario analysis is a valuable tool to help us assess the possible range of impacts we could face from climate change and climate policies.

Our analysis from last year is still relevant in FY25. This year we've refreshed the analysis for one risk and one opportunity. We've done that by doing deeper analysis of the physical risks associated with the supply chain of our own-brand products, and by including more products and services that help customers cut emissions. We've also split out the impact of energy pricing and energy efficiency.

The table below shows the different climate-related scenarios we've considered in our scenario analysis. We've based our scenarios on the Shared Socioeconomic Pathways (SSPs) from the Intergovernmental Panel on Climate Change (IPCC)^a, Network for Greening the Financial System (NGFS) and International Energy Agency (IEA), among other sources^b.

For physical risks, we modelled financial effects on UK and global sites, considering our most critical network building assets like exchanges and data centres. We didn't include mobile phone masts, telephone cabinets or cable infrastructure. We also didn't include climate change's secondary effects – like forced migration or geopolitical tensions.

To judge our supply chain physical risks, we looked at 28 critical suppliers alongside country-level climate data from their main countries of operation. And this year, we also assessed physical risks around our own brand suppliers – using the location of key manufacturing and logistics sites.

Table 3: BT Group's Climate Scenarios

Transition scenarios			Physical scenarios		
Name	Description	Temperature (°C warming by 2100 above pre-industrial levels)	Name	Description	Temperature (°C warming by 2100 above preindustrial levels)
Current policies (CP)	High emissions Emissions keep rising as no extra climate policies are implemented from today.	3	SSP5-8.5	High emissions Emissions keep rising at current rates with no policy changes.	4.4
Delayed transition (DT)	Low emissions Emissions keep rising until 2030. After 2030, climate policies are put in place and are scaled rapidly to hit net zero by 2050.	1.6	SSP2-4.5	Intermediate emissions Emissions peak around 2060 and then fall	2.7
Net zero (NZ)	Low emissions Climate policies are implemented from today and become more stringent over time, allowing society to hit net zero by 2050.	1.5	SSP1-2.6	Low emissions Emissions half by 2050, achieving net zero around 2075.	1.8

^a We derived projections from the World Climate Research Programme's Coupled Model Intercomparison Project (version 5 and 6/ CMIP5 and 6) and the Coordinated Regional Climate Downscaling Experiment. Other data sets include high precision flood data and country-level climate data from the NGFS.

^b We modelled transition risks and opportunities using data from NGFS phase 4. Carbon prices are derived from equivalent scenarios from the IEA, to represent an explicit carbon tax.

Task Force on Climate-related Financial Disclosures continued

For some transition risks and opportunities, we present the financial impacts of different actions we could take – to show worst and best case scenarios.

We've presented the final outputs in annualised nominal terms. We haven't applied social discount factors to avoid double counting with our financial models. We categorised the financial effects using our risk management framework, and treated each risk and opportunity as mutually exclusive events.

The results of our analysis

We think our strategy is resilient to climate risks. It's also well positioned for climate opportunities in the modelled scenarios. The table below shows the assessed impact of climate risks and opportunities for the different scenarios we considered.

In high emissions scenarios (CP and SSP5-8.5), physical risks have a greater impact than transition risks. That's because they're driven by more frequent and severe weather (particularly in the longer term).

There are also opportunities linked to the low-carbon transition – like developing solutions to help customers cut emissions and support net zero, and cutting energy costs through efficiency measures. DT scenario trends are similar to NZ – but with the impact on the business happening sooner under NZ.

We're not materially affected by climate risks today. But the magnitude of climate risks and opportunities will change over time. So we'll closely and continually monitor risks and opportunities – widening our assessment where needed. We're acting to lower risk, with an emphasis on long-term resilience.

Table 4: Summary of our scenario analysis results

Risk / Opportunity	BT Group scenario	Financial impact modelled	Climate scenario	2030	2040	2050
Risk: Extreme weather affects our networks (e.g. flooding, high temperatures, high winds)	N/A	<ul style="list-style-type: none"> Higher costs to repair damaged assets Lower revenue from network disruption Higher energy costs from extra cooling 	SSP5-8.5			
			SSP2-4.5			
			SSP1-2.6			
Risk: Extreme weather affects our supply chain (e.g. flooding, storms, extreme heat, drought)	N/A	<ul style="list-style-type: none"> Pass through costs from suppliers dealing with physical hazards 	SSP5-8.5			
			SSP2-4.5			
			SSP1-2.6			
Risk: Carbon prices raise the cost of purchased goods	Our emissions decline slowly, following a current policies scenario	<ul style="list-style-type: none"> Pass through costs from suppliers paying a carbon price Higher costs on our direct emissions 	CP			
			DT			
			NZ			
	We hit our net zero targets		CP			
			DT			
			NZ			
Risk and opportunity: Customers' changing expectations on sustainability	Our emissions decline slowly, following a current policies scenario	<ul style="list-style-type: none"> Lower revenue from customer churn 	CP			
			DT			
			NZ			
	We hit our net zero targets	<ul style="list-style-type: none"> Higher revenue from our improved reputation on climate change 	CP			
			DT			
			NZ			
Risk and opportunity: Lenders' and shareholders' changing expectations on sustainability	Our emissions decline slowly, following a current policies scenario	<ul style="list-style-type: none"> Higher or lower cost of capital 	CP			
			DT			
			NZ			
	We hit our net zero targets		CP			
			DT			
			NZ			
Risk and opportunity: Electricity prices fluctuate due to climate policies	We roll out our current energy efficiency plans	<ul style="list-style-type: none"> Higher or lower electricity costs compared to expected prices 	CP			
			DT			
			NZ			
Opportunity: Our networks get more energy efficient	We roll out our current energy efficiency plans	<ul style="list-style-type: none"> Lower electricity costs compared to not having implemented energy efficiency measures 	CP			
			DT			
			NZ			
Opportunity: Growing revenue from products and services that support net zero	We roll out our current plans to grow revenue for these products	<ul style="list-style-type: none"> Higher revenue from more demand 	CP			
			DT			
			NZ			

Relative financial impact key

Risk	Limited	Low	Moderate	High	Very high
Opportunity	Limited	Low	Moderate	High	Very high
Financial impact	< £5m	£5m-£50m	£50m-£250m	£250m-£1bn	>£1bn

How we manage climate risks

A structured and consistent approach to risk management

We identify, assess, manage and monitor climate-related risks through our risk management framework.

We consider three types of risk:

1. **Enduring** – risks that won't change much over time.
2. **Point** – dynamic risks materially significant to us at a point in time.
3. **Emerging** – uncertainties that might emerge over longer timeframes or whose causes and effects we can't fully define currently.

We could face climate-related risks in all these. We track these and report to the *Audit & Risk Committee*, *Executive Committee* and *Responsible Business Committee*.

You can read more about our GRCs on pages [56](#) to [61](#).

Identifying and assessing risks

We identify climate-related risks across our GRCs – including operational resilience, supply management, and health, safety and environment.

We identify these risks through bottom-up and top-down discussions in our units – and across the whole group. That includes existing and emerging sustainability regulations like the upcoming reporting requirements of the EU's Corporate Sustainability Reporting Directive.

We judge point risks based on their potential impact and how likely they are to happen in the next three years. We assess emerging risks based on their potential impact, the timeframe over which they could happen (which could be beyond point risks' three-year horizon) and how prepared we are.

We work out the impact quantitatively and qualitatively using financial, operational and customer, legal and compliance, reputational and health and safety impacts. This helps us decide the relative weight of each risk.

Managing and reporting on risks

Once we've identified and assessed risks we give them an owner, depending on their priority. They decide how to manage and report on these risks – through things like assigning controls, monitoring, and implementing action plans and contingencies.

Owners regularly check their action plans by monitoring risk trends and tracking relevant metrics. This helps them understand future changes that might be needed – like taking new actions, escalating issues or updating processes.

We also have a climate change risk hub. It brings together people from different teams in a forum to discuss developments and agree actions.

The hub discusses key climate-related risks that might be less certain, longer-term or that span several parts of the business.



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Our climate metrics and targets

Measuring and monitoring climate risks and opportunities

In line with our risk management processes and strategy, we track lots of metrics to measure and manage the climate-related risks and opportunities in Table 5 below. We'll keep reviewing them in line with potential regulatory changes and guidance.

We have a sustainability underpin for awards under our Restricted Share Plan for Executive Directors. That means we must have made enough progress on our sustainability commitments for us to make any awards. You can read more on page [100](#).

Table 5: Climate-related risk and opportunity metrics, targets, and performance

Metric	Risk / Opp	Target	FY25 performance
Strategic networks disruption (%)^a	Risk: Extreme weather affecting our networks (e.g. flooding, high temperatures, high winds)	Network downtime limited to 0.01%	<0.01%
Scope 1, 2 and 3 emissions (tCO₂e)^b	Risk and opportunity: Customers have changing expectations on sustainability	By FY31, to be a net zero carbon emissions business (90% reduction in Scopes 1 and 2 (location-based) vs FY17)	649,572 (-52% vs FY17)
	Risk and opportunity: Lenders and shareholders have changing expectations on sustainability	By FY31, to reduce our supply chain carbon emissions by 42%, compared to FY17 levels (Scope 3 categories 1 – 8)	2,424,672 (-25% vs FY17)
	Risk: Carbon prices raise the cost of purchased goods	By FY41, be net zero across our full value chain by end of March 2041, achieving a 90% reduction in absolute Scopes 1, 2 and 3 emissions, and commit to neutralising any residual emissions	3,503,108 (-35% vs FY17)
Cumulative emissions avoided by customers (tCO₂e)^c	Opportunity: Growing revenue from products and services that support net zero	N/A	1.7m (5.5m since FY22)
Networks' energy consumption (GWh)^d	Opportunity: Increasing energy efficiency of our networks	Reduce our net networks' energy consumption annually	1,608 (-4% vs FY24)
% hedged energy costs	Risk and opportunity: Electricity costs fluctuate due to climate policy	Have energy demand at least 80% hedged one quarter before the start of the next financial year, and 50% hedged for the following financial year	81% hedged one quarter before FY26 70% hedged for FY27
% UK electricity consumption covered by Power Purchase Agreements (PPAs)	Risk and opportunity: Electricity costs fluctuate due to climate policy	N/A	31%

^a Describes overall service disruption to our UK strategic networks, excluding legacy networks.

^b We have updated our carbon reduction targets to use a location-based approach to Scope 2 emissions, and we moved to an absolute target from an intensity-based target for our Scope 1 and 2 emissions. You can read more about this on page [33](#).

^c We have switched from our previous timebound target. You can read more about this on page [31](#).

^d Refers to our UK on-site electricity consumption, which excludes consumption from MBNL and tenants.


Our worldwide energy use and greenhouse gas emissions^a

The table below shows Scope 1, 2 and 3 greenhouse gas emissions and our performance against our reduction targets. We report in line with the Greenhouse Gas Protocol (ghgprotocol.org).

	FY23				FY24				FY25			
	UK		Non-UK		UK		Non-UK		UK		Non-UK	
	Energy GWh	CO ₂ e ^b Tonnes	Energy GWh	CO ₂ e Tonnes	Energy GWh	CO ₂ e Tonnes	Energy GWh	CO ₂ e Tonnes	Energy GWh	CO ₂ e Tonnes	Energy GWh	CO ₂ e Tonnes
Scope 1^c (direct emissions)												
Gas and Oil – heating	141	26,259	1	270	120	22,519	2	288	106	19,974	3	606
Gas and Oil – generators ^d	32	7,264	0.03	7	16	3,596	0.03	7	29	6,618	0.2	44
Fugitive emissions – refrigerants		522		268		456		1,110		962		1,110
Commercial fleet (converted from litres fuel)	588	141,884	0.06	673	531	126,884	0.06	621	464	109,943	3	602
Commercial travel (converted from mileage/cost/litres fuel)	15	4,018	11	2,720	9	2,555	14	3,300	15	3,533	14	3,206
Total Scope 1	776	179,947	12	3,938	676	156,010	16	5,326	614	141,030	20	5,568
Scope 2^e (electricity incl nuclear and CHP^f)												
Total consumption (LBM^g)	2,283	441,713	198	56,121	2,213	458,247	198	60,770	2,123	443,863	182	59,111
MBM^h renewable consumption CO₂e adjustments												
General consumption	2,280	(440,976)	198	(56,043)	2,205	(456,508)	198	(60,765)				
Commercial fleet EV ⁱ consumption	3	(634)	–	–	8	(1,645)	–	–		See footnote (j)		
Company car EV consumption	0.4	(103)	0.1	(20)	0.5	(94)	–	–				
Total scope 2 CO₂e MBM^h		–		58		–		5		304,473		38,867
Total scopes 1 & 2 (LBM)^k		621,660		60,059		614,257		66,096		584,893		64,679
	3,059		210		2,889		214		2,737		202	
Total scopes 1 & 2 (MBM)		179,947		3,996		156,010		5,331		445,503		44,435
Scope 3: Worldwide emissions CO₂e Tonnes		3,360,519				3,132,656				2,853,536		
TARGETS^m												
SBTi Scope 1 & 2 worldwide emissions tonnes CO₂e (LBM) (Baseline 1,348,927)		681,719				680,353				649,572		Target 31 March 2031
% Change from baseline year FY17		(49)%				(50)%				(52)%		(90)%
Intensity metric Scope 1 & 2 worldwide emissions tonnes CO₂e (LBM) per £m adjusted Revenue (Baseline 56.06)ⁿ		32.98				32.65				31.89		
% Change from baseline year FY17		(41)%				(42)%				(43)%		
SBTi Supply chain emissions GHG Scope 3 Upstream + Operational (GHG Catg 1-8) kt (Baseline 3,217 kt)		2,727				2,557				2,425		Target 31 March 2031
% Change from baseline year FY17		(15)%				(21)%				(25)%		(42)%

N/A: Not available or not applicable. Due to rounding some totals may not visually summate.

- a Data presented has been reviewed to a high level of assurance by LRQA Group Limited in accordance with the principles of Accountability's AA1000AS v3 assurance standard. We restate historical years' data to replace estimates with actual figures and/or when we think subsequent information is materially significant as determined during audit (typically variances greater than one percentage point at category level).
- b CO₂e: Carbon Dioxide equivalent emissions
- c Scope 1: Direct emissions from our own operations (e.g. fleet/heating fuel combustion).
- d For Gas & Oil based on GWh equivalent input value before combustion and gross calorific value
- e Scope 2: Indirect emissions from the generation of our consumed energy (mainly electricity) (Excludes 3rd party consumption)
- f CHP – Combined heat and power
- g LBM: location-based method for Scope 2 emissions accounting – as defined in the Scope 2 Guidance amendment to the Corporate Standard (ghgprotocol.org).
- h MBM: market-based method for Scope 2 emissions accounting – as defined in the Scope 2 Guidance amendment to the Corporate Standard (ghgprotocol.org).
- i EV – Electric vehicle
- j From FY25 our renewable electricity strategy has changed: unbundled renewable energy attribute certificates (REAC's) are no longer purchased to achieve 100% renewable electricity. Our MBM renewable declarations are now only from PPA's and contractual agreements.
- k The emissions reduction target and emissions intensity is now based on the GHG Location based method of reporting (LBM). Consequently, a new Scope 1 and Scope 2 LBM line has been added and previous years' numbers have been restated.
- l Scope 3: Including supply chain, customer use of our products, and other indirect emissions (such as employee commuting).
- m We have updated our emissions reduction targets which have been approved by the SBTi. You can read more on page 31.
- n The carbon emissions intensity is now based on Scope 1 and Scope 2 LBM emissions against adjusted revenue. Previous carbon emissions intensity was based on Scope 1 and Scope 2 MBM against gross value added. Previous years' numbers are restated due to this change.

 You'll find more information and data in our Manifesto section on pages 31 to 33 and the ESG Addendum (bt.com/esgaddendum)

Viability statement

In accordance with provision 31 of the UK Corporate Governance Code 2018, the Directors have assessed the prospects and viability of the group.

The assessment has been based on the Company's strategy, balance sheet and financing position, including our £2.1bn undrawn committed borrowing facility which matures no earlier than January 2030 with the option to extend for two further years, and the potential impact of 'Our principal risks and uncertainties' (pages 56 to 61).

The Board has chosen to conduct its review for a period of five years to 31 March 2030. The Board believe that this is an appropriate timeframe as it aligns with the primary focus of our business and financial planning.

The assessment of viability is based on our medium term plan which forecasts the group's profitability, cash flows and funding requirements, and is approved by the Board at the end of each year. The medium term plan is built from bottom-up business plans and financial forecasts of each of our Customer Facing Units (CFUs) and our Corporate Units (CUs) based on some central macroeconomic assumptions such as inflation and exchange rates. This is then supplemented by items managed at a group level. The macroeconomic assumptions are informed by independent third-party forecasts. The performance of the group, our CFUs and our CUs against these forecasts is monitored monthly and this is supplemented each quarter through a series of quarterly business reviews of each unit conducted by the Chief Executive and Chief Financial Officer.

Beyond our medium term planning horizon, the group also makes investments that have business cases covering a longer time period, such as our network investments. Significant capital expenditure investment cases are approved by the Chief Executive and, where appropriate, the Board, after taking into account longer-term risks and opportunities such as the economy, technology and regulation.

Approach

Our medium term plan has been stress tested in a series of individual severe but plausible downside scenarios, each aligned to our group risk categories as set out on pages 56 to 61. This was followed by stress testing our forecasts against a combined scenario of correlated risks using a stochastic model. Finally, we then identified several mitigations that could realistically be taken by the business to avoid or reduce the impact of the underlying risk.

Scenarios included in our combined severe but plausible stress test

Our hypothetical scenario included competition and performance-related risks to delivering our strategy, as well as number of external events that would create significant financial losses for the group:

- Internal challenges in delivering critical technology-enabled transformation causes delays to digital channels and journeys, as well as defects which generate significant demand into service. This also causes delays to our replanned network closure dates and the launch of new products, resulting in increased operating costs and customer attrition.
- Competitive pressures from alternative FTTP network providers intensify, with a combination of market consolidation, aggressive pricing and soft broadband market conditions impacting the return on our FTTP investment.
- Continued cost of living challenges and increased low cost options for consumers also drive continued discounts of our core/converged offers.
- Against the backdrop of geo-political uncertainty, a state-sponsored threat actor carries out a successful cyber attack, obtaining data that includes customer information.
- To further compound matters, we fail to defend successfully the high value litigation claims brought against the group.

These events collectively lead to adverse customer experiences, reputational damage, reduced investor confidence, and significant financial losses for the group.

As a summation of the full impact of each of the individual scenarios in this stress test would be an extremely unlikely outcome we used a stochastic model to develop a more realistic severe but plausible combined scenario. We applied an 80th percentile confidence interval which allows for a stress test of the medium term plan with a plausible but still severe combination of events, without assuming the worst impact happens across all scenarios at the same time.

Results

Applying our severe but plausible combined scenario with related mitigations indicates that BT would experience a liquidity shortage commencing in the third year. However, there are further mitigations, including planned debt issuance, that could be applied to eliminate this liquidity shortage. We would need to adopt around a third of the mitigations we have identified to maintain positive cash flow over the full five-year period of the assessment.

The mitigations directly in our control primarily revolve around reducing operating and capital expenditure cash outflow from the group, which are sufficient to mitigate the full impact of our combined severe but plausible stress test. In addition, there are also several mitigations which are outside of our control that could be used by the group, like raising debt. The Board believe that it is reasonable to expect that it could continue to access debt capital markets to refinance a portion of our outstanding debt as it falls due. If access to debt markets wasn't available, then equity capital markets would be considered as an alternative to raise funds.

Based on the results of this analysis, the directors have a reasonable expectation that the group will be able to continue in operation and meet its liabilities as they fall due over the five-year period of their assessment.

The directors also considered it appropriate to adopt the going concern basis of accounting when preparing the financial statements, as set out in the 'Report of directors' on page 124 and 'Basis of preparation' on page 148.