
**Commitments of BT Plc and Openreach Limited
to Ofcom**

Issue 6

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COMMITMENTS OF BT PLC AND OPENREACH LIMITED TO OFCOM

WHEREAS:

- (A) On 10 March 2017, British Telecommunications plc (*BT plc*) notified Ofcom under section 89C of the Communications Act 2003 (implementing Article 13b of the Access Directive) of intended changes to the structure and governance arrangements relating to the Openreach Division described in these Commitments (the *Notification*) pursuant to which, BT plc would:
- (a) incorporate Openreach Limited as a wholly owned private company limited by shares and incorporated in England and Wales (*Openreach Limited*);
 - (b) procure that Openreach Limited, once incorporated, adopts and observes these Commitments;
 - (c) enter into the Openreach Agency and Services Agreement (the *ASA*) with Openreach Limited to give effect to these Commitments. The ASA will set out the framework which supports the relationship between BT plc and Openreach Limited in respect of the Openreach CFU (as defined below) as described by these Commitments; and
 - (d) adopt, and procure that Openreach Limited adopts the Governance Protocol (as defined below) which further details governance matters relating to Openreach Limited, including the duties and authority of the Openreach Board and the Openreach Executive (each as defined below).
- (B) These Commitments shall apply in respect of the matters to which they relate in the whole of the United Kingdom (except the Hull Area) but shall apply to Northern Ireland only to the extent set out in section 18.
- (C) BT plc shall continue to operate in accordance with the Undertakings until released from them by Ofcom.

NOW THEREFORE:

1. General provisions

- 1.1 BT plc gives Ofcom the commitments below, subject to their formal adoption by the BT plc board of directors and the satisfaction of the conditions set out in the Notification, including the release of BT plc from the Undertakings.
- 1.2 Words and expressions used in these Commitments shall be interpreted in accordance with Annex A (*Definitions and Interpretation*).
- 1.3 The Annexes to these Commitments shall form part of these Commitments.
- 1.4 References to paragraphs, sections and Annexes shall mean paragraphs and sections of, and Annexes to, these Commitments, unless otherwise stated.

- 1.5 References to activities to be undertaken by (i) the Openreach Division or (ii) Openreach Limited in these Commitments shall, in each case, be taken to mean such activities undertaken by those entities on behalf of BT plc.

2. Purpose and incorporation of Openreach Limited

- 2.1 BT plc shall incorporate Openreach Limited as a private limited company, which will be a wholly owned subsidiary of BT plc with a majority independent board of directors. The process for the appointment of the Openreach Board is set out in the Governance Protocol. Openreach Limited's purpose is:
- (a) to set the strategy of the Openreach CFU in accordance with these Commitments, the ASA and the Governance Protocol; and
 - (b) to operate and manage the Openreach CFU on behalf of BT plc in accordance with these Commitments, the ASA and the Governance Protocol.
- 2.2 BT plc will engage Openreach Limited to manage and operate the Openreach CFU, including the assets and trading thereof in accordance with these Commitments and the Governance Protocol.
- 2.3 BT plc shall ensure that Openreach Limited (once incorporated) adopts and observes these Commitments and the Governance Protocol.
- 2.4 BT plc shall ensure that Openreach Limited (once incorporated) and BT plc shall enter into the ASA.
- 2.5 In accordance with the Governance Protocol, Openreach Limited will have the capabilities necessary to develop plans for review and approval by the Openreach Board on major operational and investment decisions to fulfil customer needs. The Openreach Executive will be responsible for the management and operation of the Openreach CFU and its operational decisions in accordance with the Final Approved AOP and Final Approved MTP.
- 2.6 BT plc shall notify Ofcom when each of the steps in paragraphs 2.1 to 2.4 has been completed.

3. The Openreach Division

- 3.1 The Openreach customer facing unit (the *Openreach CFU*) means the business of BT which consists of the products listed in paragraphs 3.2 and 3.3 below, the trading associated with them and the assets referred to in paragraph 3.5 below. For the avoidance of doubt, whilst Openreach Northern Ireland and its people are hosted by the Openreach CFU, they are not part of the Openreach CFU for the purpose of these Commitments and instead are subject to the separate provisions in paragraph 18 of these Commitments.
- 3.2 The Openreach Division (which means, taken together, Openreach Limited and the Openreach CFU) shall provide on behalf of BT plc those SMP Products which are provided over BT's Access Network and BT's Backhaul Network and

which are important in supporting future downstream competition. These products currently include:

- (a) Dark Fibre Access;
- (b) MPF;
- (c) Physical Infrastructure Access;
- (d) Relevant Ethernet Services;
- (e) Relevant WDM Services; and
- (f) Virtual Unbundled Local Access.

3.3 The Openreach Division shall provide other SMP Products and non-SMP Products in a product portfolio similar to that which prevails at the date of these Commitments, each of which are provided by means of BT's Access Network and BT's Backhaul Network.

3.4 The provision of products shall include in particular:

- (a) product management;
- (b) sales;
- (c) in-life service management;
- (d) specification of the products and their functionality; and
- (e) setting prices.

3.5 The Openreach CFU assets shall comprise the assets of BT's Access Network and BT's Backhaul Network needed to be managed and operated by the Openreach Division in order to provide the products listed in paragraphs 3.2 and 3.3, and including items needed to support those products and assets such as line testing and remote diagnostics.

3.6 In the event that Ofcom concludes, pursuant to a market review, that BT no longer has SMP in a particular market, then except in the event that BT determines at its sole discretion that it is impractical to do so, such products within that market (which were formerly SMP Products but which have become non-SMP Products) shall be provided by, and the related assets shall be managed by a division of BT other than the Openreach Division. BT plc shall notify Ofcom of its reasons in circumstances where it has decided to retain provision of such non-SMP Products within the Openreach Division.

4. Functional Separation of the Openreach Division

4.1 The Openreach Division shall be operated as a functionally separate division of BT in accordance with these Commitments.

5. Equal Treatment of Customers

5.1 The Openreach Division shall treat all customers equally in the exercise of its functions. The articles of association of Openreach Limited will contain an

obligation to this effect. Pursuant to the obligation to treat all customers equally, the Openreach Division shall be required to reach decisions on wholesale supply using criteria which treat all customers equally.

- 5.2 The obligation set out in paragraph 5.1 will include customer consultation, strategy and investment decisions and a requirement to follow processes which are objective and non-discriminatory.
- 5.3 Where required to do so by SMP regulation set by Ofcom under the relevant provisions of the Communications Act 2003, the Openreach Division shall provide the SMP Products referred to in paragraph 3.2 on an equivalence of input basis.
- 5.4 Where the Openreach Division provides non-SMP Products on behalf of BT plc and such provision is thereby unregulated by Ofcom, Openreach Limited shall nonetheless also comply with its commitment set out in paragraph 5.1 to treat all customers equally and not unduly favour any particular Communications Provider customer (including BT's Downstream Divisions).
- 5.5 The obligation to treat all customers equally shall not require BT to make investments in respect of the Openreach Division to the detriment of BT as a whole, having taken into account any positive returns or other benefits of investments in the Openreach Division. Where, following a proposal by the Openreach Division, BT decides not to make an investment because it considers it would be to the detriment of BT as a whole, it shall notify Ofcom of that decision.
- 5.6 The obligation to treat all customers equally shall not require Openreach Limited to include in the AOP or MTP investments that would be to the detriment of the Openreach Division, or require the Openreach Board, the Openreach Executive, Openreach Limited or any Openreach Employee to issue an instruction or recommendation to make such investments.

6. Strategy of Openreach Division

- 6.1 BT plc shall delegate to Openreach Limited (acting through the Openreach Board) responsibility for setting the strategy of the Openreach Division in accordance with the Governance Protocol and these Commitments (the *Authority*). In setting its strategy, Openreach Limited will take into account the interests of all of Openreach CFU customers.
- 6.2 Openreach Limited, acting through the Openreach Board, shall be entitled to sub-delegate any of the powers conferred on it pursuant to the Authority to any committee (of at least two directors) of the Openreach Board, the Openreach Executive or any Openreach Employee, in accordance with the terms of the Governance Protocol and these Commitments, with further powers of sub-delegation, provided that such powers of sub-delegation may only be exercised in favour of any committee (of at least two directors) of the Openreach Board, the Openreach Executive or any Openreach Employee, in accordance with the terms of the Governance Protocol and these Commitments.

6.3 Openreach Limited shall be responsible for setting the strategy of the Openreach Division in accordance with these Commitments and the Governance Protocol. BT shall remain responsible for BT strategy, including the overall BT strategic framework. Openreach Limited shall take the overall BT strategic framework into account in setting the strategy of the Openreach Division, as set out in the Draft AOP and Draft MTP. BT Group plc CEO and BT Group plc CFO shall review the strategy developed by Openreach Limited and may comment within the AOP and MTP review process set out in the Governance Protocol on whether these plans are consistent with the overall BT strategic framework.

7. Transfer of Openreach CFU employees

7.1 Upon the ASA taking effect in accordance with its terms, the employment contracts of c.32,000 employees in Openreach CFU will transfer from BT to Openreach Limited by way of a transfer under TUPE, assuming that TUPE then remains in force and provides for such a transfer.

7.2 Following the transfer referred to in paragraph 7.1, Openreach Limited will have control over the employment of the employees referred to in paragraph 7.1 and those recruited by Openreach Limited subsequently (together, the *Openreach Employees*).

7.3 Subject to the satisfaction of the conditions set out in the Notification, any employees who transfer to Openreach Limited and who are active members of the BT Pension Scheme at the point of transfer will continue to be eligible to participate in the BT Pension Scheme on the transfer of their employment to Openreach Limited, with no break in service as a result of the transfer.

7.4 Openreach Employees shall include:

- (a) all field engineers working for the Openreach CFU from time to time, including their line management up to and including the Openreach CEO;
- (b) those employees involved in the design, planning, implementation and in-life service management of the products provided by the Openreach Division, including their line management up to and including the Openreach CEO; and
- (c) those employees who carry out activities which are ancillary to those described in (a) and (b) above, those who support and manage them, and those who undertake the sales function of Openreach CFU.

7.5 In relation to particular geographical areas, Openreach Limited, Digital, Networks and BT's Downstream Divisions (except BT's divisions which are predominantly concerned with providing products to End-Users) may agree from time to time that:

- (a) Digital, Networks and BT's Downstream Divisions (except BT's divisions which are predominantly concerned with providing products to End-Users) shall on behalf of Openreach Division undertake activities which under these Commitments are otherwise to be undertaken by Openreach Division on behalf of BT plc; and/or

- (b) Openreach Division shall on behalf of Digital, Networks and BT's Downstream Divisions (except BT's divisions which are predominantly concerned with providing products to End-Users) undertake activities which under these Commitments otherwise fall to be undertaken by Digital, Networks or BT's Downstream Divisions (except BT's divisions which are predominantly concerned with providing products and services to End-Users),

provided that, unless the Openreach Board agrees otherwise, not more than 250 field engineers shall at any one time be engaged in the undertaking of activities under this section. Any material exercise of this provision shall be notified to Ofcom.

8. Openreach Limited Employee Incentive Remuneration Arrangements

- 8.1 The remuneration incentive arrangements of the Openreach CEO and the other members of the Openreach Executive shall be based on Scorecards that include incentives for high quality of service delivery. These incentives will be weighted not less than 25% of the total Scorecard outcome.
- 8.2 All incentive remuneration of Openreach Employees shall reflect solely the objectives of the Openreach Division. Openreach Limited will operate to a Scorecard which reflects the commitment to treat customers equally set out in the articles of association of Openreach Limited and in these Commitments. The principles of that Scorecard will be cascaded to all Openreach Employees who have currently, or may have in the future, bonus payments. Bonus payments based on Scorecard performance shall relate solely to the performance of the Openreach Division and to any other relevant provisions of these Commitments. Such bonus payments shall not be denominated in BT Group plc shares, but Openreach Employees remain eligible to participate in BT's ongoing and future general all-employee share plans and benefits arrangements.
- 8.3 BT shall:
- (a) make available long term incentive plans for relevant Openreach Employees, including a deferred bonus plan (*Openreach incentive plans*);
 - (b) where a BT employee has been granted an option over shares or an award of shares under the BT Group Restricted Share Plan, or any other BT share plan, and subsequently becomes an Openreach Employee, use its reasonable endeavours to replace those options or share awards with awards under Openreach incentive plans;
 - (c) ensure that, where a performance condition applies to the granting or vesting of an award under Openreach incentive plans, that performance condition shall relate to the performance of the Openreach Division or some other appropriate index related to the objectives of the Openreach Division; and
 - (d) ensure that no such awards in respect of BT Group plc shares shall be made to Openreach Employees except that BT Group plc shares may be

part of an appropriately weighted basket of shares or some other appropriate index.

9. Management and Operation by Openreach Limited

A. Openreach Assets

- 9.1 In accordance with the ASA and the Governance Protocol, BT plc will engage Openreach Limited to manage and operate the Openreach assets described in paragraph 3.5. BT plc will retain legal ownership of the assets (including intellectual property) and all trading (including future assets and trading) that comprises the Openreach CFU from time to time and will retain all of the economic benefits and risks of those assets and trade.
- 9.2 Openreach Limited shall not manage or operate assets of BT outside the Openreach Division, other than any shared assets allocated for the provision of the products of the Openreach Division. BT's Downstream Divisions shall not manage or operate the assets of BT used by the Openreach Division in connection with the provision of its products other than any shared assets allocated for the provision of the products of the Downstream Divisions.
- 9.3 Openreach Limited shall be permitted to maintain, remove, replace and build assets (such as network equipment) on behalf of BT plc at all times, in the normal course of business and in accordance with the terms of the ASA and in compliance with the Final Approved AOP and the Final Approved MTP, and the other provisions of the Governance Protocol.
- 9.4 Openreach Limited is not permitted to acquire assets and liabilities for its own balance sheet. Where Openreach Limited acquires, sells and otherwise deals with Openreach CFU assets, it shall do so on behalf of BT plc and for the account of BT plc and the necessary actions will be taken to ensure those assets are owned by BT plc.
- 9.5 Openreach Limited's involvement in the management and operation of BT's Access Network and BT's Backhaul Network does not extend to or include the management and operation of any assets used by Communications Providers to provide Network Access created using Dark Fibre Access and/or Physical Infrastructure Access.
- 9.6 Subject to the ASA and the Governance Protocol, Openreach Limited shall have full responsibility for any investment decisions relating to the assets referred to in paragraph 3.5, which shall be embodied within the Final Approved AOP and the Final Approved MTP (as varied from time to time in accordance with the Governance Protocol).

B. Openreach CFU Trading

- 9.7 In accordance with the terms of the ASA, BT plc will engage Openreach Limited to manage and operate:
- (a) all Openreach CFU customer and supplier relationships and all Openreach CFU trading, including the negotiation, management, execution and handling of customer and supplier contracts and

appropriate SLAs (with Openreach Employees signing as agent on behalf of BT plc with BT plc being the contracting party);

- (b) the invoicing of Openreach CFU customers as agent for BT plc;
- (c) receiving payments as agent for BT plc directly into a Openreach Limited bank account with any such receipts immediately being payable in full to BT plc (and therefore swept overnight into BT plc bank accounts in keeping with current BT Group Treasury arrangements); and
- (d) acting as paying agent for BT plc whereby Openreach Limited makes payments to relevant counterparties, once Openreach Limited has been put in funds by BT plc.

9.8 Subject to the ASA and the Governance Protocol (where applicable):

- (a) Openreach Limited alone shall conduct the trading on behalf of BT plc in relation to the assets defined in paragraph 3.5 and provide products defined in paragraph 3.2 and 3.3.
- (b) BT's Downstream Divisions may provide products in markets where BT is subject to an SMP Condition created as a result of those BT Downstream Divisions having purchased from Openreach Dark Fibre Access or Physical Infrastructure Access provided that they do not substitute to a material degree for SMP Products provided by the Openreach Division which are defined in paragraph 3.2.
- (c) Openreach Limited shall provide (on behalf of BT plc) products provided by Openreach Division only to Communications Providers.
- (d) Openreach Limited shall determine what products to supply using the assets it manages and operates, which shall include those products mandated under the SMP Conditions, and also determine any appropriate enhancements in the functionality of these assets needed to provide such products and shall determine Commercial Policy in respect of such products.
- (e) Openreach Limited shall have sufficient influence over other relevant assets of BT necessary to provide products provided by Openreach Division using mechanisms including the following:
 - (i) when Openreach CFU makes use of network assets from BT it shall set standards for in-life service management, covering such matters as provisioning times, provisioning effectiveness, fault rates, repair times and repeat fault rates. The standards will be based upon its judgement of the needs of the customer base it serves, and will not simply replicate the standards prevailing for BT's downstream services. The required standards shall be reasonably practicable and set out in SLAs between Openreach CFU and BT; and
 - (ii) new requirements for SMP Products to be provided by Openreach CFU will be addressed by a Openreach Limited

owned Statement of Requirements Process (or, as appropriate, the Customer Consultation Process). The application by Openreach of the Statement of Requirements Process to any such requirement shall be subject to review by the OBARCC upon reasonable request by a Communications Provider. Where the OBARCC identifies as part of its review any deficiencies in the application of the Statement of Requirements Process by Openreach CFU, Openreach Limited shall take due account of any suggestions or comments the OBARCC may have in respect of any such deficiencies.

10. Confidentiality

- 10.1 Subject to paragraph 10.2, no employee or agent of BT (including BT's external advisers and sub-contractors) who is not working for Openreach Limited following the ASA taking effect (a *BT Recipient*) shall:
- (a) directly or indirectly participate in the formulation or making of, or influence or attempt to influence, the Commercial Policy of the Openreach CFU;
 - (b) have access to any Openreach Customer Confidential Information; or
 - (c) have access to Commercial Information of the Openreach CFU held by any Openreach Employee or agent of Openreach Limited.
- 10.2 The restrictions in paragraph 10.1 shall not apply:
- (a) to the extent necessary to enable:
 - (i) BT or Openreach Limited to comply with and ensure the proper functioning of (and monitor compliance with) the arrangements under these Commitments (including the operational delivery of the products pursuant to Section 9 of these Commitments), the ASA or the Governance Protocol; or
 - (ii) BT to fulfil its responsibilities as a publicly listed consolidated group of companies and to ensure best practice governance (including all necessary legal, financial, fiduciary and regulatory obligations).
 - (b) in relation to the restriction in 10.1(a) only, where such participation is conducted through mechanisms and processes that are also available to other Communications Providers;
 - (c) in relation to the restriction in 10.1(b) only, where any Openreach Customer Confidential Information is disclosed:
 - (i) with the relevant customer's consent; or
 - (ii) solely for the purpose of a customer order being transferred from one part of BT to another pursuant to paragraph 15.1; and

- (d) in relation to the restriction in 10.1(c) only, where access to any Commercial Information of the Openreach CFU is provided in a manner that would be provided to other Communications Providers in the ordinary course of business.
- 10.3 Notwithstanding any other provision in this section 10, disclosure to a BT Recipient of any Customer Confidential Information provided to Openreach Limited during the Confidential Phase of a Customer Consultation Process shall be prohibited (except as specified in paragraph 11).
- 10.4 BT shall maintain a record of all individuals, including their roles and functions, who have received any significant information pursuant to any of the exemptions in paragraph 10.2 and a summary of the nature of the information provided (the *Disclosure Record*), to enable OBARCC to perform its obligations in accordance with these Commitments.
- 10.5 BT shall provide a copy of the Disclosure Record to OBARCC on a quarterly basis. OBARCC shall share the Disclosure Record with Ofcom from time to time at Ofcom's request.
- 10.6 Openreach Limited shall keep confidential and not disclose (and shall procure that its directors and employees keep confidential and do not disclose) confidential information relating to BT (other than Openreach Limited) to any person other than to: (i) any entity forming part of BT; or (ii) any director, officer or employee of any entity forming part of BT, except to the extent otherwise agreed between BT plc and Openreach Limited or where disclosure is required to comply with the terms of the ASA.

11. Openreach Customer Consultation Process

- 11.1 BT plc will delegate authority to the Openreach Board to:
 - (a) ensure that the Openreach Executive shall treat all Communications Providers equally in consultation processes, particularly in the early stages of significant investment decisions related to the future development of the networks and products of Openreach CFU and maintain customer confidentiality in accordance with the Customer Consultation Process set out in these Commitments and the Governance Protocol; and
 - (b) consider and address as appropriate representations from Communications Providers, Ofcom and other stakeholders.
- 11.2 Both the Openreach Board and the Openreach Executive will ensure the below process is followed in relation to significant investments related to the future development of Openreach CFU's networks and products, taking due account of Communications Providers' views on the implementation of this process through industry consultation.

A. The Confidential Phase (Investment and technology choice)

- 11.3 Openreach Limited will be open to receiving well-developed proposals from Communications Providers regarding the development of Openreach CFU networks and products, including on a co-investment or risk-sharing basis. Openreach Limited will take into account and fairly evaluate such proposals when developing Openreach Limited's proposals for investment in its networks and products.
- 11.4 The considered investments will not be disclosed outside the Openreach Division, except with the consent of the Communications Provider proposing the investment; after such consent has been received, Openreach Limited will be entitled to disclose the considered investments to the BT Group plc CEO, the BT Group plc CFO and any other named individuals before the announcement referred to in paragraph 11.7 is made.
- 11.5 Once Openreach Limited has formed an intention to consider seriously a significant investment in its networks and products, which could form the basis for new forms of network access, it should announce its intention to do so at an early point in deliberations, to be able to consult with Communications Providers having provided reasonable advance notice to the BT Group CEO and BT Group CFO.
- 11.6 During this process, Openreach Limited will not make any changes to Openreach CFU's network which would prevent the provision of the network access envisaged in the proposals.

B. The Public Phase (Commercial and Technical Feasibility)

- 11.7 The public phase begins when Openreach Limited publicly announces an intention to consider seriously a significant investment in Openreach CFU networks and products, which it considers could form the basis for new forms of network access, and continues until a formal decision concerning the proposal is made. During this phase, Openreach Limited will consult with Communications Providers to establish their needs and potential demand for the proposed networks and products.
- 11.8 If such demand exists and Openreach Limited decides to proceed with the proposals, Openreach Limited will announce an intention to proceed with the proposal, subject to an approved business case, obtaining capital as needed and any further authorisations as required by the Governance Protocol.

C. The Committed Phase (Implementation)

- 11.9 The committed phase will run from the time Openreach Limited has made its respective decision concerning the investment (having obtained capital as needed and any further authorisations required by the Governance Protocol) and until the network is deployed or service launched.
- 11.10 Openreach Limited will identify the commercial and technical feasibility of the new form of network access, through industry fora with its customers.

- 11.11 If, after consultation, Openreach Limited commits to developing the commercial application of a new form of network access, Openreach Limited will use an industry group (where appropriate) comprising Openreach CFU customers to identify key aspects of the implementation. Openreach Limited will work with this group, as appropriate, to:
- (a) produce a reference interconnection architecture, setting out the manner in which the new and existing forms of network access are expected to interconnect with each other;
 - (b) produce an implementation plan including the process for migrating to the new form of network access;
 - (c) produce a communications plan setting out how this implementation will be communicated to End-Users; and
 - (d) oversee the actual implementation, taking any such action as may be necessary in order to ensure that the above plans are achieved.
- 11.12 For the avoidance of doubt, the industry group will not be responsible for managing the deployment of the new form of network access, nor will the group have the ability to delay the deployment unreasonably, except with the agreement of Openreach Limited.
- 11.13 Openreach Limited will publish guidelines setting out the consultation principles it will follow for consultations about the new network access. The guidelines will include objectives for each consultation and the process and timescale for responses, as well as a statement explaining decisions made. Openreach Limited will also publish its implementation plan of record at appropriate intervals, to include information on interconnection, migration plans, and indicative non-binding road maps over two years for SMP Products likely to be provided using the new network access.

12. Separate Headquarters

- 12.1 The Openreach Division headquarters shall be situated in:
- (a) access-controlled accommodation which is separately secured from BT's Downstream Divisions, Digital and Networks; and
 - (b) accommodation which is separately located from BT's Downstream Divisions, Digital and Networks.

13. Systems Separation

- 13.1 Openreach Limited shall be responsible for developing its strategy for the systems needed to manage and operate the business of the Openreach Division.
- 13.2 The Openreach Division shall maintain its own MIS and OSS (except such MIS and OSS as are listed in Annex B and Annex C respectively), separate from the BT OSS, to the standard of Level 2 System Separation.
- 13.3 Openreach Limited shall manage and operate the OSS used by the Openreach Division to provide its products on the basis of the principle that the provision

of Openreach Commercial Information and Openreach Customer Confidential Information held in the OSS should be restricted to the Openreach Employees and to any individuals in relation to whom Openreach Limited has authorised access in accordance with these Commitments or the Governance Protocol.

13.4 Openreach Limited shall:

- (a) in relation to the OSS within the sole control of the Openreach CFU, determine the level of security required of its systems to be able to secure such confidentiality; and
- (b) in relation to the shared OSS listed in Annex C, agree with BT plc the level of security required of those systems to be able to secure such confidentiality.

13.5 Save in relation to the shared MIS listed in Annex B, Openreach Limited shall determine the level of security required to ensure that the management information held on the MIS used by Openreach Limited in the management of its business remains confidential to the Openreach Employees and any individuals in relation to whom Openreach Limited authorises access in accordance with these Commitments.

14. Supply of Services by BT

14.1 For the avoidance of doubt, Openreach Limited may draw upon support services in connection with the Openreach Division (including billing, finance, regulatory, legal, HR, Digital, Networks and others) from any part of BT or BT's agents and sub-contractors and may use BT's centres of excellence on the basis that:

- (a) Openreach Limited will consult with the relevant support service or centre of excellence on decisions relating to the services provided; and
- (b) Openreach Limited will retain responsibility for any ultimate decision on the use of the support service or centre of excellence,

provided that doing so will not require the disclosure of Commercial Information of Openreach, except where such disclosure is otherwise permitted by these Commitments.

14.2 In relation to the supply of services from Digital and/or Networks, the relationships between Digital and Openreach Limited, and Networks and Openreach Limited, will be a typical customer/supplier relationships governed on the basis that:

- (a) Openreach Limited will consult with Digital and/or Networks on decisions relating to services supplied by Digital and/or Networks;
- (b) Openreach Limited will retain responsibility for any ultimate decision on the use of services supplied by Digital and/or Networks and will be responsible for supervising the receipt of these services; and
- (c) Digital and/or Networks will retain responsibility for delivering the Digital and/or Networks services as requested by Openreach Limited.

15. Openreach Division Sales Activities

15.1 In relation to sales activities:

- (a) Openreach Division is expected to be the primary channel to market for its portfolio of products.
- (b) Openreach Limited can take orders for products which are product managed by another part of BT, and project manage their delivery, only under the following circumstances:
 - (i) where products which are managed by parts of BT other than Openreach Limited and Openreach CFU products require detailed operational co-ordination, in order for example to synchronise the supply of different elements of those products, such as combined orders for Wholesale Line Rental and Carrier Pre-selection; or
 - (ii) where a Communications Provider's commercial relationship with BT is only with Openreach Limited because it predominantly purchases Openreach CFU products, but it wishes as a matter of convenience to place a low volume of orders for other BT products via Openreach Limited.
- (c) Openreach Limited shall only accept orders on behalf of BT plc for products from Communications Providers, including BT.
- (d) Other parts of BT can take orders for products which are product managed by Openreach Limited and project manage their delivery, only under the following circumstances:
 - (i) where products which are a product managed by the Openreach Division and other parts of BT require detailed operational co-ordination, in order for example to synchronise the supply of different elements of those products as described in paragraph 15.1(b)(i) above; or
 - (ii) where a Communications Provider has or wishes to have a commercial relationship with a part of BT other than the Openreach Division.
- (e) Where a Communications Provider places an order with one part of BT which pursuant to paragraphs 15.1(b), (c) and (d) should properly have been placed with another part of BT, the part of BT which receives the order will arrange for its transfer and will advise the Communications Provider accordingly.

16. Openreach CFU Branding

- 16.1 The Openreach CFU brand shall not incorporate the elements "BT" or "British Telecom". BT plc shall phase out the use of "BT" and "British Telecom" in proximity to the Openreach brand as soon as reasonably practicable after these

Commitments taking effect, in accordance with standard commercial replacement cycles, namely to be substantially complete in relation to:

- (a) Vehicle fleet, in three years;
- (b) Buildings and signage, in two years;
- (c) Clothing, in 18 months; and
- (d) Branded collateral (including marketing, stationery and websites), in six months.

17. Guidance

- 17.1 BT plc and Openreach Limited shall maintain and publish on their relevant websites Commitments Guidance, to be made available to all their employees, which sets out how BT plc and Openreach Employees should act to ensure compliance with these Commitments.
- 17.2 In the case of Openreach Northern Ireland, the Commitments Guidance shall include specific guidance which shall cover those behaviours which will be required of BT employees working for Openreach Northern Ireland to achieve consistency with the intent of these Commitments.
- 17.3 The Commitments Guidance shall explain the rules set out in these Commitments for access to, and dissemination of, Customer Confidential Information and Commercial Information, and the restrictions on influencing Commercial Policy of the Openreach CFU and/or Openreach Limited, and following appropriate union consultation in accordance with current agreements, make clear the disciplinary consequences of non-compliance. The Commitments Guidance shall also draw attention to BT's confidential telephone number and other access routes, established for general purposes and in accordance with the UK Corporate Governance Code, for reporting any concerns about compliance with these Commitments.
- 17.4 BT shall provide mandatory compliance and regulatory training for all its employees who are involved with supporting UK customers, which shall cover compliance with these Commitments and the Commitments Guidance.

18. Operations in Northern Ireland

- 18.1 Sections 2 to 17 of these Commitments (subject to the below) shall not apply in respect of Openreach Northern Ireland.
- 18.2 For the avoidance of doubt:
 - (a) a BT employee or agent working for Openreach Northern Ireland is not to be treated as an employee or agent of BT who is not working for Openreach Limited; and
 - (b) nothing in paragraph 13 requires any separation in respect of Openreach Northern Ireland or its systems or prevents BT employees or agents working for Openreach Northern Ireland accessing the systems referred to in paragraph 13.

18.3 BT commits to:

- (a) a virtually separate organisation, Openreach Northern Ireland, with its own senior management team to manage BT's Electronic Communications Network in Northern Ireland, the associated network assets, network finances, people, culture and wholesale relationships. Openreach Northern Ireland will manage and operate BT's Electronic Communications Network in Northern Ireland in a way that takes due account of the network investment and product evolution of the Openreach Division and local initiatives to the benefit of the Northern Ireland community;
- (b) provide equivalently in Northern Ireland the SMP Products referred to in paragraphs 3.2 and 3.3 and to the same timescales as are provided by the Openreach Division in Great Britain, taking due account of the Openreach Division's portfolio and operating strategies to benefit the Northern Ireland community;
- (c) treat all Communication Providers customers equally, ensuring all commercial information, customer confidential information and commercial policy is treated in a manner consistent with the principles set out in these Commitments, and be subject to compliance monitoring by Openreach Limited, including publication of an annual compliance report to NI stakeholders;
- (d) provide transparency around key products and the implementation plans for BT's Access Network and BT's Backhaul Network in Northern Ireland;
- (e) regular engagement with NI stakeholders, sharing implementation information and gaining stakeholder feedback, including an annual report on proposed BT's Access Network and BT's Backhaul Network developments in Northern Ireland for comment;
- (f) phase out the use of "BT" and "British Telecom" on Openreach Northern Ireland vehicle fleet and clothing as soon as reasonably practicable from the date upon which these Commitments take effect, in accordance with standard commercial replacement cycles, to be substantially completed within 36 and 18 months respectively; and
- (g) provide co-location of specified types of equipment at BT exchanges, all as in Great Britain.

18.4 A Communications Provider based in Northern Ireland shall, if it so chooses, be entitled to be account managed by Openreach Northern Ireland.

19. Monitoring of Openreach Performance and Compliance

19.1 BT shall monitor the Openreach Division in accordance with the reporting arrangements set out in the Governance Protocol.

- 19.2 Openreach Limited shall establish the OBARCC with the role of reviewing compliance by the Openreach Division and Openreach Northern Ireland with these Commitments and the Governance Protocol.
- 19.3 Openreach Limited shall keep complete and accurate records relating to the performance of the Openreach CFU in accordance with these Commitments.
- 19.4 BT shall identify a compliance body (which shall not be the OBARCC) with the role of reviewing compliance by BT with these Commitments and the Governance Protocol, as set out in the Governance Protocol.

20. Openreach Division Reporting

A. Provision of Information to Ofcom

- 20.1 Where Ofcom make a proportionate request in writing for information about Openreach Division or BT which is reasonably necessary for Ofcom to monitor the compliance with these Commitments or the Governance Protocol, BT plc shall provide such information to Ofcom within a reasonable period having regard to the seriousness and urgency of the request being received.
- 20.2 To the extent that Ofcom makes such a request to Openreach Limited, Openreach Limited shall inform BT plc of such request and provide BT plc with its proposed response in advance of its submission to Ofcom and shall allow BT plc the opportunity to comment on it.

B. Openreach Division Financial Reporting

- 20.3 The regulatory financial statements of BT will separately present the financial results of Openreach Division.
- 20.4 The content and basis of preparation of the financial results of Openreach Division in the regulatory financial statements will follow those used in the preparation of the regulatory financial statements of BT except where differences are agreed with Ofcom and properly disclosed in the regulatory financial statements and related documentation.
- 20.5 Information about the financial results of Openreach Division in the regulatory financial statements of BT will include the following: headline revenue, operating costs disaggregated by major cost category, depreciation, revenues broken down into the broad product groups that Openreach CFU provides and further split between internal and external sales, and separately identified payments to other parts of BT for products that form inputs to Openreach CFU products (eg electronics).
- 20.6 BT's regulatory financial statements will reconcile Openreach Division's revenue, operating cost and return or profit before tax (and other such items as may be agreed between BT and Ofcom) with information about Openreach Division shown in BT Group plc's annual report and accounts.
- 20.7 The independent audit of BT's financial statements will include Openreach Division.

- 20.8 BT shall report Openreach Division's financial performance in BT Group plc's annual and quarterly reports in the same format as is used for BT's other divisions.

21. Compliance with other legal requirements

- 21.1 These Commitments apply in so far as BT plc is not prevented from complying owing to a matter outside its reasonable control.
- 21.2 Compliance with these Commitments does not affect the duty on BT plc and its respective directors and officers to comply with any of its or their obligations under any law, regulation or enactment in any jurisdiction.
- 21.3 Nothing in these Commitments shall prevent BT plc from complying with any applicable laws and regulations and in particular nothing shall inhibit the provision of information to any employee of BT who requires that information for the purpose of matters relating to the Regulation of Investigatory Powers Act 2000 or any other matters relating to national security, and any successor legislation to the forgoing, or otherwise prevent BT plc from doing anything necessary in connection with national security.
- 21.4 Where BT plc and/or the Openreach Division acts in reliance on any of the provisions of this section 21, it shall report such action to the OBARCC and to Ofcom (where necessary limiting such reporting to persons with sufficient security clearances).

22. Exceptional Incidents

Nothing in these Commitments shall prevent BT from taking any reasonable and proportionate steps strictly necessary for dealing with an Exceptional Incident to the extent required in terms of duration and geography to resolve that Exceptional Incident, including taking any action, or otherwise doing or not doing anything, which, but for this paragraph 0, may be considered to be a breach of any of these Commitments.

- 22.1 If the reasonable and proportionate steps include the taking of actions which, but for paragraph 0, may be considered to be a breach of sections 7 to 16 of these Commitments, the ASA or the Governance Protocol, the BT Group Senior Representative will provide an Exceptional Incident Report to the OBARCC and, as soon as reasonably practicable thereafter, to Ofcom.
- 22.2 The OBARCC will include in its annual compliance report as referred to in the Governance Protocol, a review of the operation, if any, of this section 22 during the year concerned.

23. BT plc Step-in rights

- 23.1 BT plc may take such action as it deems reasonably necessary to address the situations described below and Openreach Limited shall comply with directions from BT plc in relation to the same:
- (a) there is a material failure by Openreach Limited in respect of its obligations under the ASA or the Governance Protocol;

- (b) Ofcom has, in accordance with applicable law, ordered or advised BT plc to exercise its step-in rights under the ASA in relation to a particular incident;
 - (c) BT plc considers, in its sole discretion, that steps are required in order to prevent (or remedy) a material fine, censure or other regulatory action from Ofcom or any other regulatory body being imposed on or taken against BT plc in relation to Openreach CFU or against Openreach Limited; or
 - (d) there has been a material failure by Openreach Limited to ensure that the financial and operational performance of the Openreach CFU is in accordance with the Final Approved AOP and Final Approved MTP.
- 23.2 In respect of each of the above actions, BT plc will notify Ofcom, where practicable, in advance in writing of any action it decides to take and in any event as soon as practicable after such action has been taken.

24. Variations to the Commitments

- 24.1 Subject to paragraphs 24.2, 24.3 and 24.4, the BT plc Board may at any time resolve to vary or amend these Commitments at its discretion. Following the passing of such resolutions, these Commitments will be amended accordingly.
- 24.2 Where the BT plc Board proposes to vary or amend these Commitments, in advance of making such variation or amendment BT plc shall notify Ofcom of its proposal no later than 1 month before it is proposed to take effect.
- 24.3 Where following a notification under paragraph 24.2 Ofcom notifies BT plc that it is concerned that the proposed variation or amendment has the potential for these Commitments no longer to satisfy Ofcom's reasoned competition concerns, BT plc shall postpone the making of the proposed variation or amendment for a period of three months from the date of Ofcom's notification, during which period BT plc shall discuss the proposed variation or amendment with Ofcom.
- 24.4 In the absence of a notification having been made under paragraph 24.3 or upon expiry of the period in paragraph 24.3 (as applicable), BT plc may make the proposed variation or amendment.

25. Exemptions to Existing Undertakings

- 25.1 BT plc will act in accordance with arrangements agreed with Ofcom in respect of all of the exemptions to the Undertakings agreed between BT plc and Ofcom to date.
- 25.2 BT plc and Openreach Limited may from time to time agree exemptions from these Commitments in relation to similar types of operational arrangements as those referred to in paragraph 25.1.
- 25.3 Where new exemptions from these Commitments are agreed in accordance with clause 25.2, BT plc shall inform Ofcom of the exemption 1 month in advance of the exemption coming into effect.

26. Expiry and termination of these Commitments

26.1 These Commitments (as varied from time to time) will remain in place unless the BT Board resolves to withdraw from these Commitments in accordance with clause 26.2.

26.2 The BT Board may resolve to withdraw from these Commitments:

- (a) by giving reasonable notice to Ofcom where BT considers that it is not practicable to implement the arrangements contemplated by these Commitments without a material adverse impact on the business of BT;
- (b) with immediate effect where the conditions set out in the Notification have not been met within three years from the date of the Notification;
- (c) with immediate effect where BT plc receives written notice that Ofcom has concluded that the arrangements contemplated by these Commitments do not satisfy Ofcom's reasoned competition concerns; or
- (d) for any other reason, by giving not less than 12 months' notice in writing to Ofcom.

27. General

- (a) For the avoidance of doubt nothing in these Commitments shall automatically amend BT's contracts with any Communications Providers (including to confer or purport to confer on any Communications Provider any benefit or right to enforce any terms of these Commitments).
- (b) Nothing in these Commitments shall require BT to publish or otherwise disclose confidential information, other than to Ofcom.

Annex A **Definitions and Interpretation**

1. Words or expressions shall have the meaning assigned to them in these Commitments and otherwise any word or expression shall have the same meaning as it has in the Communications Act 2003.
2. The Interpretation Act 1978 shall apply as if these Commitments were an Act of Parliament.
3. Headings and titles shall be disregarded.
4. In these Commitments, **product** means product and/or service as appropriate, unless the context otherwise requires.
5. In these Commitments:

AOP means the annual operating plan produced by the Openreach Executive;

ASA has the meaning given in the recitals;

Authority has the meaning given in paragraph 6.1;

Backhaul Product means a Network Access service which runs from a BT Local Access Node to:

- (a) another BT Local Access Node; or
- (b) a BT Core Node; or
- (c) another Communications Provider's point of handover (but which is not an interconnection circuit or interconnection service provided over that circuit),

provided that the straight line distance between any of the above is no more than the greater of:

- (i) 15km; or
- (ii) the straight line distance from BT's Local Access Node to the nearest BT Core Node.

BT means BT plc and any of its subsidiaries or holding companies, or any subsidiary of such holding companies, as defined by section 1159 of the Companies Act 2006;

BT Board has the meaning given in the recitals;

BT Group plc means BT Group plc whose registered company number is 4190816;

BT Group plc CEO means the Chief Executive Officer of BT Group plc;

BT Group plc CFO means the Group Finance Director of BT Group plc;

BT Group Senior Representative means the BT on-call manager, who acts as the senior representative of the BT Crisis Management Team or its successor body appointed to advise on the assessment of incidents and oversee and arbitrate in respect of the triggering and delivery of BT's response to those incidents;

BT Pensions Scheme means the pension scheme known as the BT Pension Scheme which was established by a deed dated 2 March 1983, and which is currently governed by rules dated 5 April 2016 (as amended);

BT plc has the meaning given in the recitals;

BT Recipient has the meaning given in paragraph 10.1;

BT's Access Network means the Electronic Communications Network which runs from a Local Access Node to a network termination point on an End-User's premise and which supports the provision of copper-based access services and fibre-based access services to End-Users;

BT's Backhaul Network means BT's Electronic Communications Network from BT's Local Access Nodes to:

- (a) another BT Local Access Node; or
- (b) a BT Core Node; or
- (c) another Communications Provider's point of handover.

BT's Downstream Divisions means BT's divisions downstream of Openreach which provide products to non-BT Communications Providers and to End-Users. For the avoidance of doubt, this excludes Digital, Networks and Openreach Northern Ireland;

Carrier Pre-selection means a facility which allows a subscriber to whom a publicly available telephone service is provided by means of a public telephone network to select which provider of such services provided wholly or partly by means of that network is the provider that the subscriber wishes to use to carry his calls by designating in advance the selection that is to apply on every occasion when there has been no selection of provider by use of a telephone number;

Code of Practice means the code or codes of practice drawn up and published in accordance with these Commitments;

Commercial Information means information of a commercially confidential nature relating to SMP Products and which relates to any or all of the following in relation thereto:

- (a) product development;
- (b) pricing;
- (c) marketing strategy and intelligence;
- (d) product launch dates;

- (e) cost;
- (f) projected sales volumes; or
- (g) network coverage and capabilities.

Commercial Policy means policies and plans in relation to SMP Products and which relate to any or all of the following in relation thereto:

- (a) product development;
- (b) pricing;
- (c) marketing strategy and intelligence;
- (d) product launch dates;
- (e) cost;
- (f) payment terms; or
- (g) product specific forecasting.

For the avoidance of doubt this excludes commercial policy of general application across BT which it is appropriate to set centrally.

Commitments means the commitments of BT plc to implement the revised functional separation arrangements identified in this document;

Commitments Guidance means information whether in the form of Codes of Practice, Guidance Notes, or other format, in accordance with section 17 of these Commitments;

Communications Provider means a person providing a Public Electronic Communications Service or a Public Electronic Communications Network, including BT's Downstream Divisions where relevant and for the avoidance of doubt shall include any internet service provider. For the avoidance of doubt this does not include any person in so far as he procures such a service or network for provision to himself or the members of his group of companies for their own private use;

Confidential Phase means the phase of the Customer Consultation Process which bears that name and which is so described in the Customer Consultation Process;

Core Node means a node in an Electronic Communications Network whose primary function is not to support the provision of access services to End-Users but to switch or route traffic between other nodes in a network;

Customer Confidential Information means any information, in whatever form, which, in the case of written or electronic information, is clearly designated by the Communications Provider as commercially confidential and which, in the case of information disclosed orally, is identified at the time of disclosure as

such or is by its nature commercially confidential, but excluding any information which:

- (a) enters the public domain otherwise than by reason of a breach of confidentiality;
- (b) is previously known to BT (other than the Openreach Division) at the time of its receipt;
- (c) is independently generated or discovered at any time by BT (other than the Openreach Division); or
- (d) is subsequently received from a third party without any restriction on disclosure.

Customer Consultation Process means the process by which the Openreach Division will consult with Communications Providers as further described in Part D of the Governance Protocol;

Dark Fibre Access means a service providing Network Access to one or more optical fibres suitable for the transmission of electromagnetic energy to convey signals up to a maximum straight line distance of 45km, including:

- (a) all product variants except where otherwise agreed with Ofcom; and
- (b) new products introduced by Openreach CFU wholly or substantially in substitution for that existing product.

For the avoidance of doubt, the Openreach CFU will provide Dark Fibre Access Backhaul Products so that Communications Providers can join together multiple network nodes, for example in daisy-chain or hub and spoke topologies, but not where the use of such services involves network topologies which have the intent or effect of replicating a core network.

Digital means the division of BT with that designation which is BT's internal service division responsible for operating BT's IT systems (excluding those that are operated by Openreach), and successors to that division;

Disclosure Record has the meaning given in paragraph 10.4;

Draft AOP means the draft annual operation plan for the Openreach Division as produced by the Openreach Executive in accordance with the Governance Protocol;

Draft MTP means the draft medium term plan for the Openreach Division as produced by the Openreach Executive in accordance with the Governance Protocol;

End-User has the same meaning as in the Communications Act 2003;

Exceptional Incident means an incident, whether or not related to BT's Electronic Communications Network, where:

- (a) in accordance with BT's normal incident management process, a BT Group Senior Representative is appointed to oversee the management of the incident; and
- (b) the BT Group Senior Representative reasonably declares the incident to be an Exceptional Incident falling within section 22 of these Commitments. For the avoidance of doubt the BT Group Senior Representative will be regarded as acting reasonably in declaring an Exceptional Incident if the incident involves for example:
 - (i) increased risk of loss of life or significant risk for the health and safety of BT people or others;
 - (ii) major terrorist or criminal activity or extremely severe weather conditions or other significant unforeseeable events adversely affecting the network and resulting in significant and widespread damage to considerable parts of BT's network;
 - (iii) the activation of BT's emergency response teams to deal with dangerous chemical, biological, radiological or nuclear substances; or
 - (iv) serious and widespread illness of pandemic or epidemic proportions affecting a significant proportion of BT's workforce at the same time or imposing movement restrictions on BT's workforce,

and where the scale or nature of the incident is such that it is likely that exceptional measures will be required in response.

Exceptional Incident Report means a report concerning the incident that contains the following information:

- (a) a description of any action(s) that BT or the Openreach Division have taken, or anything which it has done or not done, which, but for section 22, may be considered to be a breach of any of these Commitments, ASA or the Governance Protocol;
- (b) an explanation of why BT or the Openreach Division considered it reasonable and proportionate to act in such ways; and
- (c) the period or periods during which BT or the Openreach Division acted in such ways, the locality of such actions and the approximate number of people involved.

Final Approved AOP means the final approved annual operating plan approved by the BT Group plc Board in accordance with the Governance Protocol;

Final Approved MTP means the final approved medium term plan approved by the BT Group plc Board in accordance with the Governance Protocol;

Governance Protocol means the Governance Protocol referred to in the Notification;

Guidance Note means guidance on how the Commitments apply to key processes within BT and the Openreach Division;

Hull Area means the area defined as the ‘Licensed Area’ in the licence granted on 30 November 1987 by the Secretary of State under section 7 of the Telecommunications Act 1984 to Kingston upon Hull City Council and Kingston Communications (Hull) plc;

Level 2 System Separation means both (a) separation of the data held by the system and (b) separate instances of the application software, such that users can only have access to which they are entitled or which they are permitted, consistently with the Commitments;

Local Access Node means a node in an Electronic Communications Network which supports the provision of services to End-Users by means of an Access Network. For the avoidance of doubt, such nodes include the following, namely a main distribution frame, an optical distribution frame, a digital local exchange, a digital subscriber line access multiplexer, a remote concentrator unit and an MSAN;

MIS means those management information systems which hold Commercial Information and/or Customer Confidential Information and which are used by BT to help plan and direct business and organisational operations, decision making and competitive strategies;

MPF means a circuit comprising a pair of twisted metal wires between an End-user’s premise and a main distribution frame that employs electric, magnetic, electro-magnetic, electro-chemical or electro-mechanical energy to convey Signals when connected to an Electronic Communications Network, including:

- (a) all product variants except where otherwise agreed with Ofcom; and
- (b) new products introduced by Openreach CFU wholly or substantially in substitution for that existing product.

MSAN means a Multi-Service Access Node, being a Local Access Node which is capable of supporting the provision of multiple services to End-Users whether over fibre or copper;

MTP means the medium term plan produced by the Openreach Executive;

Network Access has the same meaning as is given to *network access* in section 151(3) of the Communications Act 2003;

Networks means the division of BT with that designation which is BT’s internal service division responsible for operating BT’s networks and platforms (excluding those that are operated by Openreach), and successors to that division;

Notification has the meaning given to that term in the Recitals;

OBARCC means the Openreach Board Audit, Risk and Compliance Committee established by the Openreach Board with the role of reviewing compliance by Openreach Limited with these Commitments and the Governance Protocol;

Ofcom means the Office of Communications as established by the Office of Communications Act 2002, or, where relevant, the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;

Openreach Board means the board of directors of Openreach Limited;

Openreach CEO means the Chief Executive Officer of the Openreach Division;

Openreach CFO means the Chief Financial Officer of the Openreach Division;

Openreach Division means, taken together, Openreach Limited and the Openreach CFU;

Openreach Employees has the meaning given in paragraph 7.2;

Openreach Executive means the executive leadership team of the Openreach Division, comprising the Openreach CEO and the senior manager direct reports to the Openreach CEO, all of whom are Openreach Employees;

Openreach Limited has the meaning given in the recitals;

Openreach CFU has the meaning given in paragraph 3.1 (and which may vary over time in accordance with any variations to these Commitments), and was formerly referred to as the Openreach line of business or “LoB”;

Openreach Northern Ireland means the organisation within BT plc currently called Openreach Northern Ireland (formerly known as BT Northern Ireland Networks), which is a virtually separate organisation with its own senior management team which manages BT’s Electronic Communications Network in Northern Ireland, the associated network assets, network finances, people, culture and wholesale relationships in Northern Ireland, together with its dedicated support teams in Openreach Limited and BT plc, and includes any successors. For the avoidance of doubt, it does not include BT employees or agents working in Northern Ireland for other parts of BT;

OSS means operational support systems being those support systems carrying out the functions and processes which help to run a network and business, including (but not limited to) pre-ordering, taking a customer’s order, configuring network components, creating a bill and managing faults. For the purposes of the Commitments, this excludes OSS which provide, manage and maintain core network and transmission layer assets and non-Equivalence of Input (EOI) products which were separated by means of user access controls;

Physical Infrastructure includes any conduit, tunnel, subway, pipe, structure, pole or other thing in, on, by or from which an electronic communications network is or may be installed, supported, carried or suspended over Physical Infrastructure Access;

Physical Infrastructure Access means Network Access comprising predominantly of the provision of space, anchorage, attachment facilities and/or such other facilities as may be reasonably necessary to permit a Communications Provider to occupy parts of Openreach CFU's Physical Infrastructure located between a network termination point on an End-Users premises and a Local Access Node serving that network termination point, sufficient to facilitate the establishment, installation, operation and maintenance of the electronic communications network of a Communications Provider at that location;

PSTN means Public Switched Telephone Network;

Relevant Ethernet Services means those services provided by Openreach CFU that comprise dedicated capacity used to deliver business connectivity and backhaul services provided as at the date of entry into force of these Commitments under the product names of:

- (a) Ethernet Access Direct;
- (b) Ethernet Backhaul Direct; or
- (c) Cablelink;

including in relation to each:

- (i) all product variants except where otherwise agreed with Ofcom; and
- (ii) new products introduced by Openreach CFU wholly or substantially in substitution for those existing products.

For the avoidance of doubt, the Openreach CFU will provide Relevant Ethernet Services Backhaul Products so that Communications Providers can join together multiple network nodes, for example in daisy-chain or hub and spoke topologies, but not where the use of such services involves network topologies which have the intent or effect of replicating a core network.

Relevant WDM Services means those services provided by Openreach CFU under the product names of:

- (a) Optical Spectrum Access;
- (b) Optical Spectrum Extended Access;

including in relation to each:

- (i) all product variants except where otherwise agreed with Ofcom; and
- (ii) new products introduced by Openreach CFU wholly or substantially in substitution for those existing products.

For the avoidance of doubt, the Openreach CFU will provide Relevant WDM Services Backhaul Products so that Communications Providers can join together multiple network nodes, for example in daisy-chain or hub and spoke

topologies, but not where the use of such services involves network topologies which have the intent or effect of replicating a core network.

Scorecard means a measure for setting targets in connection with the incentive remuneration of certain employees;

SDH means Synchronous Digital Hierarchy;

SLA means service level agreement;

SMP means Significant Market Power, where this is found pursuant to a market review under the relevant provisions of the Communications Act 2003;

SMP Condition has the same meaning as in the Communications Act 2003;

SMP Product means a product or service falling within a market for Network Access in which BT has been determined from time to time by Ofcom as having SMP (excluding international direct dial products based on interconnection directly or indirectly to BT's international switching centres) set by Ofcom under the relevant provisions of the Communications Act 2003;

Statement of Requirements Process means a procedure whereby a Communications Provider submits a request to the Openreach Division for new or enhanced Network Access;

TUPE means the Transfer of Undertakings (Protection of Employment) Regulations 2006;

UK Corporate Governance Code means the document of that name dated April 2016 and published by the Financial Reporting Council;

United Kingdom has the meaning given to it in the Interpretation Act 1978;

Undertakings means the undertakings given by BT plc to Ofcom to the Enterprise Act 2002 and which took effect on 22 September 2005;

Virtual Unbundled Local Access means Network Access comprising of a virtual circuit between an End-User Premise and a Local Access Node, which circuit provides such specified capacity as is agreed between the Openreach CFU and the Communications Provider for the Communications Provider's exclusive use, including:

- (a) all product variants regardless of the underlying access technology except where otherwise agreed with Ofcom;
- (b) new products introduced by Openreach CFU wholly or substantially in substitution for those existing products; and
- (c) variants that do not depend on the purchase of a copper-based access service; and

Wholesale Line Rental means any or all of Wholesale Analogue Line Rental, Wholesale ISDN2 Line Rental and Wholesale ISDN30 Line Rental.

Annex B
List of the MIS systems

MIS system	Description
Artemis	Artemis is a risk management tool. It contains risk management processes, policies, controls, assurance management and reporting.
Aspire	Accounting Separation, Product Integration & Reporting Environment (ASPIRE) is BT's regulatory accounting system based on ORACLE. It was a source system for BT's annual published regulatory financial statements, and is used for viewing historical data. It ensures that costs are appropriately allocated across BT's activities, and provides detailed product level cost information.
CAMERA	Campaign Management Evaluation and Reporting Application (CAMERA) is a BT wide system for creating, managing and reporting on BT Marketing Campaign spend. The system manages the financial and procurement activities associated with marketing campaigns and provides a reporting function for campaign managers.
CDS	CDS is a data warehouse which receives inputs from various systems including CAMSS, COSMOSS and CSS. Against these inputs, CDS provide various quality of service and management information reports against BT customer facing unit provision, repair, customer contact and call centre activities.
CID	The Central Information Database is a data warehouse which collates financial and non-financial information from all customer facing units. Information is accessible by the customer facing unit and is also summarised for Group-level accounting and reporting purposes.
CostPerform	CostPerform is part of BT's regulatory accounting system. It is a source system for BT's annual published regulatory financial statements. It ensures that costs are appropriately allocated across BT's activities, and provides detailed product level cost information.
NIMS MIS	NIMS MIS is a data warehousing system which measures and reports on the performance of field force activities. The system also reports on costs for engineering jobs.

MIS system	Description
REFINE	Regulatory Finance Information Environment (REFINE) is BT's bespoke regulatory accounting system, succeeding ASPIRE. It is a source system for BT's annual published regulatory financial statements. It ensures that costs are appropriately allocated across BT's activities, and provides detailed product level cost information.
SAP – BPC Consolidation	SAP BPC Consolidation is used as the statutory consolidation tool for BT's statutory accounting obligations.
SAP – BPC Planning	SAP BPC Planning is a tool that is used by BT within its annual strategic planning process. It forecasts the financial data for any predefined account based upon the driver of that account.
SAP – BW	SAP BW provides management reporting for BT and variance analysis against budgets.

Annex C
List of Shared OSS

OSS	Description
Common Infrastructure System (CIS)	CIS is a web based tool which provides reports based solely on CCMS information. These may include eg the core cables in a particular manhole or duct.
Core Cable Management System (CCMS)	CCMS holds fibre Core Cable records for the whole of the UK, it provides data into systems like NETRISK to support separacy checks.
Exchange Records in BT (BerT)	BerT is used to record the physical inventory of Transmission and 21CN related equipment in BT exchange buildings.
Integrated Network System (INS)	INS supports planning, assignment and maintenance of the Analogue and PDH network. Used for the planning and routing of Wideband provisions and BT's PSTN Core Network. This includes the SDH Physical Bearer Network, WDM Bearer Network, and 21CN Networks. Provides facilities to design, repair and route circuits, record transmission equipment and fibre information and check separacy/diversity requirements.
Mobile Infrastructure Planning Tool (MIPT)	MIPT is a planning tool used for 3rd Generation Mobile networks. It overlays information about BTs network onto UK maps to support shared infrastructure planning decisions.
National Cable Database (NCD)	NCD holds all data relating to the design, planning and provision of network cables.
NETRISK	NETRISK records inter-exchange fibre cable routes down to duct level (ie box to box records), and reports the results of physical separacy checks as risk ids between specific routings or cable ids passing through a given duct structure.
Network Decision Support Database (NDS)	NDS provides scheduled and ad-hoc operational management information reports and data extracts relating to the network and switches. It is widely used for provision, problem management, network management, and resource management purposes.
Physical Inventory Planning E-Records (PIPeR)	PIPeR will in time hold all BT's internal and external physical inventory in support of the planning process.
ServiceNow - Service Management	ServiceNow is a web-based workflow tool which supports several types of IT and network management processes including IT, network and Customer Service Management, Operations Management and Software Asset Management.

Or such successor or replacement OSS, or such additional OSS.