

Directors' Remuneration Policy

Directors' Remuneration Policy (Policy)

This section of the report sets out our Policy which will be put forward for shareholder approval at the AGM on 13 July 2023. Subject to approval, this Policy will become effective on that date.

The Committee has carried out a full review of all elements of the Policy and has determined that it remains fit for purpose, aligned with our strategy, and appropriately incentivises and motivates

senior executives to deliver shareholder value. As such, no material changes to the Policy are being proposed at this time.

- Further details on the review and implementation are included in the Committee Chair's letter on [pages 109 to 110](#).
- Details on how the Policy will be implemented in FY24 are provided on [page 113](#).

Executive Directors

F Base salary

Purpose – a core element of remuneration, used to attract and retain Executive Directors of the calibre required to develop and deliver our long-term business strategy.

Operation

Salaries are reviewed annually, although an out-of-cycle review may be conducted if the *Remuneration Committee* determines it appropriate.

A review may not necessarily lead to an increase in salary.

Salaries are normally paid monthly in cash.

The *Remuneration Committee* takes into account a number of factors when setting salaries, including (but not limited to):

- the size and scope of the individual's responsibilities
- the individual's skills, experience and performance
- typical salary levels for comparable roles within appropriate pay comparators; and
- pay and conditions for our wider employee population.

Maximum opportunity

Whilst there is no maximum salary level, any increase will typically not exceed the range of increases awarded to our wider employee population.

Higher increases may be made under certain circumstances, such as:

- increase in the scope and/or responsibility of the individual's role on either a permanent or temporary basis
- development of the individual within their role
- where an Executive Director has been appointed to the Board at a lower than typical level of salary, for example to reflect a lower level of experience, larger increases may be awarded to move them closer to the market rate as their experience develops
- where there has been a significant change in market practice, or the size and scope of BT Group plc, and
- other exceptional circumstances.

Performance measures

None

F Benefits

Purpose – to support health and wellbeing and provide employees with a market-competitive level of benefits, ensuring the attraction and retention of key talent to deliver our strategy.

Operation

Executive Directors receive benefits which typically include (but are not limited to) car benefits (which may include any of a company car, cash allowance in lieu, fuel allowance, and driver), personal telecommunication facilities and home security, medical and dental cover for the directors and their immediate family, life cover, professional subscriptions, personal tax advice and a financial counselling allowance of up to £5,000 (excluding VAT) a year.

Where Executive Directors are required to relocate, the *Remuneration Committee* may offer one-off or ongoing relocation benefits, and additional expatriate benefits, if considered appropriate.

Expenses incurred in the performance of an Executive Director's duties for BT Group may be reimbursed (including any relevant taxes due thereon) or paid directly by BT Group, as appropriate.

BT Group plc purchases directors' and officers' liability insurance to cover the directors, and has in place a directors' and officers' indemnity. The insurance operates to protect the directors in circumstances where, by law, BT Group cannot provide the indemnity.

Further details of the directors' and officers' liability insurance and indemnity are set out on [page 132](#).

Maximum opportunity

While no maximum level of benefits is prescribed, they are generally set at an appropriate market-competitive level determined by the *Remuneration Committee*, taking into account a number of factors including:

- the jurisdiction in which the employee is based
- the level of benefits provided for other employees within the group; and
- market practice for comparable roles within appropriate pay comparators in that jurisdiction.

The *Remuneration Committee* keeps the benefit policy and benefit levels under regular review.

Performance measures

None

F Pension

Purpose – to attract and retain Executive Directors of the right calibre by providing market competitive post-retirement income, ensuring the attraction and retention of key talent to deliver our strategy.

Operation

Executive Directors currently receive a cash allowance in lieu of pension. The *Remuneration Committee* may determine that alternative pension provisions will operate. When determining pension arrangements for new appointments, the *Remuneration Committee* will give regard to:

- pension arrangements received elsewhere in the group; and
- relevant market practice including in the jurisdiction in which the Executive Director is based.

Maximum opportunity

The maximum cash allowance (or equivalent contribution to an Executive Director's pension, or combination of the two) may not exceed the equivalent level of pension contribution offered to the majority of the workforce in their local jurisdiction (currently 10% of salary in the UK).

Performance measures

None

Annual bonus

Purpose – to incentivise and reward delivery of our business plan on an annual basis.

Operation

Executive Directors are eligible for an annual bonus.

Awards are based on performance in the relevant financial year, and are not pensionable.

Up to half of any bonus earned will normally be paid in cash, with the remainder granted in the form of deferred share awards to further strengthen the alignment of management's interests with the long-term interests of shareholders. Deferred share awards will normally vest, subject to continued employment, after three years.

Both cash and deferred elements are subject to BT Group's malus and clawback provisions, which are described in more detail on [page 120](#).

Maximum opportunity

The maximum annual bonus opportunity for the Executive Directors is 200% of base salary.

Up to 25% of the maximum under each element is payable for threshold performance and 60% of the maximum is normally payable for target performance.

Performance measures

The *Remuneration Committee* sets annual bonus performance measures and targets each year, taking into account key strategic priorities and the approved budget for the year.

Measures used typically include, but are not limited to:

- financial performance measures – these are chosen carefully to ensure alignment between reward and underlying financial performance. As an example, such measures may include normalised free cash flow and EBITDA, and
- non-financial performance measures – these reflect key BT Group strategic goals. For example, such measures may include network, transformation, customer experience and other ESG goals.

Financial measures will typically account for at least 50% of the total annual bonus.

The *Remuneration Committee* ensures that targets set are appropriately stretching in the context of the corporate plan, as well as other internal and external factors, and that there is an appropriate balance between incentivising Executive Directors to meet targets, while ensuring that they do not drive unacceptable levels of risk or inappropriate behaviours.

The *Remuneration Committee* has full discretion to adjust outcomes under the annual bonus plan up or down where:

- the formulaic outcome does not reflect the underlying financial or non-financial performance of BT Group plc
- the payout level is not appropriate in the context of circumstances that were unexpected or unforeseen at the start of the year; and/or
- there exists any other reason why an adjustment to the level of bonus payout is appropriate.

Directors' Remuneration Policy continued

Executive Directors continued

■ Restricted

Share Plan (RSP)

Purpose – to provide a simple, long-term element of reward which creates alignment with our shareholders.

Operation

Executive Directors are eligible to participate in the RSP, which forms the long-term variable element of executive remuneration.

Awards are discretionary and normally vest, subject to continued employment, in three equal tranches after three, four and five years. The net number of shares vesting (i.e. after tax and other statutory deductions) under the first two tranches are subject to a further holding period until year five.

Maximum opportunity

Under normal circumstances, awards granted to Executive Directors in respect of any financial year may be no higher than 200% of salary.

Under exceptional circumstances, for example on recruitment, a higher limit of 250% of salary applies.

Performance measures

RSP awards are subject to one or more underpins over a period which is normally three financial years commencing with the year in which the awards were granted.

These underpins are designed with the protection of BT Group in mind, to ensure an acceptable threshold level of performance is achieved and that vesting is warranted. The underpins applying to each award will be determined by the *Remuneration Committee* each year, and may be a combination of financial and non-financial assessments.

If the underpins are not met, the *Remuneration Committee* may consider a reduction to the final vesting level of the RSP awards (including to nil).

Even where the underpins are met, the *Remuneration Committee* has discretion to adjust the number of shares vesting up or down where:

- the vesting outcome does not reflect the underlying financial or non-financial performance of BT Group plc
- the vesting level is not appropriate in the context of circumstances that were unexpected or unforeseen at the point the awards were granted; and/or
- there exists any other reason why an adjustment to the level of vesting of the award is appropriate.

Vested and unvested RSP awards are subject to BT Group's malus and clawback provisions, which are described in more detail on [page 120](#).

■ All-employee share plans

Purpose – to encourage wider employee share ownership.

Operation

Executive Directors may participate in any all-employee share plans operated by BT Group plc on the same basis as other eligible employees.

Maximum opportunity

All participants may participate up to the limits operated by BT Group plc at the time, which are set in line within any relevant statutory limits.

Performance measures

None

Shareholding requirement

Purpose – to ensure that Executive Directors build and hold a stake in BT Group plc, providing alignment with shareholders' interests.

Operation

Executive Directors are required to build up and maintain a shareholding equivalent to 500% of their annual salary. It is expected that this requirement is met within five years of an executive's appointment to the Board.

Shares counted towards satisfaction of the requirement include:

- beneficially-owned shares
- vested share awards subject to a holding period
- unvested Deferred Bonus Plan (DBP) awards, counted on a net-of-tax basis; and
- unvested RSP awards subject to underpins, also counted on a net-of-tax basis.

Until such time that the requirement has been satisfied, Executive Directors will not be permitted to sell any vesting incentive awards (other than to satisfy tax or other statutory liabilities on vesting, or at the discretion of the *Remuneration Committee* in exceptional circumstances).

The shareholding requirement will continue to apply for a period of two years post-cessation of employment, to the same value as the in-employment requirement (or the total number of shares held immediately prior to cessation of employment, if lower).

Maximum opportunity

N/A

Performance measures

None

Chairman and Independent Non-Executive Directors

Chair of the Board

Chair fee is a core element of remuneration, paid for fulfilling the relevant role. Set at a level to ensure that we're able to attract and retain a high-calibre individual appropriate for the role.

Operation

The Chair of the Board receives a single all-encompassing fee for their role, which is normally inclusive of any additional responsibility fees, paid monthly in cash. In exceptional circumstances additional fees may be introduced to reflect additional time commitments.

The Chair may also be eligible for certain benefits in line with those which may be offered to Executive Directors, other than any pension benefits, annual bonus or share incentives.

Expenses incurred in the performance of non-executive duties for BT Group may be reimbursed (including any relevant taxes due thereon) or paid directly by BT Group, as appropriate.

Opportunity

The fee is set at a level which is considered appropriate to attract and retain an individual of the necessary calibre.

The fee level is normally set by reference to the level of fees paid to board chairs of similarly-sized, UK-listed companies, taking into account the size, responsibility and time commitment required of the role.

The fee may be reviewed (but not necessarily increased) on an annual basis.

The current fee level can be found in the **Annual Report on Remuneration** on [page 126](#).

BT Group plc's Articles of Association limit the maximum aggregate fees payable to all independent Non-Executive Directors.

Other Independent Non-Executive Directors

Fees paid to Independent Non-Executive Directors are a core element of remuneration, paid for fulfilling the relevant role. Set at a level to ensure that we're able to attract and retain high-calibre individuals appropriate for the role.

Operation

Independent Non-Executive Directors receive a basic fee, paid monthly in cash, in respect of their Board duties.

Further fees may be paid for additional responsibilities, or additional time commitments, including but not limited to: chairing or membership of Board committees, for the role of Senior Independent Director, or for holding the role of Designated Non-Executive Director for workforce engagement.

Additional fees of up to £6,000 may also be payable to Independent Non-Executive Directors undertaking regular intercontinental travel to attend Board and committee meetings.

Independent Non-Executive Directors are not eligible for annual bonus, share incentives, pensions or other benefits.

Reasonable expenses incurred in the performance of non-executive duties for BT Group may be reimbursed (including any relevant taxes due thereon) or paid directly by BT Group, as appropriate.

Opportunity

Fees are set at a level which is considered appropriate to attract and retain Independent Non-Executive Directors of the necessary calibre.

Fee levels are normally set by reference to the level of fees paid to Independent Non-Executive Directors serving on boards of similarly-sized, UK-listed companies, taking into account the size, responsibility and time commitment required of the role.

Fees may be reviewed (but not necessarily increased) on an annual basis.

Current fee levels can be found in the **Annual Report on Remuneration** on [page 126](#).

BT Group plc's Articles of Association limit the maximum aggregate fee payable to all Independent Non-Executive Directors. The maximum is based on non-executive director fees benchmarked as at 1 April 1999 with increases linked to the Retail Price Index.

Notes to the Policy table

1 For further information on the performance measures and underpins applicable to the annual bonus and RSP see [page 126](#).

2 In the event of death, the Chief Financial Officer receives a dependent pension provision of 30% of salary (capped), as a legacy provision payable under a previous Policy.

3 Common award terms

Awards under any of BT Group plc's share plans referred to in this report may:

- incorporate the right to receive the value of dividends that would have been paid on the shares subject to an award that vests, which may be calculated assuming the shares were reinvested in shares on a cumulative basis. This value will normally be delivered in the form of additional shares, but may be paid in cash in exceptional circumstances
- be granted as conditional share awards, nil-cost options or in such other form that the *Remuneration Committee* determines has the same economic effect
- have any performance conditions applicable to them varied or substituted by the *Remuneration Committee* if an event occurs which causes the *Remuneration Committee* to determine that the performance conditions no longer achieve their original purpose, provided that the varied or substituted performance condition would not be materially less difficult to satisfy; and
- be adjusted in the event of any variation of BT Group plc's share capital or any demerger, special dividend or other event that may affect the current or future value of awards.

Directors' Remuneration Policy continued

Recruitment

Our recruitment policy is based on a number of key principles:

- we aim to provide a remuneration package which is sufficient to attract, retain and motivate key talent, while at all times ensuring that we pay no more than is necessary, with due regard to the best interests of BT Group plc and our shareholders
- the *Remuneration Committee* will take a number of factors into account in determining an appropriate remuneration package. For example, these may typically include the candidate's experience and calibre, their circumstances, external market influences and arrangements for existing Executive Directors
- the ongoing remuneration package offered to new Executive Directors will only include those elements listed within the Policy table
- the *Remuneration Committee* may also consider providing one-off or ongoing relocation benefits, as well as additional benefits to expatriate appointments, where appropriate; and
- the *Remuneration Committee* will provide full details of the recruitment package for new Executive Directors in the **Annual Report on Remuneration** and will provide shareholders with the rationale for the decisions that were taken.

The maximum level of variable pay (excluding buyouts, for which see below) which may be awarded in respect of a recruitment event (internal or external), will not exceed 450% of base salary, representing the aggregated maximum award under the annual bonus and RSP.

In addition, to facilitate recruitment, the *Remuneration Committee* may make awards to buy out remuneration or contractual entitlements which the individual would forfeit at their current employer. The *Remuneration Committee* will give consideration to any relevant factors, typically including the form of the award (e.g. cash or shares), the proportion of the performance/vesting period outstanding and the potential value of the forfeited remuneration, including performance conditions attached to the awards, the likelihood of those conditions being met, and the timing of any potential payments.

In making buyout awards, the *Remuneration Committee* may grant awards under our existing incentive arrangements or use the relevant provision in the Listing Rules. This allows for the granting of awards specifically to facilitate the recruitment of an Executive Director, without seeking prior shareholder approval. In doing so, the *Remuneration Committee* will comply with the relevant provisions in force at the time.

Where an Executive Director is appointed from within the organisation, BT Group will honour any legacy arrangements in line with their original terms and conditions.

In the event of the appointment of a new Non-Executive Director, remuneration arrangements will be in line with those detailed on [page 126](#).

Payment for loss of office

In a departure event, the *Remuneration Committee* will typically consider:

- whether any element of annual bonus should be paid for the financial year. Any bonus which is paid will normally be limited to the period served during the financial year in which the departure occurs
- whether any outstanding deferred bonus awards should be preserved either in full or in part; and
- whether any awards under the RSP or LTI scheme should be preserved either in full or in part and, if relevant, whether the post-vesting holding period should apply.

The *Remuneration Committee* has historically maintained a discretionary approach to the treatment of leavers, on the basis that the facts and circumstances of each case are unique. This provides the *Remuneration Committee* with the maximum flexibility to review the facts and circumstances of each case, allowing differentiation between good and bad leavers and avoiding payment for failure.

When considering a departure event, there are a number of factors which the *Remuneration Committee* takes into account in determining appropriate treatment for outstanding incentive awards.

These include:

- the position under the relevant plan documentation or any contractual entitlements
- the individual circumstances of the departure
- the performance of BT Group plc/the individual during the year to date; and
- the nature of the handover process.

DBP

Good leaver	Retained in full, normally vesting on their usual timeframe. In the case of death, awards are accelerated such that they vest on the date of death.
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Bad leaver	Forfeit on cessation, subject to discretion.
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RSP

Good leaver	Retained, subject to pro-rata for portion of the three-year initial vesting period served, vesting on the normal timeframe, subject to the satisfaction of any performance conditions or underpins. The post-vesting holding period usually continues to apply as normal. On death, awards are accelerated such that they vest on the date of death. All retained awards are subject to pro-rata for the portion of the initial three-year vesting period served, and subject to the <i>Remuneration Committee</i> 's assessment of satisfaction of any performance conditions or underpins applying, measured at or close to the date of death.
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Bad leaver	Forfeit on cessation, subject to discretion. In some cases, the treatment is formally prescribed under the rules of the relevant plan so that where there are 'good leaver' circumstances, including death, injury, ill-health, disability, redundancy or sale of BT Group plc or business.
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The *Remuneration Committee* considers the leaver circumstances along a continuum, ranging from 'bad leaver' scenarios such as termination of employment for gross misconduct or resignation, through to the 'good leaver' scenarios outlined above.

Accordingly, subject to the relevant plan rules, the *Remuneration Committee* may apply (or disapply) such performance conditions or underpins or time pro-rating to awards vesting in these circumstances as it considers appropriate.

All-employee plans

The treatment of awards under BT Group plc's all-employee plans on leaving is as determined under the respective HMRC-approved rules. For saveshare, someone who ceases to be an employee in special circumstances (for example injury, disability, death, or following sale of BT Group plc or business where they work) may exercise the option within six months after leaving (or 12 months in the case of death) or the relevant corporate event. If someone leaves for a reason not falling within special circumstances, the option lapses on the date the individual leaves.

Change of control

In the event of a takeover or scheme of arrangement involving BT Group plc, DBP and RSP awards will vest, at a minimum, to the extent that any applicable performance measures have been satisfied at the time (subject to the *Remuneration Committee's* discretion to determine the appropriate level of vesting, having regard to such relevant factors as it decides to take into account). If the acquiring company offers to exchange awards over BT Group plc shares for awards over its shares (or shares in another company), awards may, if the *Remuneration Committee* determines, be exchanged and continue under the rules of the relevant plan.

In the event of a voluntary winding up of BT Group plc, awards may vest on the members' resolution to voluntarily wind-up BT Group plc being passed.

Executive Director service contracts

The other key terms of the service contracts for the current Executive Directors are set out below. The termination provisions described above are without prejudice to BT Group's ability in appropriate circumstances to terminate in breach of the notice period referred to above, and thereby be liable for damages to the Executive Director. In the event of termination by BT Group plc, each Executive Director may have entitlement to compensation in respect of his or her statutory rights under employment protection legislation in the UK.

Where appropriate, BT Group may also meet a director's reasonable legal expenses in connection with either his or her appointment or termination. BT Group plc may, where appropriate and reasonable, cover the cost of outplacement services.

There are no other service agreements, letters of appointment or material contracts, existing or proposed, between BT Group plc and the Executive Directors.

Notice period

12 months' notice by BT Group plc, six months' notice by the Executive Director (there is no fixed expiry date).

Termination payment

- In lieu of giving an Executive Director 12 months' notice, BT Group plc may terminate the director's contract and make a payment in lieu of notice to which the director was entitled if he or she had received salary and to the extent no longer payable the value of contractual benefits for the period; and
- the payments in lieu will be payable in equal monthly instalments until the date on which the notice period would have expired or (if earlier) the date on which the director secures alternative employment with the same or higher basic salary or fee. In the event that the director secures alternative employment at a basic salary of £30,000 or higher, but lower than their salary, payment in lieu will be reduced by the amount of the new lower salary received. The Board retains the right to lower the payment in lieu of the director's new employment if it considers the new employment terms of the director are not appropriately balanced between basic salary and other elements, and may cease making payments entirely where the Board is not satisfied the director is making reasonable efforts to secure alternative employment.

Remuneration and benefits

- Participation in the annual bonus, long-term incentive and other share plans, is non-contractual.
- Other benefits which typically include (but are not limited to) car benefits (which may include any of a company car, cash allowance in lieu, fuel allowance, and driver), personal telecommunication facilities and home security, medical and dental cover for the directors and their immediate family, life cover, professional subscriptions, personal tax advice and financial counselling up to a maximum of £5,000 (excluding VAT) a year.

Illustration of Executive Director pay scenarios

Our Policy aims to ensure that a significant proportion of pay is dependent on the achievement of stretching performance targets. The *Remuneration Committee* has considered the level of total remuneration that would be payable under different performance scenarios and is satisfied that, as the graphs illustrate, executive pay is appropriate in the context of the performance required and is aligned with shareholders' interests.

The illustrative scenarios below set out the total remuneration that might be achieved by each Executive Director for different levels of performance, based on our Policy.

The minimum reflects base salary, benefits and pension only which are not performance-related.

Fixed pay	All scenarios	Consists of total fixed pay – base salary, benefits and pension – Base salary – salary effective as at 1 June 2023 – Benefits – value of benefits provided to each director in FY23 – Pension – cash allowance effective 1 April 2023, being 10% of salary for both Executive Directors.
Variable pay	Minimum	– No payout under the annual bonus – No vesting under the RSP
	On target	– On-target payout under the annual bonus of 120% of salary – Full vesting of the RSP at 200% of salary
	Maximum	– Maximum payout under the annual bonus of 200% of salary – Full vesting of the RSP at 200% of salary.
	Maximum +50% share price increase	– Maximum payout under the annual bonus of 200% of salary – Full vesting of the RSP at 200% of salary, with a 50% share price increase applied.

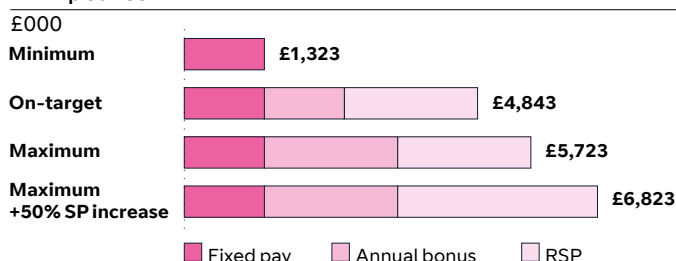
Fixed pay is calculated as follows:

£000	Salary	Benefits	Pension	Total fixed pay
Chief Executive	1,100	113	110	1,323
Chief Financial Officer	750	23	75	848

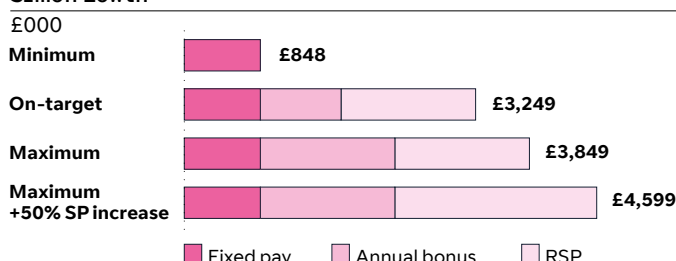
Directors' Remuneration Policy continued

RSP awards have been shown at face value, with no share price growth or discount rate assumptions, other than the fourth scenario which includes an uplift of 50% on the restricted share awards. All-employee plans have been excluded, as have any legacy awards held by Executive Directors.

Philip Jansen



Simon Lowth



Malus and clawback

Both annual bonus and long-term incentive arrangements are subject to malus and clawback. Under the malus provision, the *Remuneration Committee* may apply its discretion to reduce (including to nil) any DBP or RSP award prior to the award vesting, if circumstances arise which justify a reduction.

Under the clawback provision, the *Remuneration Committee* has discretion to require an employee to pay back to BT Group plc part or all of the cash part of the annual bonus within one year of payment. The *Remuneration Committee* also has discretion to require an employee to pay back part or all of a vested long-term incentive plan award within two years of the award or respective tranche vesting.

The circumstances in which the *Remuneration Committee* may consider it appropriate to apply clawback and/or malus include, but are not limited to those summarised below:

- behaviour by a participant which fails to reflect BT Group's governance and business values
- the extent to which any condition was satisfied was based on an error, or on inaccurate or misleading information or assumptions which resulted either directly or indirectly in an award being granted or vesting to a greater extent than would have been the case had that error not been made
- material adverse change in the financial performance of BT Group plc or any division in which the participant works and/or worked
- a material financial misstatement of BT Group plc's audited financial accounts (other than as a result of a change in accounting practice)
- any action which results in or is reasonably likely to result in reputational damage to BT Group plc
- a material failure in risk management
- corporate failure
- negligence or gross misconduct of a participant; and/or
- fraud effected by or with the knowledge of a participant.

Other elements of remuneration are not subject to malus and clawback provisions.

Consideration of remuneration arrangements throughout the group

The *Remuneration Committee* considers the pay and conditions of employees throughout BT Group when determining the remuneration arrangements for Executive Directors, and is provided with relevant information and updates by the Chief Human Resources Officer. Whilst we do not consult directly with colleagues on executive remuneration arrangements, the Committee receives regular updates from the *Colleague Board* via the Designated Non-Executive Director for workforce engagement.

Further detail on pay conditions within BT Group are provided in [Remuneration in context](#) on page 129.

Consideration of shareholder views

The *Remuneration Committee* is strongly committed to an open and transparent dialogue with shareholders on remuneration matters. We believe that it is important to meet regularly with our key shareholders to understand their views on our remuneration arrangements and discuss our approach going forward.

The *Remuneration Committee* will continue to engage with shareholders and will aim to consult on any material changes to the Policy or other relevant matters.

Summary of decision-making process and changes to the Policy

During the year, the *Remuneration Committee* undertook a review of the Policy and its implementation to ensure that the Policy supports the execution of strategy and the delivery of sustainable long-term shareholder value. Throughout the review process, the *Remuneration Committee* took into account the 2018 UK Corporate Governance Code, wider workforce remuneration and emerging best practice in relation to Executive Director remuneration, as well as input from management and its independent advisors. The *Remuneration Committee* considers that the overall remuneration framework remains appropriate to continue to incentivise management to drive long-term sustainable performance for shareholders and as such, no significant changes are proposed to the Policy.

Minor changes have been made to the wording of the Policy to aid operation and to increase clarity. The *Remuneration Committee* believes that the proposed Policy is clear and transparent and aligned with our culture and considers that it complies with Provision 40 of the 2018 UK Corporate Governance Code.

Legacy matters

The *Remuneration Committee* can make remuneration payments and payments for loss of office outside of the Policy set out above where the terms of the payment were agreed (i) before the Policy set out in this report came into effect, provided that the terms of the payment were consistent with any applicable policy in force at the time they were agreed; or (ii) at a time when the relevant individual was not a director of BT Group plc (or another person to whom the Policy set out above applies) and that, in the opinion of the *Remuneration Committee*, the payment was not in consideration for the individual becoming a director of BT Group plc (or taking on such other applicable position). This includes the exercise of any discretion available to the *Remuneration Committee* in connection with such payments. For these purposes, payments include the *Remuneration Committee* satisfying awards of variable remuneration and, in relation to an award over shares, the terms of the payment are agreed at the time the award is granted.

Minor amendments

The *Remuneration Committee* may make minor amendments to the arrangements for the directors as described in the Policy, for regulatory, exchange control, tax or administrative purposes, or to take account of a change in legislation.